

The complaint

Mr W complains that AJ Bell Asset Management Limited ("AJ Bell") gave him misleading information about a corporate action relating to shares he held.

What happened

Mr W held shares in a company ("company A") on AJ Bell's platform. He sold some of his shares at a profit in July 2022. Soon after that he saw messages from AJ Bell about two corporate actions in relation to company A.

One of AJ Bell's messages said that company A would be completing a consolidation after a demerger and that existing shares would be exchanged for a smaller number of shares. The other message provided information on the demerger and said that shareholders would receive one share in the newly formed company ("company B") for each share held in company A, as of 15 July 2022.

Mr W called AJ Bell on 11 July 2022 for more information about the demerger and, after that call, he bought more shares in company A. Following the demerger, Mr W received shares in company B in exchange for shares in company A.

Mr W's complaint is that AJ Bell implied he would be given the shares in company B for free. He says that appeared to be the case from the information AJ Bell initially provided and from what he was told when he called them for confirmation. Acting on what he had been told, he decided to buy more shares in company A, something he wouldn't have done if AJ Bell had made clear that shares in company B would be given in exchange for shares in company A. Mr W says he lost about £800 because of what happened.

In response to Mr W's complaint, AJ Bell have said:

- The information given to Mr W in the call on 11 July 2022 was accurate. Mr W asked if he would receive one share in company B for each company A share. They confirmed that was correct and that is what happened.
- The corporate action notifications sent prior to the call also made clear that Mr W's account would be credited with one company B share for each company A share he held.
- At no point did they tell Mr W that he would receive the value of one company B share on top of the value of one company A share.
- They are not responsible for Mr W's decision to purchase more shares in company A believing that he would receive company B shares for free, nor for the loss he says he has suffered as a result.
- They offered Mr W £150 as a gesture of goodwill. They said they could have been clearer in correcting Mr W's understanding and should have responded sooner to his initial query about what had happened.

Our investigator looked into Mr W's complaint and said:

- He didn't agree that AJ Bell had misled Mr W. They told him shareholders would receive a share in company B for each share held in company A. They didn't commit to what would happen after the distribution of company B shares, so Mr W wasn't given a guarantee.
- He didn't agree with Mr W that AJ Bell had allowed an incorrect assumption on his part to go unchallenged. He thought the call handler was careful to provide exactly the information that AJ Bell had and no more. He didn't think AJ Bell should be held responsible for not relaying information they didn't have. So, he didn't think AJ Bell had caused Mr W any loss.

Mr W didn't accept our investigator's findings and has asked for an ombudsman to make a final decision. He said:

- AJ Bell's call handler said he would be given the new shares on a one for one basis. The call handler did not contradict Mr W when he asked if he would get them for free. There was no mention of swapping or exchanging shares, which would have clarified things.
- It may be that the call handler didn't fully understand the position, in which case he should have passed Mr W's call on to someone else or offered to call him back

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.

AJ Bell's initial message about the corporate action said that under the term of the demerger Mr W would be credited with one new share in company B for each existing share held in company A on the record date.

Mr W says that it appeared he would be given the shares in company B for free and he called AJ Bell to confirm if that was the case. That call is the main point of dispute in this complaint, and I've listened to a recording of it noting the following key points:

- Early in the call Mr W quoted from an article which said 25-35% of the value of shareholders' investments in company A would be handed back. He asked whether that meant roughly one third of the value of company A shares would be converted to company B shares.
- The AJ Bell call handler said their corporate action team were putting together an update, but it looked like Mr W would be given one new share in company B for every company A share he held.
- Mr W then asked if he would be getting them for free. In response, the call handler said: "for every [company A] share held...".
- The call handler later repeated that Mr W would be credited with one share in company B for every share he held in company A.

- Mr W said he might reinvest and, “if you’re being given something for nothing then that’s not a bad thing.” Mr W continued speaking and asked about the cut-off date for being an eligible consumer.

I’m satisfied that the call handler’s replies to Mr W were accurate. He made clear that Mr W would receive one share in company B for each share he held in company A.

I’ve thought carefully about Mr W’s complaint that the call handler didn’t contradict him when he asked about getting the shares for free or later referred to being given “something for nothing”. But on the first occasion the call handler repeated the correct information he had already given and on the second Mr W continued speaking and immediately raised another query.

I accept that the call handler could have provided clearer information in response to what Mr W said. But I’m satisfied the information he gave was accurate and he didn’t agree that the shares would be “free”. Overall, I’m not persuaded that AJ Bell were responsible for Mr W’s mistaken view. And I don’t think it would be fair and reasonable to hold them responsible for his decision to act on that view and purchase additional shares, nor for the financial impact Mr W says this has had.

I realise this will be a disappointing decision for Mr W, but I won’t be upholding his complaint. AJ Bell have previously made an offer of goodwill to Mr W, and he may wish to contact them to confirm if that offer still stands.

My final decision

For the reasons I’ve explained, my final decision is that I don’t uphold Mr W’s complaint against AJ Bell Asset Management Limited.

Under the rules of the Financial Ombudsman Service, I’m required to ask Mr W to accept or reject my decision before 7 August 2023.

Matthew Young
Ombudsman