

The complaint

Miss T has complained to Resolution Compliance Limited ('Resolution') about the actions of its appointed representative, Revolut Trading Limited ('RTL'). To put the matter right Miss T would like to be compensated for her loss of US\$129,301.01, tax charges and other costs.

What happened

Miss T had a trading account with RTL. RTL provides its customers with the ability to buy and sell investments on a non-advised basis.

There were other parties involved in the relationship –

- 'Company R' who provided the e-money account linked to the trading account and;
- 'Company D' who were the third-party broker who carried out the trades.

On 18 March 2021 Company R told Miss T it was closing her account. To have an account with RTL a customer had to have an electronic money account with Company R. As a consequence, Miss T's RTL stock trading account would also have to be closed. Miss T could either sell her shares or transfer them to a new platform provider.

Miss T sold her profitable shares but wanted to transfer her loss making holding of Arcturus Therapeutics Holding Com ('ARCT') to a new broker. But Miss T had problems with the transfer of the holding to her new broker and sold the shares at a loss on 5 May 2021.

Miss T raised a complaint with RTL, and Resolution issued its final response on 8 August 2022. It said;

- It clarified Miss T's complaint points; RTL was uncooperative in the offboarding of her portfolio. None of the information she needed to transfer from her old broker (Company D) to her new broker was available to her. She required 60 days of uninterrupted access to her trading account prior to the account closure. She suffered a financial loss of US\$129,230.01 on the ARCT shares and wanted compensation. Customer care was non-responsive and evasive. Company D didn't respond to her communication. She had been misinformed about the reporting authority in relation to her trading account.
- Miss T had referred to other complaint points – which Resolution detailed – but they related to Company R which didn't fall under Resolution's responsibility.
- Miss T's decision to sell the holding she was claiming for was carried out on 5 May 2021 which preceded the potential liquidation and closure of the account on 17 May, so it wouldn't accept responsibility for the losses.
- It clarified the relationships it had with the other parties;
 - Company R – provided the electronic money account, was directly authorised by the regulator and Resolution had no jurisdiction over its actions or processes.

- RTL – the provider of the stock trading feature and an appointed representative of Resolution. The trading feature was linked to the electronic money account of Company R and so the trading feature would become unavailable if the main account was restricted or closed by Company R.
 - Company D – a third party broker which executed orders for the trading feature of RTL – which itself didn't execute orders but provided the facility to customers to pass their orders to Company D. Customers had a separate contract with Company D and Resolution didn't have any jurisdiction over its actions.
- As RTL's stock trading feature was linked to the user's main account with Company R it was incapable of existing in its own right and the closure of the main account meant the trading feature – as provided by RTL – would automatically result in the trading feature being unavailable.
 - It apologised if Miss T didn't feel she received the customer care she wanted. But it noted she was in direct and regular contact with the complaint team between January and May 2021.
 - In April 2021 Miss T had been advised she had the option to initiate an ACAT transfer and could access portfolio details via the App. Or she could initiate a DTC transfer as an alternative.
 - She was also provided with stock information requested by her receiving broker, contact details of Company D and her account number. And as RTL wasn't party to the portfolio transfer it suggested that any questions relating to that be directed to Company D and her new broker. All the other information needed for the transfer was in the App.
 - Company D's website link provided all the communication channels needed. Miss T wasn't prevented from initiating the transfer of the portfolio prior to the account closure on 17 May 2021. Any complaints about Company D were outside of Resolution's jurisdiction.
 - Miss T was advised of the account closure on 18 March 2021, and which gave 60 days uninterrupted access prior to 17 May 2021.
 - Miss T made the final two sales of ARCT on 5 May and proceeds were settled on 7 May 2021.
 - ACAT transfers were automated and usually processed within 48 hours of receipt of the request from the recipient broker. Miss T's new broker had plenty of time to contact Company D and make the transfer request at the time she decided to sell her holding.
 - Miss T had been appropriately advised on 8 and 9 February 2021 about who to complain to about RTL. And was advised who to contact about the electronic money complaint.

Remaining dissatisfied with the outcome, Miss T brought her complaint to this service. Our investigator who considered the complaint didn't think it should be upheld. She said;

- It wouldn't be possible for this service to ask RTL to either reactivate her account or open a new one.
- There was nothing to suggest that Miss T hadn't been able to trade or act on her account. She was given sufficient time to do so.
- The ways in which Miss T could transfer her account holding had been explained to her. But it appeared that the delays were caused by her new broker. The investigator

couldn't conclude that information had been withheld or that RTL tried to prevent Miss T from being able to transfer her account.

- RTL had sufficiently communicated with Miss T.

Miss T wasn't happy with the investigator's conclusion, so the complaint has been passed to me to decide.

What I've decided – and why

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

After doing so, I've reached the same conclusion as the investigator and broadly for the same reasons. I'll explain why.

I should first make clear that in this decision I will only be considering the actions of Revolut Trading Limited – RTL – as appointed representative of Resolution Compliance Limited. I will not be considering any actions carried out by Company R or Company D.

Miss T has provided detailed submissions in support of her complaint within which reference is made to the other parties and their interconnecting relationships etc. In addressing the complaint points raised, I will only be considering those that I consider to be relevant to this complaint – about RTL.

And I'm not going to respond to every point made and no discourtesy is intended by this. Instead, I've focused on what I find are the key issues. Our rules allow me to take this approach. It reflects the informal nature of our service as a free alternative to the courts. If there's something I haven't mentioned, it isn't because I've ignored it. I haven't. I'm satisfied I don't need to comment on every individual argument to be able to reach what I think is the right outcome.

Resolution has told us the only direct contact it had with Miss T was when it issued its final response to her complaint on 8 August.

RTL told us that it outsourced both its Customer Service Chat and complaints to Company R. But even though those services were outsourced I still think Resolution is responsible for the service Miss T received. So even though I won't be looking at Company R's actions I have looked at its dealings with Miss T and the information it gave.

RTL didn't have any similar arrangement with Company D who only acted as its third-party broker, so I won't be considering any of the dealings Miss T had with Company D.

Company R decided to close Miss T's electronic money account. When a client has a trading account with RTL that is only possible if the customer has an electronic money account with Company R. As a result of the electronic money account closure Miss T's trading account with RTL was no longer sustainable and she was advised of the closure on 18 March 2021. At that time, she was told it would be closed on 17 May 2021 – 42 business days or 60 calendar days.

Account closure timing

RTL's terms and conditions refer to its ability to suspend or close an account in exceptional circumstances or for other reasons. When doing so for 'other reasons' – which I assume is the case with Miss T's account as I can't see that any of the 'exceptional reasons' listed

apply here – its terms and conditions say that it would contact the client via the Revolut App at least 30 business days before the account is closed.

Miss T has referred to 60 days in her complaint but from looking at the terms and conditions of Company R I see it is that business' terms and conditions that refers to 60 days to withdraw money prior to closure and not 30 days which applied to her RTL account. And I note the date of 17 May 2021 was referred to in Company R's final response to Miss T in reply to a separate complaint she made.

So, in any event, I'm satisfied that Miss T was given a total of 60 days to close her account, which gave her sufficient time to carry out any sales or transfers.

Contact with Miss T

Miss T has complained about the contact she had. She said that when she asked questions via the App between 10 and 31 December 2020 the status was constantly showing as 'searching for an agent'. This was before the account was to be closed and Miss T has also referred to being her being a 'premium member' which only relates to her account with Company R, so I think it most likely this issue relates to Company R, so I've commented only briefly with reference to RTL.

Miss T carried out many trades in December which potentially could have involved RTL, but I note that Miss T raised a complaint with Company R on 5 January 2021 about her concerns over the buy orders on 10 December and which was later brought to this service. But that is a separate complaint issue about a different business and not a point I will be commenting on in this decision.

However, RTL has provided us with the chat history during this period. Resolution said it didn't have any contact with Miss T during this time, so I've reviewed the chat history she had with Company R as RTL said it outsourced that role.

The history shows that there is a conversation started by Miss T on 10 December 2020 and ended on 5 January 2021. Miss T asks about the pending status of cash transfers and that she wasn't able to do any more. The business – Company R I assume – was experiencing difficulties but said the App and Miss T's card should work. But that all relates to the money account so isn't included in this complaint.

The transfer – communication

After Miss T was told her account was being closed, she didn't want to sell her holding of ARCT as it was showing a loss so wanted to transfer it. RTL has provided a copy of the chats she had with Company R about this;

- 6 April – Miss T asked about being able to transfer her shareholding and any charges involved.
- 7 April – Miss T was reminded by Company R that it was in partnership with Company D and that Miss T's new broker should directly contact Company D to authorise the transfer. It confirmed a cost of US\$100, provided a link for the contact details of Company D and outlined the two types of transfer that could take place. It also said the information needed to initiate the transfer – such as Miss T's account number, ISIN numbers etc – could be found on her profile on the Revolut App. If she couldn't find anything she needed she should contact its support team.

In response Miss T messaged again and asked how long the transfer would take and whether it was possible for her to have a relationship with Company D, independent of Company R, so no transfer would be necessary.

Miss T messaged again asking whether Company R was able to transfer the portfolio and the cost, asking for a minimum of two months' notice of the closure of her account, so 18 May.

In reply Company R messaged to say it had responded regarding the transfer of the portfolio but said the length of time a transfer would take was outside of its control. Regarding a relationship with Company D, that question should be directed to Company D as it couldn't comment on that. Miss T had been given 60 days' notice in line with Company D's terms and conditions – 18 March to 17 May 2021 and that date was final.

- 19 April - Miss T asked how long the transfer would take, and that as the recipient broker needed share purchase dates and cost prices where she could obtain this information. She also needed, 'Country, Bank/Broker, Contact person, Contact Phone Number, Contact Email' for Company D and the person her broker should contact at Company D to enable the transfer. She asked for her account number, and which account she should use to retain the US\$100 transfer fee.

Miss T was advised 'Portfolio transfer should be requested by the new broker. Basically once it's requested they should arrange everything. Please contact the new broker and clarify how to do it with them.'

- 20 April – Miss T chased for a response as she was concerned about the deadline. She wanted particular care taken with the contact person's details and their availability and contact information as 'this is often where the process gets delayed and we would like to avoid that.'

Company R responded to say that as it didn't carry out the transfer process it wasn't aware of how long it would take – Miss T should contact her new broker about that. Stock purchase information was available on monthly statements on the Revolut App, but Miss T could contact its in-app customer support chat and statements would be shared with her. The contact details and link for Company D were given plus her account number and details where the US\$100 should be kept. It explained again it was not part of the transfer process and further questions should be directed at Company D or her new broker. It said it had provided as much information as it could about the transfer and any further queries should be addressed to the other parties.

In a further message Miss T was advised 'When it comes to portfolio transferring Revolut is not involved in the process because it is just a platform where you trade. Your broker at Revolut is [Company D] they are responsible for your portfolio transfer to new broker. You need to contact them and they will assist.'

Miss T responded saying her broker couldn't contact Company D and it wasn't responding to any emails Miss T was sending. She asked for a contact person, that person's phone number and email address.

- 21 April – Company R confirmed again the transfer of the portfolio wasn't part of its service and wasn't aware of who was in control of the process, or the procedure so couldn't help. It provided a link with contact details of Company D and said that Miss T's new broker could also make direct contact as it should happen on their level. It considered the matter closed and further questions should be directed to the other parties.

Miss T had been advised her account was being closed on 18 March, but the above chat history suggests that Miss T didn't initiate a transfer of her holding until 6 April – 19 days after she was informed of the closure. I don't know the reason for this delay but note that Company R issued its final response on 6 April 2021 to a separate complaint that Miss T had made and in that final response it confirmed 17 May as being the closure date and that it was 'final and not amendable'. So, it could have been that correspondence that caused Miss T to take the action to transfer her shareholding.

Bearing in mind the above chat history and RTL saying that Miss T didn't initiate the transfer until April I can't agree RTL is responsible for Miss T's delay in initiating the transfer of her portfolio. She was made aware of that on 18 March which gave her 60 days to do so. I can't find that any of the delays in Miss T starting the transfer process was the responsibility of RTL.

Miss T has said Company D's relationship was with Company R – it was a business-to-business relationship – and it wouldn't deal with Miss T. She says it is only Company R that could give an instruction if an account is to be transferred. She says that it is industry standard to not allow the customer to contact a third-party broker independently.

Miss T has provided a copy of a message she received from Company D which said, 'it does not support the functionalities mentioned in your message at this time.' She was advised to contact Company R via her App or on the web. The screenshot is dated 12 May 2021 – after the account was closed – and I assume it was given in response to Miss T making direct contact with Company D. Miss T has also provided a message from Company D confirming that it 'does not on board customers directly' and gave details of its partners – including Revolut.

However, the chat history shows Miss T was advised by Company R that her new broker should contact Company D direct to arrange the transfer. I cannot see that she was advised to do so personally – she was only given links for Company D.

I asked RTL about the information that was given to Miss T. It provided me with two links for Company D. One gives details about 'What is the process to transfer an account out of [Company D] using ACATS?' And goes on to say, 'In order to transfer assets out of [Company D] to another broker.....via ACATS, customers will need to reach out to the receiving broker to initiate the transfer.'

The other link is headed 'What is the process to DTC transfer out of [Company D]'. The first statement on that page states 'To process an incoming or outgoing DTC transfer, the customer will need to complete [a link is provided for Company D's DTC Letter of Authorisation] and return it to the partner firm for processing'.

'ACAT' or Automated Customer Account Transfer Service is an automated system that automates the transfer of assets in a customer's account from one broker to another. I understand this type of transfer usually completes within 48 hours. The new broker would have to submit the transfer via the ACAT system if it participated in that system.

The other option was via 'DTC' which is a Depository Trust Company transfer which allows customers to transfer stock positions between brokers electronically. RTL told us the transfer usually completes within ten business days but is dependent upon the receiving broker.

I think this information, and all the other information given on those pages is clear. And in particular it clarifies that any customer transfer requests must be done at business level and that customer requests via the transfer email address at Company D won't be processed.

Taking all of the above into account – the chat history and the information provided – I can't agree that RTL could have done any more than it did. It provided Miss T with all of the necessary information and links she needed in order to proceed with the transfer.

The transfer – process

Miss T said in the chat history that her new broker wasn't able to establish contact with Company D and has provided us with a copy of the message she received from her new broker about that. Clearly, I can't know the reason for this but would say that I find it unusual for one broker not to be able to contact another. But that is a separate issue about Company D, and I am only dealing with communication Company R had with Miss T in its role as RTL's outsourced provider of customer service.

Miss T has also provided a screenshot of a message she received from her new broker which said, 'Regarding stock transfers, the current delay is between 4 to 6 weeks as we are receiving a huge amount of incoming transfers.' While the screenshot I have is undated it seems likely it is from sometime after Miss T started to initiate the transfer in early April 2021.

And because of the information given in that message, I don't think it's unreasonable for me to question whether Miss T could ever have completed the transfer to her chosen new broker within the time frame in any event. I say this after taking into account the delays in Miss T starting the transfer process – not until 6 April – and the delays being experienced by her new broker – four to six weeks – it's questionable the transfer to Miss T's nominated broker could have completed within that time.

Despite this, RTL told us that Miss T would still have had time to transfer her assets via ACATS to another broker if her chosen broker was experiencing delays, provided that broker accepted ACATS transfers. And from the information I have been given – ACATS take around 48 hours to process and DTC transfers within ten business days – what RTL has said about this seems correct. Miss T has queried these transfer timescales but even if they aren't exactly as described by RTL, I'm satisfied they are both processes that – once started – are designed to complete the transfer quickly – either automatically or electronically.

Miss T has also told us that it was only Company R that could give instruction to Company D about a transfer and has provided a copy of information provided by Company D about transfers. But as mentioned above, depending upon the transfer method, Miss T would have to either complete a letter of authorisation and return it to RTL – the partner firm – for further processing or ask her broker to initiate the transfer.

And while I've reviewed the information Miss T has provided about Company D and termination of accounts, and I accept Miss T may not be happy with that, I cannot consider that as part of this complaint. And to reiterate, from the information I've seen, I'm satisfied Company R, on behalf of RTL, gave Miss T all of the information she needed.

Miss T has provided me with two examples of asset transfers with other businesses which were successful and carried out quickly. But I can't take those into account when considering this complaint as I am only looking at the actions of RTL that gave rise to this complaint.

So, overall, from the information given by Company R – acting as outsourcing agent for RTL – I can't agree it has done anything wrong regarding the transfer information. It provided Miss T with contact details for the third-party broker, Company D, with whom Miss T had a separate contract. And it was for Miss T's broker to make contact or for her to complete the letter of authorisation and arrange for the transfer. Miss T has said that she and her broker

experienced significant problems in receiving a response but that is an issue to be taken up with Company D.

The trade, settlement and account closure

No transfer was carried out and Miss T sold the last of her ARCT shareholding on 5 May 2021 in two tranches of 1,900 shares and 53 shares. Both sales were traded at US\$33.12 per share giving a total of US\$64,682.80.

Miss T has said the 5 May 2021 was the last day on which she could liquidate her portfolio and receive funds. She says this was because of RTL's own internal process and time requirements. My understanding is that Miss T's sale was carried out on 5 May and settled on 7 May so there's nothing to make me think that there would have been a delay in settlement because of RTL's own internal process and time requirements.

Miss T has said that her account was terminated on 7 May, earlier than the deadline of 17 May. But as the asset had been sold, the proceeds settled, and they had been transferred (but not received at that point) I can't see any reason why RTL would have kept the account open for longer than necessary. No further action could be taken on the account so I can't see that Miss T has been harmed because of this.

Overall, I don't agree that RTL has done anything wrong. I'm satisfied it communicated with Miss T as it should have done and provided her with the information she needed. I don't agree that it was RTL's actions that caused Miss T to sell her shareholding when she did. She had sufficient time in which to initiate that transfer – 60 days – and I don't agree any delay in Miss T attempting the transfer was the responsibility of RTL.

My final decision

For the reasons given above, I don't uphold Miss T's complaint about Resolution Compliance Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss T to accept or reject my decision before 17 November 2023.

Catherine Langley
Ombudsman