

The complaint

Mrs S complains about IG Markets Limited ('IG'). She says that it has provided incorrect information to her about her Individual Savings Account ('ISA'). She complains that this led to her not being able to trade her shares and it also led to her suffering the loss of some of her yearly ISA allowance.

What happened

I've read all the information that has been provided by both parties to the complaint. I won't reproduce all the circumstances here, but a summary of what I think are the important parts of what happened are below.

Mrs S had an IG ISA which she was using to hold shares she was trading. On 14 March 2023 Mrs S bought a stock that was traded on the UK Alternative Investment Market ('AIM'). This stock was due to be delisted from this UK market, and Mrs S was aware of this. But after the business implemented some changes, it was intended that it would be traded on an Australian stock market.

On 15 March 2023 Mrs S asked IG if she would be able to trade this share on the Australian market within her ISA. I've listened to this call and Mrs S was told that once the stock was delisted from the UK market, and listed on the Australian market, it could still be held within her ISA and traded.

At the end of March 2023 the stock was delisted from the UK AIM market and the shares were placed in her share dealing account at this time. This is because, due to the delisting, the shares were no longer eligible to be held in her ISA.

At the end of April 2023 the business Mrs S held the stock in confirmed that it would change its name and would only trade on an Australian market. IG has explained that this new stock became a CHESS Depository Interest ('CDI'). This is an instrument that allows an overseas business to list their shares on the Australian exchange and use its's settlement system.

Customers can invest in the CDI and I understand this means they have a beneficial interest in the underlying stock, rather than holding it directly or having a legal title to it. IG has explained this as saying that Mrs S now owned a holding stock, and not a parent stock. In any event, under HMRC guidelines, it was not able to be held in her ISA.

IG has outlined the process it followed when the stock was delisted, changed, and then moved to the Australian stock market. It has said that this was complicated and that the time taken was largely due to the actions that third parties needed to complete, such as the custodians. This process was finalised near the end of July 2023.

IG has considered Mrs S' complaint and it has upheld it. It acknowledged that it did say in the telephone call of 15 March 2023 that she would still be able to hold and trade this investment in her ISA if it was delisted from the UK market and then traded on an Australian exchange. This was incorrect and in its complaint response IG says that it thinks its

representative did not consider that the change in the investment would lead to it becoming a CDI which would then not make this possible. So, she was given incorrect information.

But, it said that Mrs S had bought the stock on 14 March 2023, the day before she was given this misleading information. So, it did not cause the loss Mrs S has suffered. It offered £200 compensation for the inconvenience this incorrect information would have caused her.

Mrs S didn't accept this offer. She said that if she was given correct information, she would have sold the shares and not incurred a loss. And she would have bought the stock outside of her ISA and not used some of her ISA allowance. She still thinks the delay she experienced in the transfer of her stock to the overseas exchange was unreasonable.

Mrs S brought her complaint to the Financial Ombudsman Service. One of our Investigators has considered the complaint and has upheld it. She firstly agreed that Mrs S may have sold the shares if she had been given correct information and she discussed this with IG.

IG responded and it said that it didn't think it was necessarily demonstrated that Mrs S would have sold the investment. And even if she were to have done this it wasn't certain it would have made a profit. IG also thought Mrs S had not lost any benefit from the shares not being held within the ISA. She could have used her ISA allowance for other stocks and use any loss she made in a tax advantageous manner.

Despite this it calculated that had she sold the shares (when she could) the highest profit she could have made was around £1,300. So, it offered an ex-gratia payment of £1,500 as compensation for this.

This offer was put to Mrs S and she didn't accept it. She maintained that she was given misleading information on 15 March 2023. And she had lost some of her ISA allowance. And she also maintained that she had lost her ability to make a profit on the stock due to the delays in IG allowing her to trade. She said she would have followed a strategy of buying the shares and then trading them for a profit straight away on the overseas exchange. And this would have let to a higher profit than the compensation.

Our Investigator then went on to fully consider the complaint. She thought that whilst Mrs S was given incorrect information it was difficult to accurately calculate the loss given the complicated situation that surrounded this investment. She considered the £1,500 that IG had offered in respect of this was reasonable. And it was clear that the misleading information provided by IG had caused Mrs S some distress and inconvenience and she should be awarded £350 compensation for this.

IG agreed to pay this total compensation amount of £1,850.

Mrs S didn't agree, and she felt that IG should put her investment money back in her ISA account. And she also thinks she would have made a greater profit on the investment, and she is still being penalised for the delays IG caused. The transfer should have been immediate, and she could have acted straight away.

As no agreement has been reached the complaint has been passed to me to consider and issue my final decision.

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.

When thinking about Mrs S' complaint I've borne in mind that Mrs S did make the decision to purchase these shares herself. And then place them within her ISA. She didn't receive any advice or information from IG before she did this. And I think it's fair to say that, ultimately, Mrs S' problems stem from this decision.

And I also have to be careful not to consider the complaint with the benefit of hindsight. Whilst it is clear now what the best course of action would have been for Mrs S, I don't think this would necessarily have been clear at the time. This was a period of significant uncertainty for the stock she purchased and this would have affected the decisions Mrs S made about it.

It's not disputed that IG gave Mrs S some incorrect information on 15 March 2023. She was informed that she would be able to continue to hold some shares she had bought in her ISA after they had been delisted, changed, and then traded on a different market. But this wasn't the case. So, the crux of the remaining dispute is what Mrs S would have done if she had been given the correct information.

Mrs S says that if she was provided with correct information then she would have sold the shares earlier, and moved them away from her ISA. And she has outlined the strategy that she says she would have followed had events gone as she expected them to. But I'm not fully persuaded that this would have been the case.

The shares Mrs S purchased carried a significant risk in themselves, and they were traded on a market that is not always liquid. The shares, and the business involved, were undergoing what were significant changes. These involved a change of structure and a change in the market they traded in. These are typically complicated issues that can take some time to fully resolve, as they did here. And there are risks involved in this process. Mrs S purchased the stock knowing about these risks and uncertainties.

So, whilst it did take some time for the changes in the shares to be finalised, this was a complicated situation. It involved two separate share markets, in different geographical areas. And the change in the shares, and the business who's shares she was buying, did need the involvement of third parties, such as custodians, before it was completed. I'm not persuaded that the time it took to make these changes was due to any action, or inaction, on the part of IG. Rather than these complexities.

And whilst Mrs S wanted to hold these shares in her ISA I think there was always a risk that she would not be able to do this. And Mrs S accepted this risk when she purchased the shares. Rather than make an alternative investment that did not have this risk.

I think it follows from the above that it's not certain that Mrs S would have been able to hold these shares in her ISA. And I don't think it can be demonstrated conclusively that Mrs S would have retained this part of her ISA allowance if IG had acted correctly. I think there are far too many uncertainties here for me to be able to uphold the complaint on this basis and make an award.

And I'm not persuaded that she necessarily would have followed the investment strategy she now says she would have done. I don't think it can be clearly established what Mrs S would have done if IG had provided correct information

That said, I do accept that IG gave Mrs S some incorrect information and it is reasonable to think that Mrs S may have acted differently if she was given correct information, even though it isn't certain how she would have acted differently.

IG has calculated the profit it thinks that Mrs S would have made if she has sold the shares at an advantageous time. I think, given all the circumstances of this complaint, that this is reasonable compensation for any investment loss she may have suffered. I don't think it can be reasonably demonstrated that Mrs S would have been able to secure a higher return, given what she would have known at the time. So, I think IG's offer of £1,500 for any investment loss she may have suffered is reasonable.

I accept that this would have caused Mrs S some distress, and inconvenience. It's clear it did as I've heard in the phone calls she has provided. But I think the £350 compensation that has been offered is adequate to address this.

Putting things right

IG should pay Mrs S £1,850. If it has already paid any compensation, this can be deducted from this total amount.

My final decision

For the reasons I've explained, I partly uphold Mrs S' complaint.

IG Markets Limited should put things right by doing what I've said above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs S to accept or reject my decision before 30 May 2024.

Andy Burlinson
Ombudsman