

The complaint

Mr C complains that Barclays Bank Plc treated him unfairly when he purchased listed shares in a particular company. He says that Barclays influenced the quoted price of the shares he purchased. And Mr C also complaint that, since raising his concerns with Barclays, it has told him that it is closing his investment account meaning he has been unable to trade the investments that he holds.

What happened

Mr C holds a Smart Investor account with Barclays. On consecutive days, in September 2022, Mr C instructed Barclays to purchase on his behalf shares in a firm listed on the London Stock Exchange. In total Mr C invested around £25,000 in the firm.

Mr C complained that soon after each purchase the listed price of the firm fell. He said he thought that was because Barclays was trading in opposition to his position. Barclays looked into Mr C's complaint and explained that the stock Mr C was purchasing was relatively illiquid. So it told him that any transactions in the stock could cause significant changes to its listed price. It explained that similar changes would be unlikely to be seen on a stock with greater liquidity or trading volumes. Barclays said its investigations hadn't identified any wrongdoing on the part of Barclays.

In November 2022 Barclays wrote to Mr C to inform him that, following a periodic review of his account, it had decided it was no longer able to provide the account to him. It explained that its ability to make this decision was supported by the terms and conditions of the account. And it gave Mr C three months to decide how to deal with the investments it held – and provided him with the choices he could make before his account was closed.

Mr C's complaint has been assessed by one of our investigators. She said there was no evidence that Barclays had manipulated the price of the shares that Mr C had bought. And she thought that Barclays had acted within the terms and conditions of the account when it had sent the notice of closure to Mr C. She said that since Mr C hadn't followed the instructions Barclays had provided for how the account closure should be arranged, Barclays had reasonably restricted Mr C's access to the account. So the investigator didn't think the complaint should be upheld.

Mr C didn't agree with that assessment. And he said that he had some further information that he wanted to provide. Our investigator encouraged Mr C to send us anything further, or at the very least to let us know that he needed some more time. Mr C asked that the complaint be kept open until the price of the shares he had purchased recovered to the level they were at in September 2022. 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 C and by Barclays. 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 first want to comment on Mr C's request that the complaint should be left open until the price of the shares he purchased has recovered to the level it was at in September 2022. I don't think that would be a fair and reasonable way to proceed with this complaint. The Financial Ombudsman Service was set up as a quick and simple alternative to Court proceedings to resolve complaints. So leaving a complaint open indefinitely would not seem to me to be in keeping with that objective. And I am satisfied, since I don't think Barclays has done anything wrong, that any analysis of any losses Mr C might suffer following the share purchase is unnecessary.

Mr C has also told us that he has a significant body of evidence that he wishes to provide. Six weeks ago one of our investigators asked him to forward that evidence for my consideration, or at the very least tell us if he needed any additional time to collate it. And the investigator explained to Mr C that, if he failed to respond to that request, it was likely his complaint would be decided on the basis of the evidence we do hold. We haven't heard anything more from Mr C. So I think it fair and reasonable that I now proceed with my consideration of this complaint.

Mr C holds a Smart Investor account with Barclays. That account operates on an execution only basis. So in simple terms that means that Barclays doesn't provide Mr C with any advice or recommendations about his investments. It is up to Mr C to make any investment decisions and ensure the investments he purchases and holds are suitable for his circumstances.

In September 2022, on two consecutive days, Mr C asked Barclays to purchase shares in a company that was listed on the London Stock Exchange. Barclays completed Mr C's instructions and the shares were purchased at a price of £0.0008. I am satisfied that Barclays has no role in the pricing of these purchases and simply placed Mr C's purchase instruction with a Retail Service Provider ("RSP" - otherwise known as a Market Maker). By matching buying and selling instructions the RSP can set the trading price. I have seen no evidence that Barclays traded in the shares of this company at the same time as Mr C and so influenced the share price. That would be a serious breach of its regulatory permissions. Instead, given the relatively low volumes of these shares being traded at that time, I think it more likely that it was Mr C's purchases that influenced any changes in price, alongside of course the actions and sentiments of other investors in that company.

In November 2022 Barclays wrote to Mr C to tell him that it had decided it would no longer offer the Smart Investor account to him. Barclays is generally able to decide to whom, and on what basis, it wishes to offer its products. So it isn't for me to interfere in that commercial judgement. But Barclays does need to ensure that it treats customers fairly and in line with the relevant terms and conditions of any product.

In the case of Mr C's Smart Investor account, Barclays actions are covered in section 29.2. Those say the following;

“Unless the service or Investment terms state there is a fixed term, we may terminate individual services, or our entire relationship with you, by giving you Personal Notice of at least 30 days before the effective date.”

Barclays letter was sent to Mr C's home address on 21 November 2022. It told him that his account would be closed on 9 February 2023. So I am satisfied that Barclays acted in accordance with the relevant terms and conditions and was entitled to close Mr C's account.

The letter that Barclays sent provided Mr C with some options regarding the investments he held in the account that was being closed. It asked Mr C to consider those options and get in touch with Barclays to explain what he would like to happen to his investments. And the letter went on to explain to Mr C the steps that Barclays would take if it didn't receive any response. It told him that Barclays would first try to register the investments into Mr C's name and send him physical share certificates. And if that wasn't possible Barclays said it might sell the investments and transfer the cash proceeds to Mr C's nominated bank account.

I understand that Mr C didn't provide Barclays with information about the approach he would like it to take. So once the account closure date had been passed I think it was reasonable for Barclays to restrict Mr C's access to his investments whilst it decided how to transfer them back into Mr C's name, or if necessary to sell them. I understand that might have been frustrating for Mr C, but I don't think that means Barclays did something wrong. Mr C was given ample opportunity to retain control of his investments before the account was closed.

So overall I don't think this complaint should be upheld. I've seen no evidence to suggest that Barclays acted against Mr C's best interests when executing his instruction to purchase shares in September 2022. And I think that Barclays acted in line with the relevant terms and conditions when it decided to close Mr C's account, and later restrict his access to it.

My final decision

For the reasons given above, I don't uphold the complaint or make any award against Barclays Bank Plc.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 10 April 2024.

Paul Reilly
Ombudsman