

## **The complaint**

Mrs J complaint about the way Equiniti Financial Services Limited (EFS) has dealt with her request to sell shares. She says she has incurred incorrect charges and treated unfairly in the way the sale of the shares has been handled.

## **What happened**

On 19 October 2022, Mrs J requested a sale of shares through an online service. Shortly after this EFS requested relevant documentation, including the valid share certificates to complete the transaction.

On 1 November 2022, Mrs J raised concerns about how the share sale was being handled. She was unhappy that she was being asked to send documents in the post when she was expecting to complete the transaction digitally (but she did send scanned documents). She was also unhappy about a fee for the "reissue" of a dividend payment.

On 16 November 2022, EFS informed Mrs J that the shares would be repurchased as the requested documents had not been received. Mrs J responded to this as she felt the tone was threatening.

EFS maintained that it couldn't accept share certificates via email and an indemnity form would be needed if she couldn't provide the original share certificates. Mrs J said she had now sent the original certificates, so no indemnity is needed.

On 9 December 2023 EFS provided its final response to the complaint. In summary it said:

- To complete the sale of the shares, it required documents sent by post with a wet signature and is unable to accept scanned documents.
- It acknowledged that documents had been sent in the post now, but it had yet to process these and would be in contact if there are any issues.
- Regarding Mrs J's comments about the tone and content of the chaser correspondence, it said this was a standard letter sent to inform her of the possible consequences should it not receive post trade documents. It said it wasn't its intention to cause offence and apologised.
- The share registrar would respond to the concerns about the fee linked to the re-issue of dividends.

EFS reviewed the documents sent in the post but told Mrs J it couldn't proceed with the sale as she hadn't provided valid share certificates. She responded to say this was the only certificates she held. Mrs J raised further concerns about the handling of the transaction including that she had been overcharged a dealing fee. She maintained the information she had received indicates there was no requirement issue a paper certificate if the shares in the trading account are held in uncertificated form. And as far as she was aware EFS held her shares in an electronic form. Mrs J continued to dispute the need for her to provide payment for an indemnity for replacement shares certificates.

EFS provided a further complaint response to Mrs J on 1 February 2023. In summary it said:

- Mrs J instructed EFS to sell her certificated shares, this is an entirely separate entity

to Equiniti Registrars who administer the share register for the company the shares are held in.

- She agreed when she placed the trade to EFS's terms and conditions - which included the payment of its fees and that she would provide a valid share certificate along with a completed crest transfer form.
- As she was unable to provide a valid share certificate, arrangements were made for an Express Letter of Indemnity to replace the share certificate – to enable EFS to process the trade. The registrar charges a fee for this service, but it agreed to refund this fee as a gesture of goodwill.
- EFS acts as an execution only dealing service and has placed the instruction into the market to sell the shares. Consequently, it must deliver the shares to sell to the market. When the required documents weren't supplied, it still needed to purchase sufficient shares at the prevailing market price. In line with its terms, it passes on any costs it incurs of doing this to Mrs J. It will also charge her commission and make a late settlement charge.
- Commission for certificated charges, differs to that Mrs J has referred to – it said she had been charged correctly.

On 8 February 2023, EFS wrote to Mrs J explaining as it didn't receive the necessary documentation for the sale it had repurchased the shares. It said this resulted in Mrs J needing to make a payment of £139.25 to cover the price difference and associated charges.

After this the complaint was referred to this service for an independent review. One of our investigators looked into the complaint. He didn't think it should be upheld. In summary he said:

- EFS has correctly followed Mrs J's sell instruction. It needed to deliver the shares to the market when she failed to provide the relevant documents. EFS can pass any costs it incurred to do this and charge commission.
- While Mrs J says EFS have applied incorrect commission charges, the charges she has highlighted relate to shares held electronically. EFS charged her correctly as a certificated shareholder.
- He didn't see evidence share certificates could be sent by email and rather they needed to be sent by post, and sight of a wet signature was required for the crest form.
- He didn't find that EFS's chaser letters were threatening.

Mrs J disagreed and asked for an ombudsman to consider her complaint. She provided further submissions. In summary she said:

- She signed up to a service with Equiniti called "Shareview" and was told she could manage all aspects of her shareholding online.
- The terms and condition she saw stated her shares will be registered and held in the name of a nominee company.
- Shareview had two commission rates and as her agent EFS should have acted in her best interest by offering the cheapest commission, but it did not and provided the highest commission rate.
- The Shareview portfolio listed her shares as being held online and she wasn't informed that they weren't.

### **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.

Firstly, I'd like to clarify that I can only consider the actions of EFS in respect of the sale of the shares in its capacity as an execution only broker. There is another entity that it linked to the situation and that is the role of the registrar for Mrs J's shares. The registrar in this situation is also part of the Equiniti group. The role of a registrar is to act for a company in maintaining its register of shareholders. Since acting as a registrar isn't a regulated activity it follows that I'm not able to consider the actions of the registrar – this includes the payment of dividends and sending of share certificates. I acknowledge it can be difficult to understand what role is being carried out when there are two entities of the same group carrying out different activities on Mrs J's behalf. But as explained, I will only be looking at the actions of EFS in selling of the shares.

From her submissions, it appears Mrs J's understanding of her account with EFS is that she could sell her shares online without needing to provide documents through the post. But EFS position is that as she held certificated (and not electronic) shares she was required to provide her physical certificates in order to complete the trade. As Mrs J wasn't able to comply with EFS's requests the trade has been reversed. In order to uphold the complaint, I would need to find that EFS has made errors in how it completed the transaction.

I've considered whether there is evidence that Mrs J's shares were held electronically, so could be traded without needing share certificates to be sent in the post. The evidence I've seen doesn't support this, and rather it seems that she held the shares in a certificated format. It appears Mrs J did sign up for an online service. EFS has clarified that she registered to join the Shareview Portfolio Service. This is an online service to access and manage detailed information about your shareholdings.

I've reviewed the nature of this service and can see it does allow you to manage holdings online even when the shares are held in a certificated format. And where shares are held in a company that uses Equiniti as its registrar, it is possible for a shareholder to give sale instructions online. But crucially, when seeking to sell shares that are held in a certificated format, there was still a requirement to send the share certificates to EFS even when the instruction was given online. From the available evidence, this is what appears to have happened with Mrs J's October 2022 transaction. It does seem it was possible for Mrs J to transfer her shares from certificated format to be held electronically as part of the Shareview service, but I haven't seen that she did this.

I haven't found that EFS has treated Mrs J unfairly or unreasonably in requesting the original share certificates. I also do not find that it has charged her incorrectly as she was charged the rate for shares held in certificated format. The fees Mrs J has highlighted are the rates for when shares are held electronically in a nominee account. As I've explained above, the evidence doesn't support her shares were held in this way. This means she won't be eligible for the lower commission rate she has suggested she should have been charged at.

I also haven't found that EFS acted incorrectly when it re-purchased the shares as the sale requirements weren't fulfilled by Mrs J. It provided her with an option to obtain an indemnity that would allow the transaction to complete (and offered to refund the charge for this). But the evidence doesn't show that Mrs J wanted to do take his option. So, in order to complete its obligations to the market it needed to re-purchase the shares. I don't find it has acted unfairly by passing the cost of this on to Mrs J. I've reviewed the letter EFS sent to Mrs J requesting information from her to allow the trade to settle. In my view, the tone was not threatening, but was simply explaining the process and consequences if the required documentation was not received.

I appreciate Mrs J will be disappointed with this outcome, but I haven't found EFS to be at fault in how it handled the transaction.

**My final decision**

I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs J to accept or reject my decision before 12 January 2024.

Daniel Little  
**Ombudsman**