

## **The complaint**

Mr R complained that Vanguard Asset Management, Ltd ('Vanguard') gave him misleading information and didn't pay a dividend on some shares he held in a Vanguard ISA. He wants to receive the dividend payment that he believes Vanguard is obligated to pay.

## **What happened**

In September 2021 Mr R opened a stocks and shares ISA with Vanguard.

In November 2022 he transferred shares into the Vanguard ISA from another ISA provider. At the same time he purchased some additional shares in a Vanguard fund inside the Vanguard ISA. I'll refer to these additional shares as 'the November 2022 shares'.

The date the November shares were purchased was 18 November 2022. At that time, the most recent ex-dividend date for those shares was 1 November 2022. And the dividend payable date was 30 December 2022.

Mr R said the Vanguard website made reference to 'Group 2' shares and he asked Vanguard what that meant and how it related to his own shares. Between October 2022 and March 2023 Mr R and Vanguard exchanged several messages in which Mr R asked for clarification about how Group 2 shares applied to his holding and Vanguard attempted to provide explanations in response to Mr R's questions.

Mr R said Vanguard's messages to him caused him to believe that Group 2 shares were shares that had been bought after the ex-dividend date and still held at the dividend payable date. He believed the November 2022 shares fell into this category. And he said Vanguard caused him to believe that Group 2 shares would receive a dividend payment that was less than the payment given to Group 1 shares (which he believed were shares that had been bought before the most recent ex-dividend date).

However, Vanguard eventually made clear to Mr R that the shares he bought in November 2022 weren't eligible for the 30 December 2022 dividend payment because they were purchased after the ex-dividend date for that period.

Mr R complained to Vanguard. He said through poor communication Vanguard had indicated to him that he was eligible for a dividend payment on 30 December 2022 in respect of the November 2022 shares. And, he said, Vanguard had failed to make that payment. He said he'd missed out on about £234.

Vanguard said it upheld his complaint because it had given him confusing information. It paid him £100 in recognition of the trouble and upset that the confusing information caused him.

Mr R referred his complaint to this service. He said Vanguard should pay the missing dividend payment in addition to the £100.

One of our Investigators looked into Mr R's complaint. She said she agreed that Vanguard had given confusing information to Mr R. But she didn't think Vanguard should pay Mr R the

dividend he sought because she said Mr R wasn't entitled to receive it until he'd held the shares at the ex-dividend date.

Mr R didn't agree with the Investigator's view. In summary, he said the following:

- The information Vanguard gave Mr R was not merely confusing – it was incorrect, and it indicated that Mr R would be entitled to a dividend in respect of the November 2022 shares.
- Whether Mr R was originally entitled to the dividend payment wasn't the point – Mr R became entitled to the dividend payment when Vanguard told him he would receive it. As a regulated business Vanguard should do what it says it will do.
- The £100 from Vanguard wasn't sufficient to compensate Mr R for the trouble and upset he was caused, the lack of clarity in the information he was given, and the financial loss caused by not receiving the dividend. Mr R regarded these as separate issues.

The Investigator said Vanguard hadn't gone so far as to say it would pay Mr R a dividend on the November 2022 shares, but it had given him information about dividends that wasn't clear enough.

Because no agreement could be reached, the complaint was passed to me to review afresh and 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.

Having done so, I'm not upholding the complaint. I think the payment of £100 made by Vanguard to put things right for Mr R is reasonable. And I don't think Vanguard should have to pay Mr R the dividend payment he seeks. I'll explain why.

The purpose of this decision is to set out my findings on what's fair and reasonable, and explain my reasons for reaching those findings, not to offer a point-by-point response to every submission made by the parties to the complaint. And so, while I've considered all the submissions by both parties, I've focussed here on the points I believe to be key to my decision on what's fair and reasonable in the circumstances.

When a business has done something wrong my aim to is to put the consumer as closely as possible back into the position they would've been in if the business hadn't done anything wrong.

In this case, what Vanguard did wrong was to give Mr R confusing information about what dividend payments would be due to him. Mr R has said that whether or not he was originally entitled to the payment is irrelevant. He hasn't disputed that, ordinarily, he wouldn't have been entitled to the dividend payment. But he asserts that Vanguard told him it would pay him the dividend payment and therefore Vanguard should pay it regardless of whether he was originally eligible for it.

Vanguard has accepted that the information it gave Mr R caused him to expect that he was entitled a dividend payment on 30 December 2022 for the November 2022 shares. And I agree that Vanguard let Mr R down by giving him information that misled him.

Whether the information Vanguard provided was factually incorrect or merely unclear and therefore misleading, the impact on Mr R is the same – poor communication by Vanguard led him to expect he would be eligible for a dividend payment on 30 December 2022 for his November 2022 shares.

If Vanguard had acted correctly and not done anything wrong, then when Mr R asked about 'Group 2' shares – and when he asked any follow-up questions – Vanguard would've given Mr R information that was clear, fair and not misleading. If it had done that, Mr R would've correctly understood that he wouldn't be eligible for any dividend payment on 30 December 2022 for the November 2022 shares.

Because Mr R wasn't entitled to receive that dividend payment he hasn't suffered a direct financial loss by not receiving it. What Mr R has suffered is the impact of poor communication by Vanguard. He was led to believe he would receive a payment to which he wasn't in fact entitled. So I think Mr R has suffered distress and inconvenience. He's been disappointed to miss out on a payment he was led to expect, and inconvenienced by receiving confusing information which caused him greater frustration and annoyance than he could reasonably expect from day-to-day life.

To remedy distress and inconvenience this service generally awards an amount in compensation reflecting the distress and inconvenience that has been caused to the consumer. Having considered all the circumstances I'm satisfied that £100 is a reasonable amount to reflect the impact on Mr R of Vanguard's service failure. £100 is within the range that this service generally awards where the consumer has experienced greater frustration and annoyance than he could reasonably expect from day-to-day life.

I don't agree that Mr R should have separate payments for poor communication by Vanguard and the trouble and upset that he experienced. Poor communication is what Vanguard did wrong. Trouble and upset (or distress and inconvenience) is the impact that the poor communication had on Mr R.

I also don't agree that Mr R should receive a payment in respect of the dividend he didn't receive. I understand Mr R has said Vanguard should pay him the dividend because it said it would. But providing misinformation about an entitlement – and creating an expectation of an entitlement – didn't serve to create that entitlement. Rather, as I've said, it caused Mr R misunderstanding, a false expectation and disappointment. If I were to require Vanguard to pay Mr R the 30 December 2022 dividend for the November 2022 shares then Mr R would receive a dividend to which he wouldn't have been entitled – and he'd be better off than if Vanguard hadn't done anything wrong. That wouldn't be a fair and reasonable outcome in the circumstances of this case.

I understand Mr R's frustration at having received misleading information from Vanguard about his entitlement. I hope Mr R finds this decision clear and that he can be satisfied that this is a fair and reasonable outcome.

### **My final decision**

For the reasons I've set out above, 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 19 February 2024.

Lucinda Puls  
**Ombudsman**