

The complaint

Mr F complains that shares in his Halifax Share Dealing Limited's (HSDL) account were not available for trading following a reverse merger causing him to miss an opportunity to trade and resulted in a loss of profits.

What happened

Mr F held a share dealing account with HSDL. They completed a reverse merger of Gores Guggenheim (CGPI) with Polestar Automotive Holdings UK PLC (PSNY) on 23 June 2022 and started trading on the NASDAQ the following day. He says he held 2550 shares which should have transferred to PSNY stock but when he checked his account on 24 June 2022, his account didn't reflect the changes. He says he called HSDL customer services the same day, but they were unable to help him. He complains he was unable to take advantage of the \$13 USD price as he couldn't trade in the stock.

He says the stock was purchased at \$10 USD and if he was able to trade when he wanted, he would have realised profits of \$7650 USD. He says when he was able to trade eight days later the price then dropped to \$8.70 USD so didn't sell them and decided to hold on to them long term.

He also mentions that he is paying a service management fee but is getting zero service in return. To resolve his complaint, he would like to be paid the profits of \$7650 USD, that he would have made had he not been prevented from trading on 24 June 2022.

In response, HSDL confirm that the merger was finalised on 23 June 2022 and NASDAQ trading began the following day but they had not yet received their new holding from their International Custodian. They say once the holdings have been received and allocated to his account, this would be communicated to him. On this basis, they say they had not made any errors or breached the terms of the customer agreement, so they rejected his complaint.

Our investigator considered if HSDL had done anything wrong. He said Mr F was trying to benefit from the reverse merger and was unable to do so because the shares were not yet available but continues to say that he didn't think HSDL were responsible for this. He accepted HSDL's explanation and concluded that they had not been unfair or wilfully created a scenario where Mr F misses out on trading, so he and didn't uphold the complaint.

Mr F didn't agree so this has come 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.

It's important to first outline what my role at this service is. It is to review the complaint presented and in deciding what is fair and reasonable, I must consider the relevant

regulation, law, and best industry practice, but it's for me to decide, based on the information and evidence that I have been given and whether HSDL have done anything wrong.

The concerns raised by Mr F are not in relation to the reverse merger itself, but the time frame in which his shares were transferred to PSNY. He says the delay in doing this caused him to miss out capitalising on the high share price. So, I have looked at how long this did take as well as HSDL's terms and conditions in this situation. In order for me to say they have done something wrong; I would need to see that HSDL had in some way breached the terms of the agreement, were not transparent and fair or that there was an unnecessary delay which resulted in a loss to Mr F.

What isn't disputed is the date of events that took place. The PSNY stock was being traded on NASDAQ on 24 June 2022 and this appears to be the basis of Mr F saying his stock should have all been transferred to PSNY and available for him to trade. Having looked at the terms and conditions of the account, I didn't see that HSDL had made any commitment for the stock to be immediately available in this situation. The terms that he referred to was clause 7.8 of the customer agreement which says, "*All income received by us will be paid into your account within 10 working days of receipt...*". I don't think this clause is relevant to this particular situation as it refers specifically to income which is received and the tax implications of this.

I note Mr F's comments in relation to this, and understand why he feels strongly about this, particularly as he wasn't able to capitalise on the increase in share price when he wanted to, but there was no definitive date given to Mr F for exactly when the PSNY stock would be available for trading. As such, there is no way of knowing exactly what price would have been available to him.

HSDL explained that they use an international custodian who deals with the transfer of stock to PSNY. They are dependent on the transfer being completed by them and then being notified when the stock was available. I considered whether Mr F was unfairly disadvantaged by the stock transfer process, so I looked at when the stock became available. He confirmed the PSNY stock was available for trading eight days later. I don't consider it to be an unreasonable period of time for this to have been executed. These were circumstances outside of HSDL's control and not unusual with this type of merger.

So, whilst I appreciate it may seem unfair to him, I haven't seen anything that would suggest HSDL breached the terms of the customer agreement or that they caused any unnecessary delay in the stock being transferred or prevented him from trading. From what I've seen, I am not persuaded that HSDL caused Mr F to miss out on capitalising on the increase in share price or suffer a loss, as such I will not be upholding this complaint.

With regards to Mr F's concerns around the management fee he is paying and not receiving any service in return, unfortunately there is insufficient information as to what specifically he is concerned about. I don't consider that Mr F has said anything which calls into question the level of service he has received on his account. From everything I have seen, there is no evidence of customer service issues raised now or previously.

My final decision

For the reasons given above, I don't uphold this complaint against Halifax Share Dealing Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F to accept or reject my decision before 28 July 2023.

Naima Abdul-Rasool
Ombudsman