

The complaint

Mrs L has complained about Link Market Services Trustees Limited (Link). She said it didn't notify her of a corporate action by a company she holds shares in. She said it hasn't contacted her or kept her notified of what has been happening with these shares. Mrs L said if Link notified her of the corporate action, she would have sold her shares before then. She would like Link to repay her initial investment of £1000 as way as compensation.

What happened

Mrs L purchased 540 shares in Saga Plc in May 2014. A year later she was given 27 bonus shares. This meant at that time, she held a total of 567 shares. Link was the registrar for Saga shares from the moment Mrs L purchased them in May 2014, up to January 2022.

Link carried out services such as record keeping, administering of dividends, and carrying out corporate actions as and when required by Saga, in its role as registrar.

In 2020, Saga instructed Link to carry out a corporate action to consolidate the number of shares there were in the market. It did this, and this meant Mrs L's total shareholding went from 567 shares to 37 shares.

Mrs L said she invested £1000 in Saga in May 2014. She said she received a dividend for a while that trickled into her account. She said she hadn't heard anything from Link and until recently didn't know who they were. She said she hadn't received any communication from Link between 2014 and 2022, when Saga decided to use a new registrar.

Mrs L said she heard from the new registrar in 2022. Mrs L said it was at this point that she found out her shares had plummeted in value and rather than being worth £1000 were at that point worth around £84. Mrs L said if she had been told about the corporate action by Link, she would not have agreed to it or would have sold her shares. She said because of this, she holds Link responsible for her loss. She complained to Link about this.

Link said in response that it cannot be held responsible for any loss that may have been incurred due to fluctuations in the share price. It said the share price is driven by the market. It said the consolidation exercise was instructed by Saga, with the purpose to remove a volume of shares from the marketplace. It made the point that the value in the shares remained roughly the same before and after consolidation. It said it was the shareholders responsibility to keep track of their investment. It said it wasn't responsible to compensate Mrs L for any losses she incurred by choosing to invest in Saga Plc.

Mrs L was not happy with Link's response and referred her complaint to our service. An investigator looked into Mrs L's complaint. She said she didn't think business needed to take any action. She said it was more likely than not Link sent a letter to Ms L about the corporate action and she received it. She said Link sent documentation provided by Saga and she could see that the proposal about the consolidation of shares was described inside these. She said she hadn't seen enough information to say Ms L would have sold the shares if she had been made aware of the corporation action before it happened anyway.

Mrs L is not in agreement with the investigator's view. She said she did not receive information about the corporate action from Link. She said she didn't receive any communication from Link including a welcome or introduction. She said she was not given the option to sell the shares back to Saga and has been made to accept an almost total loss of her investment. So, as the parties are still in dispute, Mrs L's complaint has been passed to me, an ombudsman, to look into.

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.

Link has said that Mrs L's complaint falls within our service's jurisdiction. It has given its permission for me to look into the merits of Mrs L's complaint, so I have gone on to do that.

I am not upholding Mrs L's complaint. I will explain why:

- Mrs L purchased shares from Saga in May 2014. It was at this point that the registrar, Link, would have been notified of Mrs L's details. Mrs L said she was happy to keep her investment going, receiving dividends, and letting it sit there, as she said, growing in value. She said it wasn't until 2022 when she received communication from Saga's new registrar, that she saw that the value of her shares had plummeted. She said her initial investment of £1000 had been reduced to around £84.
- Mrs L looked into it and said, she could see that there was a corporate action in 2020 and that her shares had been consolidated and she now had only 37 shares where previously she held 567. She said she had not been notified of this consolidation exercise by Link, and if she had been she would've acted so that she didn't lose as much money on her investment.
- First, I have looked at what happened before the corporate action took place. Link said it would have sent a letter and prospectus from Saga to Mrs L to notify her that this was about to happen, in September 2020. It said that Mrs L had given a preference to be communicated to through email, but Saga had asked that all shareholders be sent a letter and prospectus in the post. It said it did this.
- Mrs L said she didn't receive any communication from Link about the corporate action. I can't be sure what happened here, and I acknowledge what Mrs L has said. But on the balance of probabilities, I think Link more likely than not sent the letter and prospectus to Mrs L. I say this because, it was given an instruction by Saga its client to do this, and it held Mrs L's address. It sent out letters and information to all of Saga's shareholders as it instructed it to during this time, so I think it would have done the same with Mrs L. So, on balance, I think Mrs L would have received the information from Link about the corporate action.
- I have reviewed the documents Link sent out on behalf of Saga. I can see that the aim of these documents was for Saga to notify shareholders of what had happened and what was going to happen. There were no options or any action that was required of Mrs L, that Link needed to administer. So, its role here as registrar was to ensure that Mrs L received the documentation from Saga, and as I have already concluded I think more likely than not it did this.
- Mrs L said she is unhappy with the performance of her Saga shares. She saw they

had dropped in value significantly. Her main complaint is that she should have been notified of the corporate action by Link so she could have done something about it and protected the value of her shares. But I think the corporate action carried out by Saga in October 2020 didn't directly impact on the value of Mrs L's shares. It was not the case, for example that the price remained the same, but she received less shares. The value of her shares didn't fluctuate that much by the corporate action having taken place. The price and value of Mrs L's shares instead, were driven by the market.

- I can see that Mrs L's saga shares had dropped significantly in value before the corporate action was carried out. For example, the shares had dropped by around 85% from May 2014 when they were floated on the market, and June 2020 before the corporate action took place. So, even if Mrs L had tried to sell her shares just before the corporate action had taken place, she wouldn't have received anywhere near her original investment.
- In conclusion, I think Mrs L was given information by Link about the corporate action to consolidate shares in Saga. I can't find anything that Link has done wrong here in its role as registrar of Mrs L's Saga shares. The price of these shares has gone down significantly, and I empathise with Mrs L for the shock she received when she saw this was the case. But I don't find Link responsible for any losses Mrs L may have made with these shares, rather I can see the price has gone down in the market.
- Mrs L has made a few other comments about the efficiency of Link's role as registrar during the period in question. I acknowledge what she has said but these comments don't change the outcome of her complaint.

I appreciate that my decision will be disappointing for Mrs L, and I acknowledge the strength of her feelings in the submissions provided. But based on everything I have read and the findings I have given, I don't uphold her complaint.

My final decision

My final decision is that I do not uphold Mrs L's complaint. Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs L to accept or reject my decision before 8 February 2024.

Mark Richardson
Ombudsman