

## **complaint**

Miss L's complaint is about the way in which Seedrs Limited presented an investment opportunity on its platform. She feels she has been misled by the company she invested in and that Seedrs knew of this and did nothing about it.

## **background**

Miss L made an investment in a company via the Seedrs' website. Seedrs' website had information about the company and the market in which it operated. Normally Seedrs' will pool their investors contributions and act as a nominee for all of their investors. Miss L did not invest in this way and instead made her investment directly.

Miss L's complaint was considered by an adjudicator. He didn't think the complaint should be upheld. He didn't think that Seedrs had misled investors about the company. He also pointed out that Miss L had invested directly. The subscription agreement she completed confirmed that she had carried out her own due diligence and had not relied on Seedrs.

Miss L didn't agree with the adjudicator. She said Seedrs and the company had imposed unreasonable restrictions on her. Seedrs had also extended the fund raising period. This resulted in more money being raised and her stake in the company had therefore been diluted.

## **my findings**

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

At heart I think this is a complaint about the actions of the company that Miss L invested in. However, I can only look at what Seedrs did or didn't do and not the company Miss L invested in.

Seedrs provides information about investment opportunities on its website. This provides information about the investment opportunity and various practical details about the fund raising. This is a relatively brief overview and doesn't go into great detail about how the company will manage its business.

There is a regulatory requirement that this information should be presented in a '*fair, clear and not misleading*' way. Having looked at the information provided to potential investors I'm satisfied that there was nothing in the information provided that doesn't meet this requirement.

It is also clear that the information provided is only a brief overview and doesn't go into any great detail about how the company would run its business. Miss L's complaint is about how the company would operate on a day to day level. This level of detail was not provided by Seedrs. Miss L therefore can't claim that Seedrs misled her.

Miss L has specifically said that she was misled about the amount of money to be raised. I don't agree. It was made clear that £300,000 was the '*minimum target amount*' and if possible more would be raised. Even if the amount to be raised at the start hadn't been clear, before she finally committed to making the investment Miss L would have known the

full amount raised. Miss L therefore decided to go ahead in the full knowledge of the proportion of the overall sum invested her particular investment accounted for.

Usually, clients who invest via Seedrs appoint it to act as nominee for their holding. How Seedrs will manage this investment is set out in a nominee agreement. This agreement covers things such as the due diligence that Seedrs will carry out before completing an investment. In this case Miss L didn't invest in this way but made the investment direct. She signed a direct holder investment agreement with Seedrs on 17 October 2014. The obligations on Seedrs under this agreement differ from the usual subscription agreement. The key things in this agreement are set out below.

Miss L made a binding undertaking to make the agreed investment.

Miss L knew that Seedrs had not completed any due diligence on the investment and she therefore relied on her own investigations. The specific wording is as follows:

*'...you agree that you are not relying on us to undertake any due diligence in respect of the [Company] Campaign or the [Company] Businesses and you may not rely on any due diligence that we do undertake.'*

The company that was raising the money on the Seedrs platform intended in turn to invest in three other companies. However, rather than investing indirectly it was arranged that Miss L would invest directly in these companies. As part of this process she signed separate subscription agreements that confirmed she had taken her own legal advice and carried out her own due diligence on the company and was not relying on any that Seedrs carried out.

The three way agreements between Miss L, Seedrs and the company placed some restrictions on Miss L (for example she couldn't withdraw her money). I don't consider these were unreasonable. In any event when making these agreements Seedrs was acting on behalf of its nominee investors and not Miss L who didn't form part of this group.

Having considered all of what Miss L has said I am not persuaded that Seedrs has done anything wrong.

### **my final decision**

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss L to accept or reject my decision before 3 March 2017.

Michael Stubbs  
**ombudsman**