

Complaint

Mrs A has complained about the forced sale by Alliance Trust Savings Limited (the firm) of the Verizon shares held within her self-invested personal pension (SIPP). Due to the late notification of the sale she argues that she was not given adequate time to find an alternative provider.

In addition, she considers that she was not given prior notification that the facility to invest in international equities was being withdrawn.

Background

Mrs A took out her SIPP with the firm in 2001. She had held the Vodafone shares the subject to this complaint since November 2005.

Up until August 2011, clients of the firm were unable to invest in international equities. After this date in order to do so, completion of an international equity registration form was required.

On 4 December 2013 the firm took a commercial decision to stop accepting new international equity registration forms. When asked by clients it notified them that this service was under review.

Mrs A completed the registration form in February 2014.

On 1 May 2014 the firm formally announced to its SIPP investors that it had decided to stop offering an international equity service.

Following Vodafone's sale of its stake in Verizon Wireless to Verizon Communications, a letter was sent to shareholders by the firm on 15 January 2014. The letter set out the options available and gave shareholders until 18 February 2014 to confirm their chosen option.

Due to the way in which the new Verizon shares were to be offered, the firm was unable to hold the shares on their systems. As a result, shareholders only had the option of receiving cash.

Mrs A was unhappy at the forced sale of her shares and complained to the firm which rejected the complaint in February 2014. Mrs A then referred her complaint to this service where an adjudicator upheld the complaint but in part only because:

- The firm had a legitimate right to review and make changes to its service offering.
- The firm decided to review the facility to allow investment in international equities in December 2013. No new purchase instructions were taken from this date until its final decision was communicated to clients in May 2014.
- The mailing confirming the facility would be withdrawn was clear, gave the options available to clients and a reasonable period in which to transfer to another SIPP provider (penalty free) before the facility was withdrawn.
- She did not consider that the letters about the sale of Verizon shares set out clearly the options available to Mrs A or adequate time to complete her own research.

The firm did not agree arguing that:

- The difficulty with the Vodafone offer was that it combined Vodafone B and C shares which they could accept and Verizon US Dollar Depository Instruments which it could not hold.
- The offer was covered in its terms and conditions covering corporate actions. Due to wide ranging nature of corporate actions, it would not be possible to be definitive as to the options available to investors. As such, instructions are sought from the investor within the parameters of the services it was able to provide.
- For that reason, investors were offered either the B or C share option together with the sale of the Verizon shares given that they could not be held within an Alliance Trust Savings account.
- It was not authorised to provide investment advice. This was set out in its terms and conditions. The firm's letter of 15 January 2014 suggested that investors should seek independent financial advice.
- Upon receipt of Mrs A's complaint letter, a response was sent within regulated timescales. It considered that Mrs A could have investigated other options available to her whilst awaiting a response to her complaint.

After considering the comments made by the firm the adjudicator was persuaded to change her view. She said that:

- Her opinion in relation to the withdrawal of the facility to invest in international equities remained unchanged.
- In her view the options set out to Mrs A in respect of the Verizon shares were consistent with the firm's service offering.
- The firm was in a difficult situation due to corporate action taken by Vodafone and the limitations of the service they could provide. This presented them with little option but to sell the Verizon shares.
- On reflection, she considered that this was a legitimate decision for them to make.
- The timing of the sale of the shares was driven by Vodafone and she was satisfied that the sale was communicated to Mrs A in a timely manner.
- Timescales dictated by Vodafone's actions left a very short timescale in which Mrs A could pursue alternative options. The firm could not reasonably be held responsible for this.

Mrs A did not agree. She said that:

- She strongly disagreed that the firm had clearly communicated the decision to withdraw the facility to invest in international equities.

- Alliance Trust Savings Limited's Order Handling Policy dated January 2014 specifically covered international equity dealing charges. She questioned why they did this if they were considering withdrawing the facility.
- Whilst she accepted any communications in respect of the sale of the Verizon shares was largely dictated by Vodafone's actions, the slow response to her complaint by the firm was unreasonable and left her no time to find an alternative provider.
- She did not accept that she could have considered other options whilst the firm looked into her complaint as she had wanted them to retain those shares.

Mrs A asked that an ombudsman review her complaint.

my findings

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

What is not in question is that correspondence sent to Mrs A in respect of her Verizon shares was dictated by the corporate actions of Vodafone. The firm have a clear policy on how such actions are communicated which is contained in their Client Handbook. Where a decision or action is required by an investor, they are asked to confirm how they wish to proceed.

Difficulties arose as the new Verizon shares were in the form of US Dollar CREST Depository Interests which the firm could not hold.

The letter of January 2014 set out the options available to Mrs A based on the services the firm was able to offer investors. It stated that they were not able to offer investment advice and directed their clients to seek independent advice if they were unsure of what option to take.

I note that Mrs A wrote to the firm in which she expressed concern that she was not offered the option of retaining the Verizon shares in her SIPP. Her letter was treated as a complaint and a final response letter was sent to Mrs A in accordance with regulator's requirements.

Whilst I understand Mrs A's concerns that the firm took four weeks to respond to her complaint, I do not agree with her that it would be unreasonable for her to have considered other options until after a response was received.

In any event, given the timescales in which the shares were to be sold (which were dictated by Vodafone), the options available to Mrs A would have been limited. I do not consider it reasonable to hold the firm responsible for corporate actions that were beyond their control. I am satisfied that Mrs A was offered the options available to her based on the services that the firm were able to offer her.

Mrs A has also expressed concern at the withdrawal of the facility to invest in international equities and the lack of communication on this subject.

I note that Mrs A did not complete the international equity registration form until February 2014 at which point, the firm was reviewing this service offering and was not accepting new instructions.

At the point a decision was made to formerly withdraw this facility, a letter was issued to investors clearly setting out the options available to them and the date that the facility would be withdrawn. I consider that this is a legitimate commercial decision for the business to make.

In any event, Mrs A had not invested in international equities between the period the facility was offered in August 2011 and July 2014 when the facility was withdrawn. I therefore do not consider that this had any great impact on her.

my final decision

I do not uphold this complaint against Alliance Trust Savings Limited and I make no award.

Under the rules of the Financial Ombudsman Service, I am required to ask Mrs A to accept or reject my decision before 14 September 2015.

Adrian Hudson
ombudsman