

The complaint

Mrs B complains that HBOS Investment Fund Managers Limited ('HBOS') shouldn't have sold her investment below the current value she was told over the phone when she instructed the sale and for less than the minimum investment return she'd told HBOS she wanted.

To put things right, Mrs B wants compensation.

What happened

HBOS provided Mrs B with an execution-only dealing service. Under her policy, Mrs B held two portfolios: an ISA investment and a Collective Investment Plan ('CIP').

The following is a brief overview of what happened.

In May 2021, Mrs B invested £40,000 in the CIP.

On 22 September 2022, Mrs B wrote to HBOS regarding both her portfolios and, with regard to her CIP, said as follows: *'When the valuation reaches a minimum of £42,000 (no less), I would like to completely close my account and the money to be paid into my (bank) account ...'*

After HBOS tried unsuccessfully a couple of times to speak to Mrs B it wrote to her on 28 September 2022, enclosing a withdrawal form for her use if she wanted to close the account.

On 17 January 2023, Mrs B phoned HBOS and gave authority for her representative to deal with the call. Through her representative, Mrs B instructed HBOS to encash her CIP investment after HBOS said the current value of her investment was £43,241.89.

HBOS arranged the surrender and the value received was £43,021.22.

When Mrs B complained that this was not the amount she had wanted, HBOS didn't uphold the complaint. In brief summary, it said the call handler had told her that the price he quoted during the call wasn't guaranteed. HBOS further explained that as her CIP investments were dealt with on a 'forward-pricing' basis, the actual surrender value couldn't be known until the sale completed.

Mrs B didn't feel this was enough to resolve her complaint so she came to us and one of our investigators looked into what happened.

Our investigator was satisfied that HBOS had explained that the price quoted was from the last available pricing point and it didn't guarantee the price that would be achieved when Mrs B's funds were sold. So she didn't uphold Mrs B's complaint.

Mrs B disagreed with our investigator. She mainly said:

- she wasn't happy with this outcome because her representative had clearly stated the price she wanted to achieve and if this price wasn't reached, then not to cash in
- also, at the point of sale HBOS would have known what the price was, so she wanted to know why the sale went ahead when HBOS knew this amount fell short of the value Mrs B wanted and '*...they didn't do it the last time*'.

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 Mrs B – I can completely understand that what's happened has been upsetting and frustrating for her. 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 Mrs B and HBOS and reach an independent, fair and reasonable decision based on the facts of the case.

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.

The crux of the complaint seems to me to be whether HSBC acted fairly and reasonably towards Mrs B when HBOS went through with the sale of her CIP funds when the surrender value was lower than the minimum figure Mrs B had said she wanted. So this is the focus of my decision. And in order to uphold Mrs B's complaint and award the redress she is seeking I would have to be able to make a finding that HBOS has done something wrong or acted in a way that wasn't fair and reasonable and this led to Mrs B suffering financial loss or some other detriment.

I've been provided with HBOS's CIP withdrawal guide and Supplementary Investor Information Document for the CIP, and the following information is included:

'We normally value shares at 12 noon each working day. So if you ask us to add to your investment or make a withdrawal, we'll buy or sell your shares at the prices which apply at the next valuation after we receive your instructions at our administration unit'

I think that it's reasonable to assume that something similar to these terms would've applied to Mrs B's CIP as this way of pricing is typically used industry wide. Mrs B would have had to agree to HBOS's terms and conditions when she signed up to use her account.

I've carefully listened to the call recordings from 17 January and I am satisfied that HBOS explained over the phone that the price it was quoting simply reflected the latest share price at the last available pricing point and this price wasn't guaranteed in future. I've also seen screenshots showing that she was given correct pricing information at the time.

I appreciate that Mrs B had previously said she didn't want to sell if the price fell below the minimum she wanted to achieve. But that wasn't something that HBOS had any control over. In any event, it was after this that Mrs B instructed HBOS, via her representative on 17 January 2023, to sell the funds in her CIP investment. HBOS actioned the sale in accordance with its business terms and in line with Mrs B's selling instructions.

I can see why Mrs B might've been confused by HBOS's letter of 28 September 2022 when it said 'I have not actioned your request as your value was below the amount you asked for...' But this isn't enough of a reason for me to uphold this complaint. I say this because HBOS had written to Mrs B shortly after this in October 2022 explaining as follows:

'In your letter dated 22 September 2022 you requested a withdrawal once your value is (sic) reaches a certain value. Unfortunately we are not able to keep a request on the system and check the account until it reaches a certain figure. Each withdrawal request we receive is based on forward pricing, which means the deals are priced at the next available share price. The pricing system we use is a standard industry wide process called forward-pricing. These are strict rules set out within industry regulations and not something we can alter or change...'

So I think this clarified that, so far as her CIP investment was concerned, neither Mrs B nor HBOS could know in advance how much she'd get back when her CIP was closed. That's because the fund values were constantly changing in response to market conditions and the value didn't crystallise until the actual point of sale – it couldn't be predicted with any certainty before the sale completed. And I am satisfied that HBOS stated this clearly to Mrs B again during the phone calls before she went on to instruct the sale of her CIP investment.

To sum up, I find that:

- HBOS acted correctly when it carried out Mrs B's selling instruction promptly, in line with its terms and conditions, and
- HBOS acted fairly and reasonably towards Mrs B when it actioned the sale on her instructions as it had already provided enough information to make Mrs B reasonably aware that there could be no assurance or guarantee when placing a selling order exactly what price she would achieve.

All in all, I haven't seen enough to show that HBOS did anything wrong or that it treated Mrs B in a way that wasn't fair and reasonable when it handled the sale of her CIP. So I can't uphold this complaint.

I appreciate that my decision will be disappointing for Mrs B 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 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 20 November 2023.

Susan Webb
Ombudsman