

The complaint

Mr N has complained on behalf of his late mother's estate. He complains that Equiniti Financial Services Limited ('Equiniti') delayed the sale of 1,000 Lloyds Banking Group shares and hasn't provided him with a copy of the lost share certificate. He wants independent receipt or proof of the sale of the shares. He says he has been caused unnecessary stress as a result.

What happened

Mr N's mother died in February 2015. The estate held 1,000 Lloyds Banking Group PLC Ordinary shares. Mr N provided Equiniti with the probate for the estate and it was registered on 10 February 2022. In April 2022 he asked about the current status of the estate's shares. He also asked for a copy of its transaction history including dividends from 2009. Mr N didn't hold the share certificate for the holding.

Equiniti was sent a Postal Share Dealing Form ('PSDF') in order for him to sell the shares which he was to complete in his role as executor of the estate. The PSDF had a built-in indemnity so that shareholders could sell the holding without the need to first obtain a replacement certificate.

While Mr N's late mother lived in the UK, Mr N lived abroad, and he questioned whether he was able to use the PSDF.

Mr N completed the PSDF and the shareholding was sold on 5 September 2022. A cheque for £319.20 was issued on 7 September 2022 because the payment couldn't be made direct to the estate's bank account.

Mr N wanted a copy of the share certificate in order to verify the authenticity of the number and value of the shares. Equiniti wasn't able to provide this as it had been surrendered upon sale. It said Mr N had agreed to this by signing and return the PSDF.

Mr N complained to Equiniti. It responded on 11 March 2022;

- The late Ms V – Mr N's mother – had held Halifax shares but was taken over by Lloyds and there was a share consolidation.
- Mr N had been advised about a letter of indemnity and was sent the PSDF if he wanted to sell the shares and was given detail about completing the form.

Mr N wasn't happy with the way his complaint had been handled. Equiniti responded again on 21 April 2022 it said;

- It provided a full transaction of the account's shareholding fee of charge.
- It provided a breakdown of all the corporate actions that had taken place on the account from 2009.
- It provided a breakdown of all payments made from the account since 2009 and refunded an administration fee of £40.00.

- It was unable to identify any shortfalls in its performance.
- It apologised if Mr N was made to feel his concerns weren't taken seriously.

Mr N wasn't satisfied with the outcome and brought his complaint to the Financial Ombudsman Service. Our investigator who considered the complaint said;

- For certain aspects of Mr N's complaint Equiniti Financial Services Limited was acting in its role as registrar – Equiniti Limited – and which were unregulated activities. These included share certifications, share allocation, dividend processing and shareview access (to the account). Because of the rules that apply she couldn't consider those aspects of Mr N's complaint.
- She could consider the complaint about the share dealing as that was a regulated activity of the regulated arm of Equiniti Group.
- She concluded that once the PSDF sale instruction was received by Equiniti it handled the matter as expected and within a suitable timeframe. There wasn't any evidence that Equiniti had done anything wrong.
- Mr N had had to chase Equiniti for responses to his queries about the sale instruction, but we couldn't award compensation for any inconvenience as Mr N was acting in his role as executor.
- Mr N had questioned Equiniti's practices and wanted assurance it treated customers fairly and with transparency. That wasn't something this service could consider as that was role of the regulator.

Mr N didn't agree. He said;

- He was seeking 'basic business ethics'.
- Equiniti had sold the estate's shares but refused to provide him with a copy of the 'stock transfer certificate'.
- Equiniti didn't give him with a certified form of receipt to provide evidence of the actual worth of the shares for the beneficiary.

Our investigator clarified that this service didn't have the power to investigate some of Mr N's complaint points. She couldn't consider a complaint about a business acting as registrar and detailed what those matters included. A stock transfer form was a registrar activity – it didn't relate to the selling of the shares. She would ask Equiniti for a copy of the stock price on the date of sale.

In turn Equiniti provided a share sale advice – the contract note – detailing the sale. And it confirmed that there wasn't a share certificate as the holding was sold via the share dealing service upon receipt of the PSDF form. Mr N could have requested a certificate prior to the sale from the registrar.

Mr N didn't agree. He said it wasn't a contract note without any reference number or signatories of both parties. He couldn't understand how the shares were sold when he didn't have a share certificate.

The investigator clarified that the issuing of a share certificate was dealt with by the registrar and was an unregulated activity which couldn't be considered by this service. The contract note didn't need to be signed. It was a business decision to charge for a share certificate.

Mr N didn't agree. He said he wanted a transparent, reasonable, and fair investigation.

Another of our ombudsmen considered the jurisdiction of the complaint – which points we could and could not consider. He issued his decision and concluded that this service could only consider the complaint relating to the sale of shares against the business and points linked to this.

As the merits of the complaint about the sale of the shares remain unresolved, it has been passed to me for a 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.

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

As the jurisdiction about what elements of the complaint has already been decided by my fellow ombudsman, I won't be considering those points any further. I will only be considering Mr N's complaint about the sale of 1,000 Lloyds Banking Group shares.

As Mr N didn't hold the share certificate and the ability to sell the shares via the Postal Share Dealing service was offered by Equiniti. The PDSF was sent to him in early 2022 to complete and it was received by Equiniti on 4 September 2022. Equiniti sold the shares on the next day and the settlement proceeds of £319.20 were sent to Mr N on the following day. So clearly there weren't any delays in the shares being sold and settled once Equiniti received the completed PDSF with the sale instruction.

There were delays between the form being sent to Mr N and it being returned. This was because Mr N was concerned that the PDSF wasn't correct. He had dual nationality and the form was for UK residents. Equiniti has explained that while the death of Mr N's mother had been formally registered, he was only noted as the executor legally appointed to deal with the shareholding. His late mother remained the registered shareholding and she had lived in the UK.

Mr N also raised some queries about the number of shares held, impact of corporate actions etc which I think was understandable as he wanted to ensure that he was selling the correct number of shares. He was acting as executor to the estate of his late mother and had a responsibility to the beneficiary. But any responses to those questions were given by Equiniti acting as registrar – as Equiniti Limited – and not Equiniti Financial Services Limited.

So, Equiniti's role was limited to the sale of the shares and I can't agree there were any delays in those shares being sold once the instruction to do so was received. It follows that I don't think that Equiniti has done anything wrong.

Mr N has been given the share sale advice – the contract note. The contract note details the shareholding sold, the number shares, the share price, total sale proceeds, and trade and settlement date etc. Mr N doesn't think it is a valid document. He says it's not signed by the parties and doesn't have a legal proof of the settlement reference number – it's just a piece of paper. But, and like the investigator I am satisfied that the contract note complies with the regulations as laid down by the Financial Conduct Authority ('FCA') with reference to trade reporting for clients.

Those regulations say that a business must promptly provide the client with the essential information concerning the execution of the order. And I am satisfied all of that information is contained within the share sale advice that Equiniti has provided.

Taking all of the above into account I am satisfied that Equiniti acted as it should have done when carrying out the sale transaction for Mr N. And I can't find any evidence of wrongdoing or that Equiniti hasn't acted fairly and reasonably in its dealings with Mr N when executing the trade on his behalf and has provided proof of that sale.

Because of this, I don't uphold the complaint.

No doubt Mr N will be disappointed with the outcome, but I hope I have been able to explain how and why I reached the decision that I have.

My final decision

For the reasons given I don't uphold the complaint made on behalf of the estate of the late Ms V.

Under the rules of the Financial Ombudsman Service, I'm required to ask the estate of Ms V to accept or reject my decision before 30 August 2023.

Catherine Langley
Ombudsman