

The complaint

Mr F complains about the service he received from HSBC UK Bank Plc trading as first direct. He's unhappy about how complicated he says first direct made the process when he wanted to transfer shares from his late wife's account to his own account and that the delays he faced resulted in a financial loss. first direct has admitted it didn't process his transfer instructions as quickly as it should have done and paid Mr F £200 compensation. Mr F doesn't consider this is sufficient to put things right and he is seeking further financial redress from first direct.

What happened

Mr F's late wife held shares in her sharedealing account at first direct – some inside an Individual Savings Account ('ISA').

On 26 November 2021, first direct sent Mr F two forms and information about which form he needed to complete, depending on whether he wanted to sell his late wife's shares or transfer them to an account in his name.

During a phone call in early December 2021, Mr F told first direct that he wanted to transfer his late wife's shares into his own sharedealing account held with another business (for ease of reference, I'll call this his H account.) There was a discussion about what he needed to do, including reference to getting an additional permitted subscription ('APS') valuation and which form he needed to fill in. Mr F said he found the forms too complicated and that he would wait until the following year to transfer the shares.

A few weeks later, Mr F phoned first direct to complain he hadn't received statements and the APS form he was waiting for. first direct confirmed these were the forms Mr F had been sent already but arranged to resend these.

In February 2022, Mr F got in touch with first direct to complain that he was still waiting for the forms he needed to transfer the shares to his H account and take advantage of his APS allowance.

Throughout March 2022 there were communications back and forth between first direct and Mr F – first direct explained it was still waiting for Mr F to complete and return the letters of authority it had sent him in November 2021 and it sent these to him again. During one call, first direct advised Mr F that the APS valuation would be sent to him and he should tell H that he needed to transfer his late wife's APS allowance and that H would then initiate the allowance transfers. first direct sent Mr F a letter confirming the APS valuation H needed to know.

Mr F told first direct that it had made the transfer to his H account sound too complicated and so he wanted to open a sharedealing account with first direct and transfer the shares.

On 28 March 2022, Mr F sent in a completed application form for a sharedealing account with first direct and three days later this was opened. At that point in time, this meant Mr F

had a sharedealing account with first direct and with H – although at that stage he hadn't applied for a sharedealing ISA with first direct.

Following a further phone call in July 2022, Mr F sent the completed transfer forms to first direct in order to transfer the shares held in his late wife's estate to him.

first direct received this on 1 August 2022 and on 29 September 2022, the transfer completed.

Mr F complained to first direct about the delay, saying he wanted to sell the shares, as he had already bought shares with H which had dropped in value and he would incur a loss if he sold them. He also said the ISA value had dropped, so the tax free amount that would be transferred would be less.

first direct acknowledged it hadn't handled the transfer as quickly as it ought to have done and that the shares should have been transferred by 12 September 2022. first direct credited Mr F's account with £200 redress in respect of its poor service.

Mr F didn't think this was enough to reflect the impact on him of everything that had happened. Mr F felt his perceived losses were significantly more than this, running into thousands of pounds, as he had bought shares directly through H to put into his H sharedealing account and he wanted first direct to get the shares transferred in order to sell them and recoup his personal costs. He blamed first direct for the delay there had been which meant the share price by then had dropped by 30%.

Mr F brought his complaint to this service where it was considered by one of our investigators. The investigator thought £200 compensation was fair overall and didn't feel this was a complaint we should uphold.

As there's been no agreement, the complaint comes to me to make a 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 do appreciate how strongly Mr F feels about this complaint and I sympathise. I've carefully listened to the call recordings of phone conversations he had with first direct and I can completely understand that this course of events was extremely stressful for him at what was already a difficult time for Mr F.

We provide an informal complaints handling service and my role is to consider the evidence presented by both parties and reach an independent, fair and reasonable decision based on the facts of the case.

I've set out the background to Mr F's complaint in order to gain a full picture of the circumstances and properly understand the context in which he brings this complaint. But I need to draw a clear distinction between what happened when Mr F was effectively representing his late wife's estate and when he became a client in his own right. There are strict rules about who can bring a complaint on behalf of an estate and this part of Mr F's complaint is being looked at separately so I'm not able to comment here on anything that happened up to the point that first direct received Mr F's application to open a sharedealing account in his own name on 31 March 2022. From then on however, he is entitled to complain in his own right about how first direct treated him in his personal capacity so this is the focus of my decision.

In order to uphold Mr F's complaint I have to be able to fairly say that first direct did something wrong or acted in a way that wasn't fair and reasonable – and I haven't seen enough here to do so. So I can't award the compensation Mr F would like me to. I'll explain my reasons.

I haven't identified any particular delay on the part of first direct between 31 March and 1 August 2022. I understand that Mr F feels that first direct should have done more to help him through the process which he described as '*convoluted*'. And I am aware that he told first direct that H had explained things much more clearly. But, having listened to the various phone calls he had with first direct, I find that the different agents he spoke to did do as much as I would reasonably expect to answer his questions and explain things clearly. It's worth remembering that throughout, it wasn't up to first direct to advise Mr F – its responsibility was to set out the various options he had available and I am satisfied that first direct did this fairly and reasonably.

It's not in dispute that first direct received the completed transfer forms from Mr F on 1 August 2022, and first direct has agreed that it should have completed the transfer sooner than it did on 29 September 2022.

I've thought carefully about the impact this delay had on Mr F.

First, I've considered the question of financial loss. I understand Mr F's main point to be that he always intended to sell the shares to recoup the costs he incurred when he decided to buy shares in his H account. And the fact that share prices dropped over the period first direct admits it delayed dealing with the transfer meant he would face a significant shortfall on a sale if he had proceeded to sell at that point in time.

But it's fair for first direct to say that Mr F didn't lose out in money terms, as he kept hold of the shares. It was likely that the share price would continue to fluctuate and possible that the shares he continued to hold could recover value. So, as no actual financial loss had crystallised, I wouldn't reasonably expect first direct to pay redress just to reflect the fall in share value.

I appreciate why Mr F would chose not to sell to avoid making a cash loss. But I'm also mindful that it was his own choice to buy shares in his H account – first direct wasn't involved in that decision and didn't know about it until afterwards. And the option to sell was open to Mr F just as soon as first direct transferred the shares to him at the end of September 2022. I don't know whether Mr F still holds the shares. But I am satisfied that it wouldn't be fair or reasonable for me to make first direct pay redress to reflect the fall in share price when Mr F didn't sell the shares when he could have done and so he hasn't been able to show that he made a cash loss for which I can fairly hold first direct liable.

Part of Mr F's concerns relate to his APS allowance. Using his APS allowance could have enabled Mr F to inherit his late wife's ISA allowance and make additional subscriptions to his ISA. But I've seen no evidence that Mr F lost out on using this APS benefit due to any delay on the part of first direct. As far as I can see, Mr F created his ISA account on 1 November 2022 and he used his £20,000 ISA allowance in 2022/23, depositing the majority of funds in his ISA account in March 2023. He could have used his APS allowance anytime from 29 September 2022 until the end of the tax year. Mr F however didn't use his allowance – and even after bringing his complaint, I haven't seen that he subscribed to an ISA in the next tax year. All in all, I don't find that I have been provided with enough evidence to persuade me that Mr F was detrimentally affected by a lower APS.

Redress however isn't just about financial loss. Fair compensation also needs to properly reflect the impact on Mr F of first direct's service failings on this occasion. The £200 first direct has paid already matches the level of award I would make in these circumstances. I don't doubt that first direct's admitted delay, as described above, caused Mr F additional distress and inconvenience when he was already having a difficult time. I am satisfied that £200 is in line with the amount this service would award in similar cases and it is fair compensation for Mr F in his particular circumstances.

If I have not referred to everything that's been mentioned during the course of the correspondence about this complaint, that's because I've concentrated on what seem to me to be the core issues I need to address to reach a fair outcome. I hope that setting things out as I've done is helpful and even though this isn't the outcome Mr F hoped for, he will at least feel that his complaint has been fairly considered by the Financial Ombudsman Service.

My final decision

For the reasons I've given above, I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F to accept or reject my decision before 31 January 2024.

Susan Webb
Ombudsman