

The complaint

Mr H complains that Freetrade Limited failed to provide him with accurate information about the selling price of some shares that he held.

What happened

Mr H sold some shares using a trading account with Freetrade. He says that, before he instructed the sale, he confirmed the current share price using an app provided by Freetrade. He says the app showed a sale price of 925p. However Mr H says the sale completed at a price of \$3.80 meaning that he received proceeds from the sale of £23.12 rather than the £342.93 that he was expecting.

Mr H complained to Freetrade about what had happened. Freetrade told Mr H that the problems had arisen since the shares had been subject to a corporate action – a 1:15 stock split – around the date of his sale. It told him that some historical data shown on its app hadn't been updated with the stock changes. But it said, as an execution only broker, Freetrade couldn't be held responsible for the instructions Mr H had given. Unhappy with that response Mr H referred his complaint to us.

Mr H's complaint has been assessed by one of our investigators. They thought that the possibility of information being shown by the app containing an error was covered in Freetrade's terms and conditions – that Mr H had agreed to. And they were satisfied that the shares were sold at the correct market price at that time. So the investigator didn't think the complaint should be upheld.

Mr H didn't agree with that assessment. So, as the complaint hasn't been resolved informally, it has been passed to me, an ombudsman, to decide. This is the last stage of our process.

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.

In deciding this complaint I've taken into account the law, any relevant regulatory rules and good industry practice at the time. I have also carefully considered the submissions that have been made by Mr H and by Freetrade. Where the evidence is unclear, or there are conflicts, I have made my decision based on the balance of probabilities. In other words I have looked at what evidence we do have, and the surrounding circumstances, to help me decide what I think is more likely to, or should, have happened.

At the outset I think it is useful to reflect on the role of this service. This service isn't intended to regulate or punish businesses for their conduct – that is the role of the Financial Conduct Authority. Instead this service looks to resolve individual complaints between a consumer and a business. Should we decide that something has gone wrong we would ask the business to put things right by placing the consumer, as far as is possible, in the position they would have been if the problem hadn't occurred.

I don't think there is much dispute here that the information Mr H saw on Freetrade's app, shortly before he placed his sale instruction, didn't reflect the changes that had recently been made as a result of the corporate action. I can understand why Mr H will have been disappointed that the proceeds he received from the sale were much less than he was expecting.

But what I need to consider here is whether that incorrect information was such that Freetrade acted outside the terms and conditions of the service it offered to Mr H. If I find that it did, then it might be reasonable to ask Freetrade to pay some compensation to Mr H. But, as I will now go on to explain, I don't think that Freetrade has failed to follow the relevant terms and conditions, so I won't be upholding this complaint.

Generally Freetrade will make market data available to its customers. But Freetrade doesn't compile that information itself. It is reliant on third parties to provide the information. So it seems Freetrade, when it complied the terms and conditions, took account of the risk that the market data it showed might be inaccurate. Section 18 of the terms and conditions, headed "Market data displayed as part of our services" says;

"Our Service will display market data to you, including the latest market price received for various Securities. This data will be displayed by us exactly as we receive it from third party providers of that data. This type of data is subject to constant change and will be updated frequently. This data is received from a number of different third- party providers. For some Securities, a real-time or close to real-time market price is displayed; for other Securities, a delayed market price is displayed. The source and type of market data, together with the time at which the last data point was received, is displayed on the stock screen in our mobile and website application."

And then, as part of the section headed "Pricing of Securities", the terms and conditions go on to say;

"We do not validate that the market data that we receive from our market data providers and that we display as part of our Services, is correct or accurate, nor do we verify that the price at which Instructions are executed in the market is the best price available in the market for the relevant Securities (we do, however, comply with our best execution duties as required by our regulators).

We assume no liability if the market data we display as part of our Services is incorrect or if the price at which a trade is executed for you is not the best price in the market.

In the unlikely event that the market data displayed through our Services is incorrect (including, by way of example, if the market data displayed is wrong as a result of a systems error or incorrect market data received by us from our market data providers), we reserve the right to take all steps that we in our sole discretion believe are necessary or appropriate, including to cancel all affected but unexecuted Instructions that were based on that incorrect market data, and to reverse executed Instructions that were executed on the basis of incorrect market data.

We are, however, under no obligation to take such steps and you acknowledge that, even where we take such steps, we may not be successful. We will use reasonable endeavours to notify you if we intend to take, or have taken, this type of action."

So I am satisfied that any errors in the information that Freetrade showed to Mr H via its app do not give rise to a reasonable conclusion that the sale transaction should be completed at the price indicated by the app, or that it gives rise to Mr H being entitled to any compensation from Freetrade.

I have considered whether it would be reasonable to conclude that, had the correct pricing information been made available, Mr H might have decided to not sell the shares. But I'm not persuaded that would be a fair conclusion to reach. In the two months following the sale, and at the time Mr H was making his complaint to Freetrade, the shares in question traded significantly lower than the price at which they had been sold by Mr H. So he could have bought back the traded shares at little, or more likely no, cost had he wished to reverse the transaction.

I am satisfied that Mr H should have been aware of the corporate action that took place around the time he placed his sale instruction. And even if he hadn't seen any earlier notification the number shares he now held after the corporate action would have been markedly different from those he held before. I think that might have led him to take greater care to ensure he had an accurate picture of the market price of the shares, and perhaps to independently check the information displayed on Freetrade's app had he any concerns that it might have been incorrect.

So, whilst I appreciate my decision will be very disappointing for Mr H, I don't think his complaint should be upheld, or that Freetrade needs to pay him any compensation. I think the sale of his shares was executed at the correct market price. And I'm not persuaded that any errors in the indicative pricing information provided by the Freetrade app should be considered to have breached the terms and conditions of his account.

My final decision

For the reasons given above, I don't uphold the complaint or make any award against Freetrade Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 9 April 2024.

Paul Reilly
Ombudsman