DRN-4114839

The complaint

Mrs C has complained about Financial Administration Services Limited ("Fidelity"). She said Fidelity sold shares she held without her permission. She said she would like to be reimbursed for investment losses and given fair compensation for distress and inconvenience.

What happened

Mrs C had shares in Legal & General International Index Trust, and she held these on Fidelity's trading platform.

Mrs C said she was notified by Fidelity on 11 January 2023 that the fees it charged for its services were being increased.

Mrs C said she wrote to Fidelity on 17 January 2023, as she wanted to open a separate account with it. She said the purpose of this was to set up an account in case she decided to sell her shares, so she had an account for the proceeds to be paid into. She said she wanted to keep an eye on the value of her shares in light of keeping them and meeting the increased fees or selling them. Mrs C said Fidelity sold her shares without her permission. She feels she was denied the opportunity to sell her shares at a time of her choosing.

Mrs C complained to Fidelity about this and said she made investment losses due to it selling the shares without her permission. She said it should provide compensation for the distress and inconvenience it caused too.

Fidelity initially said on 27 January 2023 that it didn't make any errors and wasn't upholding Mrs C's complaint.

Then Fidelity reviewed Mrs C's complaint again and said it made an error. It initially informed Mrs C about this during a phone call on 14 February 2023, and then wrote to her on 20 March 2023. It said in its letter that there was a misunderstanding with regards to the letter Mrs C sent to it on 17 January 2023. It said it thought she wanted it to sell her shares.

Fidelity offered £200 compensation for distress and inconvenience and calculated the investment loss made on it selling Mrs C's shares early. It said Mrs C had made it clear that she wanted to sell the shares by 31 January 2023 at the latest, as a day later its fees were going up. It said it sold her shares early by mistake. It said it did this on 19 January 2023. It worked out what Mrs C's shares would have been worth if she had sold them on 31 January 2023, and by doing this calculated the difference in price and proceeds due to Mrs C was £345.54.

Mrs C was not happy with Fidelity's response and referred her complaint to our service.

An investigator looked into Mrs C's complaint. He said Fidelity should increase its payment to Mrs C for distress and inconvenience to £300. He said he believed this to be a fairer amount to reflect the impact Fidelity's mistake had on Mrs C. He said the calculation of £345.54 that Fidelity made for financial loss was fair enough.

Fidelity said it accepted the investigator's findings albeit it was disappointed that he raised the distress and inconvenience payment. It said if Mrs C was willing to accept the findings, then it would. Mrs C was not in agreement with the investigator's view. She reiterated that she was denied the opportunity to sell her shares at a time of her choosing. She felt she could've held onto them past 1 February 2023. She disagreed that she said she would've sold the shares by 31 January 2023. So as Mrs C doesn't agree with the investigator's findings and the parties are still in dispute, her 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.

Mrs C received a letter from Fidelity about fees in January 2023. I have read it and can see that it was looking to change the way it charged for its services from 1 February 2023.

Mrs C wrote to Fidelity on 19 January 2023. She said the intention of her letter was to ask Fidelity to open an account. Recently she has said she wanted to keep an eye on the value of her shares and decide when to sell them. Fidelity on the other hand said it made a mistake and misunderstood when it received the letter, that she wanted to sell the shares. So, it carried out, what it thought was an instruction from her to do so. Fidelity says though, that although it sold them too early, it was Mrs C's intention to sell the shares before 1 February 2023.

I have looked at the letter Mrs C sent to Fidelity on 19 January 2023 and can see that Mrs C asked for an account to be set up only. I can see that she didn't ask Fidelity to sell her shares. So, I can see why the parties agree that there was a misunderstanding here and why Fidelity said it made an error. So, I think Fidelity needs to pay some compensation to Mrs C for this. What is left for me to decide is what is a fair amount of compensation.

Fidelity has offered Mrs C £345.54 compensation for what it has calculated to be her investment losses. It said it calculated this amount by seeing how much Mrs C's shares would have been worth on 31 January 2023 and subtracting that amount by the proceeds that Mrs C did receive on 19 January 2023. Fidelity said it used the date 31 January 2023, as Mrs C had made it clear she would sell the shares before its new fees were introduced on 1 February 2023. Mrs C on the other hand said she hadn't decided when she was going to sell them and was only looking to open an account to pay the proceeds in for when for she decided to do this.

I can see in the letter Mrs C sent to Fidelity on 19 January 2023, that she said, "I would like to set up an account so I can withdraw my money and close my investment account with Fidelity". Mrs C also said in the letter "Please will you confirm when it is set up since I need it before 1 February 2023 with your fee increase as stated in your letter".

I think on balance, after reading the letter, it's more likely than not it was Mrs C's intention to sell the shares before 1 February 2023. Mrs C asked in her letter for Fidelity to confirm when the account was set up and said she needed it before 1 February 2023, the purpose of the account being to use it to pay the proceeds of a sale of the shares into. So, I am persuaded on reading this that it was her intention to sell the shares by 1 February 2023. So, I think Fidelity's offer of compensation for Mrs C's investment losses, this being £345.54, calculated by it assuming Mrs C would have sold the shares on 31 January 2023, is a fair and reasonable one.

Fidelity offered a payment of £200 for the distress and inconvenience it caused by the mistake it made. Fidelity then agreed to pay an additional £100, but Mrs C didn't agree with this. So, I have considered what a fair amount for Fidelity to pay here would be.

I can see that Fidelity's error would have caused Mrs C stress and worry. Mrs C also had to spend time and effort making her complaint and trying to put Fidelity's error right. I have listened to call recordings where Mrs C has had to wait for long periods of time to speak to Fidelity, and I can see how this would have been frustrating. The amount Fidelity recently said it would be willing to pay, £300 seems a fair reflection on the amount of distress and inconvenience that it has caused.

In conclusion, I think the calculation made by Fidelity of £345.54 as compensation for Mrs C's investment losses is fair. I also conclude Fidelity should pay Mrs C £300 for the distress and inconvenience caused by making the error. This would make a total payment of £645.54. I understand Fidelity has made a compensation payment already, if this is the case, it will need to subtract what it has already paid from the total amount.

My final decision

My final decision is that I uphold Mrs C's complaint about Financial Administration Services Limited. I think that Financial Administration Services Limited should pay Mrs C a total of £645.54 (less any compensation payments already made) to put things right if it hasn't done so already.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs C to accept or reject my decision before 16 January 2024.

Mark Richardson
Ombudsman