

## **complaint**

Mr K has brought a complaint on behalf of his son, Mr C, concerning a stocks and shares ISA. He has said Halifax Investment Services Ltd has mismanaged his son's ISA. Halifax has also failed to listen to its risk adviser.

Therefore, due to its poor management of its business the value of the shares held by his son has fallen. Mr K is seeking compensation for this loss.

## **background**

The matter was reviewed by one of our adjudicators, who did not consider the complaint should be upheld. He noted that Mr C's shares were part of a 'free windfall' as a result of the demutualisation of Halifax, so in this regard there was no financial loss.

However, the matters concerning Halifax not listening to its risk adviser and its poor management of its business were matters for its regulator, the Financial Conduct Authority.

Mr K did not agree with the adjudicator's opinion. He maintained that because Halifax had not listened to its risk manager it had resulted in the fall in its share value. He did not accept this had been caused by market forces, as the adjudicator has suggested, but rather because of totally irresponsible lending, motivation of staff to cheat and cover up of the truth. He noted that large fines had been levied on the business for various infringements. Mr K was also astounded that Halifax had not been able to provide information from when the investment started.

As an agreement has not been reached on this matter, it has been referred to me for review.

## **my findings**

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint.

I understand that Mr C received some shares in 1997 as a result of the demutualisation of Halifax, and elected to place these in a Personal Equity Plan (PEP). I assume this was for reasons of tax efficiency. The PEP was subsequently converted to an Individual Share Account (ISA), but this did not affect the shares within it.

I appreciate Mr K is disappointed that Halifax is unable to locate certain documents from the time the PEP started, such as the application form. Whilst unfortunate, this is not perhaps surprising given the time that has elapsed. But in any event, this does not seem to be the crux of this complaint. Rather, Mr K's concerns relate to events that took place later, which he believes have had a detrimental effect on the price of the shares held within the ISA. I have therefore considered this point.

Regardless of whether or not the shares were received by Mr C at no cost, I can appreciate that the loss being claimed is because they have fallen significantly in value. I understand that from a point where they were worth about £3,200 they are now worth only a small percentage of this. Whilst no doubt distressing to Mr C, the matter I must consider is whether Halifax should be held liable for this loss.

I fully appreciate the arguments Mr K has put forward. However, these essentially relate to the way the company has managed its affairs generally. Although this complaint is about Halifax Investment Services Ltd as the manager of Mr C's ISA, the errors that Mr K believes has caused the fall in the share price relate to the business as a whole. As such, this concerns the actions of Lloyds Banking Group plc, which are the shares Mr C holds.

Mr K's points therefore relate to the corporate governance of Lloyds Banking Group, and the errors he has highlighted (such as irresponsible lending) would have occurred at a group level. As the adjudicator has explained, these are matters that fall within the remit of the industry regulator rather than this service. It is the responsibility of the regulator, currently the Financial Conduct Authority and previously the Financial Services Authority, to oversee how a financial business operates generally.

The Financial Ombudsman Service exists to investigate individual complaints. However, the issues raised by Mr K are of a wider nature and would presumably affect all shareholders.

In the circumstances, I agree with the adjudicator that the concerns expressed by Mr K should more correctly be made to the Financial Conduct Authority. Therefore, although I accept Mr K has strong feelings on this matter, I am unable to uphold the complaint or award the compensation he is seeking. I appreciate this is likely to come as a disappointment to Mr K and his son.

#### **my final decision**

I do not uphold the complaint and I make no award.

Doug Mansell  
**ombudsman**