

The complaint

Mr K complains that he lost out financially because Charles Stanley & Co Ltd provided insufficient information and inaccurate settlement dates when he was placing online trades.

To put things right, Mr K wants compensation.

What happened

Charles Stanley provided Mr K with an execution-only dealing service.

On Monday 1 August 2022, Mr K instructed the sale of four funds held in his stocks and shares ISA. He particularly wanted to have the money from the sales of these funds available to re-invest elsewhere on Friday 5 August 2022 and he relied on information he saw onscreen which mentioned a '*settlement date*' of 4 August 2022.

When Mr K checked on 4 August, he found there were no funds in his account. He contacted Charles Stanley and was told that two of the investments wouldn't settle until 8 August when his withdrawal would be processed and the whole cash balance transferred to him.

This led to Mr K deciding to buyback his investments with Charles Stanley and he complained to Charles Stanley about what happened and asked for compensation.

Charles Stanley didn't uphold Mr K's complaint. In brief summary, it said:

- the order confirmation page for any given fund showed the standard settlement period for that fund, but didn't factor in the trade cut-off time (which Mr K had missed on 1 August) and
- the confirmation page stated that his order would be executed at the next available pricing point, and
- the contract notes issued clearly stated the settlement dates.

Mr K didn't feel this was enough to resolve his complaint so he came to us and one of our investigators looked into what happened.

Our investigator didn't feel she had seen enough to be able to uphold Mr K's complaint. She said that it wasn't possible for a firm to guarantee settlement dates until after orders were processed and Mr K was provided with enough information to have known this.

Mr K disagreed with our investigator. He mainly said:

- the screens he saw showed the cut-off point but not when the next trading point was
- it wasn't reasonable to expect him to remember detailed terms and conditions when he'd opened his account some years before
- clearer information and a disclaimer about settlement dates being only a guide should've been shown upfront for each trade – as other dealing services do

- he wanted to know where he would have been able to see information about how long each of his planned sales would take when placing trades.

As the complaint hasn't been resolved, it comes to me for a 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.

I sympathise with Mr K – I can completely understand that what's happened has been upsetting and frustrating for him. We provide an informal complaints handling service and this is reflected in the way I've approached the complaint. The purpose of my decision isn't to address every single point or question raised because it's not what I'm required to do in order to reach a decision in this case. My role is to consider the evidence presented by Mr K and Charles Stanley and reach an independent, fair and reasonable decision based on the facts of the case. And having thought about everything I've seen and been told, I've independently reached the same overall conclusions as our investigator. I'll explain why I say this.

Whilst Mr K has said that Charles Stanley's complaint procedure is confusing and needs to be streamlined, this service doesn't have jurisdiction to look into stand-alone complaints that are just about complaint handling. The industry regulator, the Financial Conduct Authority (FCA), says our service can only look into complaints about regulated activities, and complaint handling isn't a regulated activity.

I can however consider the customer service he received. And it's my understanding that the crux of Mr K's complaint is that he was misled by the information he saw onscreen when placing trades into thinking that he could rely on his trades being settled in time for him to use the money for other purposes. So this is the focus of my decision.

I've carefully considered the onscreen journey that Mr K would've had to complete in order to action these trades and I've looked at the information he would've been able to see.

The '*Trade Cut-Off*' time for placing each trade was shown on the screen Mr K saw when looking online at the details of the funds he'd chosen to sell. This was the latest time on any business day that Charles Stanley could process Mr K's selling instructions for that particular fund.

On the screen headed '*You are selling the following fund*', Mr K would've been able to see that the four trades he placed (all within a five minute window shortly before 9pm in the evening on 1 August) would all have missed that day's cut-off times (ranging from 9am through to 1pm that day) for each of his selected funds. This screen also included the following information: '*You are selling the following fund at the next pricing point, refer to the Trade Cut-Off Point*'. So Mr K was reasonably made aware when placing his trades that he was effectively already a day behind in terms of when he could reasonably expect his trades to settle.

The next page Mr K would've seen, headed '*Confirm your order*', showed a settlement date which reflected the standard period it took to settle that fund, as well as a statement saying that the order "*will be executed at the next available pricing point*".

Read together, the '*cut-off times*' and '*settlement dates*' Mr K saw indicated the expected timescale once Charles Stanley was able to action his planned trades – which Mr K was aware wouldn't happen until the next pricing point.

The business terms Mr K had signed up to in order to be able to trade on his account with Charles Stanley, included the following:

1.7.21: *'Orders are accepted strictly on the basis that we give no guarantee of the time at which the Order may be completed, and the price at which the Order is executed may be different from the price indicated to you (if any) when you place the Order...'*

All this leads me to conclude that Charles Stanley provided enough information to make Mr K reasonably aware that there could be no assurance or guarantee when placing a selling order exactly when it would be traded and settled. Although it wasn't explicitly stated that the '*settlement date*' shown reflected an estimate of the likely time it would take to complete the trade, I don't consider this is a good enough reason for me to uphold this complaint. Mr K had missed the chance to trade on the same day he placed his orders, he didn't know exactly when the next pricing points were and it wasn't guaranteed when the orders would be completed. So I don't think Mr K was reasonably able to assume that these trades would be completed in time for him to be able to re-invest his money on the date he planned.

In the event, all his orders were placed at the next pricing point the following day and settled at which point Charles Stanley provided detailed contract and settlement dates on a contract note. So I haven't identified any unreasonable delay here on the part of Charles Stanley.

Copies of the contract notes sent to Mr K show the transaction details and indicated settlement dates of 5 August for two of his trades and (with the intervening weekend) 8 August for the remaining two funds. So I find that as soon as it was in a position to do so, having placed the trades, Charles Stanley provided reliable settlement dates to Mr K.

Although Mr K has said if he'd known settlement dates on the earlier screens were '*...not set in stone and there might be a delay I would have sourced money from elsewhere*', Charles Stanley provided contract notes to Mr K on 2 August indicating when his trades would be completed. So Mr K was alerted in reasonable time to the need to make other financial arrangements if he still wanted to go ahead with his planned investment on 5 August. I can't fairly say in these circumstances that Charles Stanley is responsible for Mr K making any financial loss or missing out on an investment opportunity.

Mr K feels other financial businesses providing a similar service provide better information in a clearer format, and I have noted Charles Stanley's assurance to Mr K that feedback regarding the '*language on that screen*' has been passed on to the site developers for consideration. But in order to uphold Mr K's complaint I would have to find that Charles Stanley has done something wrong or acted unfairly or unreasonably – and I haven't seen enough here to do so. So I can't award the compensation Mr K would like me to.

I appreciate that my decision will be disappointing for Mr K but I hope that setting things out as I've done helps to explain how I've reached my conclusions.

My final decision

My decision is that I don't uphold Mr K's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 29 August 2023.

Susan Webb

Ombudsman