

The complaint

Mrs B has complained about Computershare Investor Services Plc. She said it hasn't obtained the best price when it has re-invested her dividend from an investment trust that she holds. She said from her analysis it hasn't been obtaining the best price for many years, and as such is in breach of its own terms and conditions.

Mrs B thinks Computershare should have obtained better prices, and so because of this she has made investment losses.

What happened

Mrs B has held shares in an investment trust at least since 2007. Computershare holds the investment trust shares on her behalf. It also administers the dividend payments and in Mrs B's case, it re-invests this payment and arranges for more shares to be bought through a dividend re-investment scheme.

Mrs B has complained about the price Computershare has been obtaining when it carries out the re-investment of the dividend and buys more shares. She has given an example from a re-investment carried out by Computershare on 22 September 2022. She said it carried out the trade at 0958 that day and it obtained the highest price for that day of £3.22.

Mrs B said this then led her to carrying out analysis of her previous dividend re-investments carried out by Computershare. She provided an analysis going back to December 2007, that showed the price she received for 51 re-investment trades. She said 43 of these trades were above the mid-point average price for the day the trade took place and 21 of these were at the highest price of the day.

Mrs B said she looked through the terms and conditions provided by Computershare and saw that it stated, *"we and the broker have to get you the best price reasonably available when we buy your shares"*. Mrs B said Computershare has not done this and her analysis shows something entirely different where she has been getting the highest price on any given trade day or at least on most occasions higher than average, going back to 2007. Mrs B said Computershare was in breach of its own terms in this regard. She said it hadn't been looking to achieve the best price available during the day. She complained to Computershare about this.

Computershare in response explained what its role was when it dealt with orders from customers. It said it transmits any orders to market makers for execution. It said it was up to the market makers to obtain the best price for its customer. It said it had its own process in place to ensure they complied with best execution requirements.

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

An investigator looked into Mrs B's complaint. He said he didn't think Computershare needed to take any action. He said Computershare is obliged to buy shares at the best price

at the time it buys them, and this is not the same as it is obtaining the best price of the day. The investigator didn't think Computershare had done anything wrong.

Mrs B is not in agreement with the investigator's view. So as this is the case 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 B has sent in a submission that she has asked me to read. She has provided comments and analysis to support her complaint. She has also asked that I read her previous submissions and evidence that she has provided. I have carefully read all that Mrs B has said and submitted to our service. I have read and considered the three different scenarios she has described in her recent submission along with the questions that she feels I should ask Computershare.

Due to the length of Mrs B's submission from 12 May 2023 and the number of points she has made within it along with other submissions she has submitted before this date, I won't be responding to everything she has raised. Instead, I have focussed on what I think is relevant to her main complaint, that is that Computershare has breached its terms, by not looking to achieve the best price it can when it has been reinvesting Mrs B's dividend payment.

I've looked at the complaint afresh and I've independently reached the same conclusions as our investigator. I will explain my reasons.

Mrs B has held shares in the investment trust in question for many years. She has explained that, whenever she is paid a dividend in relation to this trust, that she has had an arrangement in place that the cash amount will be re-invested back into the trust, and she will obtain more shares. She has been part of Computershare's dividend re-investment scheme, at least since 2007.

Mrs B has carried out detailed analysis and has noted down the price that she has obtained the shares for each time Computershare has reinvested the dividend money, and she has seen what the highest and lowest prices of the shares have been during the trading days in question. Mrs B has analysed the trades – there have been 51 and she has seen that from these Computershare bought shares for her above the mid-point average for the day 43 times. I have looked through Mrs B's analysis and read what she has collated. I acknowledge the points she is making here and can see that the price that has been obtained has often been higher than the daily average and on 21 occasions, as she has stated, the price obtained was the highest during that day.

Mrs B has looked at Computershare's re-investment plan terms and conditions, along with its order handling policy. I have read all the extracts that she has taken from both – and read what she has said carefully about this. Mrs B said that Computershare are explicit in promising that it along with its brokers will act in the best interests of its client and endeavour to give them the best (i.e., the cheapest) deal it reasonably can.

Mrs B said Computershare's primary objective within its terms and order handling policy is clearly implied – to buy as cheaply as possible – in the best interests of its clients. She said that it hasn't done this, and her analysis supports her view. She said it and the broker it has passed the order to, should have used their expertise and knowledge to secure a better price on each of the days that it placed the trade.

I have looked into the terms that Mrs B has referred to, and I think all that she has listed out in her submission relates to Computershare's requirements to ensure that when an order has been placed, that the best possible price is sought. So, for Computershare this would be for it to have a process in place that it can check that the party they have instructed to carry out the order, have done so and sought the best price for its customers, at the moment the order has been placed. I can see Computershare has listed out what it means by this, that it and its broker need to consider such issues as the bid/ask price, market price, volume being traded, the amount of shares it needs to buy and market liquidity. So, I can see that this is what Computershare is referring to when it says through its terms that it is looking to carry out best execution of any order it receives and places into the market.

The financial regulator, The Financial Conduct Authority (The FCA), has provided guidance and regulation with regards to best execution of orders, when they are placed – and again I think this is what Computershare's terms relate to.

The FCA requires firms like Computershare to take all sufficient steps to obtain best possible results for its clients, when executing transactions on their behalf. This means, Computershare needs to ensure that when it places an order the broker it employs considers price, cost, speed and the likelihood of its being executed.

Best execution of orders and the terms that are given in relation to this in Computershare's documentation and highlighted by Mrs B, are not, I don't think, in relation to it carrying out market timing by using its own judgement to pick a time it thinks it would achieve the best price during any given day. I also haven't seen anywhere in its documentation, that Computershare have explicitly said it would look to time the market and obtain the best price during the day when it reinvests dividend payments for its customers. Rather, it is saying that it will look to adhere to best execution guidance and regulations as stipulated by the FCA.

Computershare has also stated in its terms under 5.1 that '*purchases are made on or as soon as reasonably practicable after each dividend payment date*'. I'm satisfied after seeing this that Computershare, by following its own terms, is looking to place an order as soon as is reasonably practicable with its chosen broker and then when it does, it is looking to, with the broker, carry out best execution of that order, considering all the issues that I have already mentioned.

Mrs B's analysis is thorough, and she does make some clear points about what she has found from this about the price achieved by Computershare through its dividend re-investment scheme. It is of course up to Mrs B as to whether she wants to continue using the service provided by Computershare in this regard. That said, I understand the point Mrs B is making is in relation to her analysis and her interpretation of the terms she has highlighted about what she feels Computershare has said it will do. But I don't agree with her interpretation on this occasion. As I have said, I think when Computershare has mentioned within its terms that it will look to obtain the best price, this is in reference to its regulatory obligations of best execution *when* it places an order and not, as Mrs B has interpreted, when during the day it feels it ought to, based on its expertise and professional judgement.

So based on what I have just concluded, I don't think Computershare is responsible for any failings here in all the circumstances of Mrs B's complaint and so I won't be asking it to do anything further.

I appreciate that my decision will be disappointing for Mrs B, and I acknowledge the strength of her feelings in the submissions provided. But based on everything I have read and the findings I have given, I don't uphold her complaint.

My final decision

My final decision is that I do not uphold Mrs B's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs B to accept or reject my decision before 25 December 2023.

Mark Richardson
Ombudsman