

The complaint

Mrs A has complained about Interactive Investor Services Limited (Interactive). She said it provided misleading information about the available funds on her account. She said this ultimately led to her obtaining a negative balance on a currency account, for which she was charged interest. Mrs A thinks Interactive are responsible for this and so would like it to put things right.

Mrs A has been represented by her father Mr A throughout her complaint with our service. He has made submissions to our service to support his daughter's complaint. I have referred to both Mrs A and Mr A throughout, but to be clear the complaint is from Mrs A about her share dealing account.

What happened

Mrs A has a share dealing account with Interactive. Mrs A had around £20,000 worth of shares in Avant. There was a corporate action regarding this company as it was being bought by a US company.

Mrs A would have received a notice from Interactive dated 17 August 2022 giving her options to choose from regarding the corporate action. These included taking a mix of cash and shares in a new company along with which currency Mrs A wanted the cash paid as, in either dollars or pounds.

Mrs A didn't make her preference known, so she received the default option, this being she would receive money in US dollars. On 26 September 2022 Mrs A received the dollars in her account. Mrs A's father, Mr A, said he checked the account on 7 October 2022 and saw overall what Mrs A had as an account balance. This, he said, was shown in pounds sterling. He invested what he thought Mrs A had in her account on new share holdings.

Mrs A received an email from Interactive saying there was a negative balance on the account. Mrs A's father Mr A went in and saw that the money was sitting in a US dollars currency account, so he converted the dollars to pounds and transferred the balance over to the main account. This left a negative balance of around £490. This is because the exchange rate had moved since Mr A had invested in the two new stocks. Mrs A then transferred £500 into her account and cleared the negative balance.

Mr A on behalf of Mrs A, complained to Interactive initially about not being notified that money was put in the account and that it was in dollars. Mr A said this meant Mrs A lost money due to the exchange rate worsening during this period. He said he reinvested the money based on an account balance, and he later found out this was not accurate. He said this was misleading. Mr A said Interactive did not provide clear information about the account balance and as such it led to Mrs A having a negative balance. He said Interactive charged interest on this balance, and it was like having a loan or an overdraft, something that wasn't agreed to. Mr A said Interactive are responsible for this and should put things right.

Interactive said in response that it sent a notice to Mrs A giving options for the corporate action. It said it felt the notice was clear and the onus was on Mrs A to read it. It said its accounts are multi-currency. It said if Mrs A had money transferred to her account, in any of the nine currencies it deals with, then she would be allowed to trade using the money. It said this is why Mr A could purchase the shares that he did. It said the onus is on Mrs A to ensure funds are available so that they cover trades as they settle, as outlined in its terms and conditions. It paid £50 to Mrs A at this point, due to a phone call that Mr A made to one of its representatives and the nature of that call, that it said wasn't up to the standard that it would expect.

Mr A was not happy with Interactive's response and referred Mrs A's complaint to our service.

An investigator looked into Mrs A's complaint. She said she didn't think Interactive needed to take any action. She said she could not find an error in Interactive's actions relating to the corporate action, allowing the two trades, not auto converting the dollars, or allowing the account to go into a negative balance. She pointed to clauses provided, that she said showed Interactive were acting within its own terms and conditions.

Mr A on behalf of Mrs A is not in agreement with the investigator's view. So as this is the case, Mrs A's 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.

I am not upholding Mrs A's complaint. I will explain why:

- Mr A said Interactive provided misleading information on Mrs A's account. He said it provided an estimate balance and he was unaware of this. He said this led to him investing in two share holdings and then incurring a negative balance. He said this is wrong as Interactive should have clearly notified him about how much Mrs A held in the account. There is still a dispute about this between the parties, so I have looked into this.
- Interactive provided within its terms and conditions an explanation as to how it was going to administer Mrs A's account. This was a document Mrs A and Mr A would've been able to see when the account was opened. I have looked through this document and can see of relevance to Mrs A's complaint is term 3.6 "by placing an order for the purchase of investments, you agree that you will have sufficient cleared funds on your account". Along with term 11.3 of the terms that the customer is responsible for requesting currency exchange.
- After reading these terms, I can see that Interactive has stated from the outset that the emphasis is on Mrs A or her representative Mr A, to ensure there are sufficient funds to pay for any purchases. In addition, it is also their responsibility to ensure that they request a currency exchange of funds if needed. I can see that this is clearly stated.
- In the circumstances of Mrs A's complaint, I can see that Mr A was reinvesting proceeds that Mrs A received from a corporate action. I can see that the options were clearly presented by interactive, and these included in which currency any money would be paid in. I think on balance, Mrs A and Mr A would have been given enough notice that the money was being paid into the account in dollars. I also don't

think it is unreasonable for Interactive to put the balance on the account in dollars, in a tab that could be looked at separately on the account by Mrs A and by Mr A on her behalf.

- I can't see that Interactive has done anything wrong when it has transferred the proceeds from the corporate action into Mrs A's account, and then has allowed Mr A on Mrs A's behalf to reinvest the money. I can see that it was acting within its own terms and conditions.
- Mr A says Interactive shouldn't have charged Mrs A's account with interest payments. He said it's like it provided a loan or overdraft but without Mrs A's permission. I can see though that Interactive again, are acting within its own terms and conditions and in particular term 8.2 charges applicable on overdue sums. I don't think that the fees charged on Mrs A's account resemble a loan or overdraft as Mr A suggests. It's more that Interactive has charged fees, as it said it would if an account holder doesn't have sufficient funds and has an overdue sum of money or negative balance.
- I have also seen on Interactive's website that it has clearly explained fees and charges, in particular in this complaint, for late settlement of trades and negative balances. I have seen the rate that Interactive has said it will charge for this and can see that it has applied this to Mrs A's account. I don't think it was unreasonable for it to charge the fees that it did for Mrs A's account seen as it made clear that it would do this from the outset if this happened and this was something that Mrs A agreed to when she opened her account.
- Interactive has paid £50 to Mrs A in relation to a phone call that Mr A had with one of its representatives. I don't have anything further to add in relation to this.
- In conclusion, I don't think Interactive, in the circumstances of this complaint, has done anything wrong here for the reasons I have provided.

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

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs A to accept or reject my decision before 3 January 2024.

Mark Richardson
Ombudsman