

## **The complaint**

Mr R complains (in brief summary) that AJ Bell Securities Limited ('AJB'):

- failed to carry out his instructions in a timely way in line with guidelines issued by the Financial Conduct Authority ('FCA')
- he feels it is unreasonable that AJB's service level agreement with customers says AJB has up to ten days to complete a transaction that Mr R says could and should have been promptly executed, bearing in mind that AJB held the necessary funds for immediate execution
- he says AJB should not be allowed to impose on customers its own timescales for trades in readily marketable securities.

To put things right, Mr R would like the Financial Ombudsman Service to support his complaint and engage with AJB and the FCA to ensure that customers are treated fairly.

## **What happened**

On 18 January 2023, Mr R requested AJB to sell a share in his dealing account and buy the same share in his ISA account. This is called a 'Bed & ISA'.

The transaction completed the next day, by which time the share price had moved.

Mr R told AJB he was unhappy that the transaction hadn't been processed in a timely manner and completed the same day.

AJB didn't agree it had done anything wrong. In summary it said that its Bed & ISA process was outlined on its website and stated that AJB had ten working days to complete a request. So it was reasonable that the transaction had been completed one working day after receiving Mr R's request. AJB also pointed out that Mr R had received a better price on the purchase than he did on the sale, and so he hadn't suffered any financial detriment.

Mr R remained unhappy with the response, so he referred his complaint to this service for an independent review. One of our investigators considered the complaint. He didn't agree that AJB had been responsible for any wrong-doing or that he'd seen evidence of any financial loss, saying:

- AJB's operational procedures and processes were matters for the FCA and this service couldn't enforce business change
- AJB's service level agreement allowed up to ten working days to complete a Bed & ISA request
- this was AJB's business decision to make and not something we could interfere with
- the order was completed the day after it was placed.

Mr R didn't accept the investigators findings and asked for an ombudsman to reach a final decision on his complaint. He has provided detailed responses which I briefly summarise here:

- self-imposed timelines, such as those suggested by AJB '*...do not fall within the realm of customer acceptance on terms and conditions...as to all intents and purposes they should not exist and in any event appear contrary to FCA guidelines on timely execution...*'
- these timelines have no merit and should be removed from all customer facing literature, since deadlines tend to become the norm and because any price movements upwards through delay are likely to prove unreasonable as customers can only fund ISAs by a fixed amount
- Mr R is not aware of any other FCA regulated firm adopting such methodology for Bed and ISA trades. His own long experience is that such trades are conducted immediately on customer instruction
- the only reasons for delay by AJB are lack of staff or insufficient staff training to conduct trades, which should not be customer issues.
- Mr R says the following points haven't been addressed:
- a customer could not instruct AJB on a Bed and ISA trade without sufficient cash being held in the ISA to enable the purchase to be completed so it's up to the customer to determine sufficient cash availability as well as the anticipated dealing prices in advance of giving instructions. Any delay, particularly a price movement upwards, would disadvantage the customer and could have the potential to thwart the trade due to insufficient funds being available – and longer delay would elongate such risk
- a customer should have a valid expectation that telephone instructions given to AJB to deal should be actioned on a timely basis, to all intents and purposes almost immediately, as is the case when customers execute business themselves electronically
- we haven't enquired into AJB's normal action and speed of dealing on receipt of client telephone instructions.
- Mr R sums up by saying that AJB has no reason within FCA guidelines either to delay any trade or to impose on customers, or seek as a defence, what are in effect "self formulated" timescales for trades in readily marketable securities.

## 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've carried out an independent review and having done so, I've reached the same conclusion as our investigator and I'm not going to uphold this complaint. I'll explain my approach and how I've reached my decision.

I appreciate how strongly Mr R feels about this complaint. He's provided comprehensive submissions to support his view and whilst I've only summarised some of his main concerns, I'd like to assure him that I've carefully read and considered everything he's said. I've also carefully listened to what he's said on the phone.

Mr R thinks that, because he didn't lose out in money terms, his complaint hasn't received the attention it deserves. Mr R told us that his complaint is: *'...not about what is reasonable for a business such as A J Bell...'* He has also said the complaint is about the interpretation and application of FCA guidelines and it's his view that the only viable way to enforce change is through the complaints process. So perhaps it's helpful for me to start by explaining what this service can do.

The role of the Financial Ombudsman Service is to resolve individual complaints and to award redress where appropriate. I do not have the power to make rules for financial businesses. That's the role of the regulator, the Financial Conduct Authority (FCA). For these reasons I won't be responding to Mr R's concerns about AJB's business process or his comments about the way the FCA should carry out its regulatory role or enforce compliance with industry standards as this goes beyond my remit.

In order to uphold Mr R's complaint I have to be able to fairly say that AJB has done something wrong or acted in a way that wasn't fair and reasonable, so that's the approach I've taken.

Thinking first about AJB's stocks and shares ISA Terms and Conditions, Mr R agreed to these when he applied to subscribe. The ISA declaration he agreed to said *'I confirm that I have been recommended to read and given the opportunity to read, ensure I understand and keep copies of the ISA key features, charges and rates and terms and conditions. I agree to be bound by the ISA terms and conditions as may be amended from time to time'*.

The ten day timeframe for executing the Bed & ISA trade Mr R requested AJB to carry out is explained as follows on AJB's website:

*'Once you have submitted your request, we will place the Bed and ISA transaction within 10 working days, and you will receive two contract notes confirming the orders. You will only be able to buy investments in your ISA up to the value of your unused ISA allowance for this tax year.'*

The investigator mentioned that he'd checked and this information hadn't changed since Mr R opened his account.

I find that:

- the material information Mr R needed to know was set out in a way that was broadly clear, fair, and not misleading,
- Mr R had accepted AJB's terms and conditions (and he would've always needed to do that in order to be able to execute this trade)
- AJB completed the trade well within its ten day Bed & ISA timescale.

So I can't fairly say that AJB made an error by not following its published procedures or acting other than in accordance with its business process.

This doesn't automatically mean AJB treated Mr R in a way that was fair and reasonable and I've thought carefully about this. I appreciate that Mr R is looking at the bigger picture. He has said all along that he didn't lose out financially here – his primary concern, as I understand it, is that the ten day timescale for executing this type of trade exposes customers unnecessarily to avoidable risk. And I can understand Mr R's general point that a trade shouldn't be delayed unreasonably. But I'm mindful that AJB completed his particular request the next working day – and I don't consider that to be an unreasonable timescale for this sort of transaction.

The fact alone that other financial businesses may operate differently isn't a good enough reason for me to uphold this complaint.

All in all, I haven't seen enough to show that AJB did anything wrong or that it treated Mr R in a way that wasn't fair and reasonable. So I can't uphold this complaint.

Mr R has raised several different complaint points over the course of this matter and I acknowledge that he feels very strongly about his complaint. If I have not referred to each point he's raised it's because I have nothing further I can usefully add to what our investigator has said already and I have concentrated on what I consider to be the main points that affect the outcome of his complaint.

I hope that setting things out as I've done helps explain how I've reached my conclusions and even though this isn't the outcome Mr R hoped for, he will at least feel that his complaint has been fully considered by the Financial Ombudsman Service.

### **My final decision**

My final decision is that I don't uphold this complaint. Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 10 January 2024.

Susan Webb  
**Ombudsman**