

The complaint

Mr G's complaint about Link Market Services Trustees Limited ('LMSTL') concerns a share consolidation exercise carried out by a company Mr G held shares in. Mr G is unhappy about the consolidation exercise itself, which he says is unfair because he lost money. Mr G says he didn't receive any communication about this or anything about his shares since he bought them. He also says he wasn't told about a change in the nominee service provider from LMSTL to another firm, which happened in 2022.

What happened

I issued my provisional decision of January 2024, which said that I did not intend to uphold this complaint. A copy of the background to the complaint, and my provisional findings are set out below in italics and form part of my final decision.

What I said in my provisional decision

What happened

The following is a summary only of the background and circumstances leading up to this complaint.

- *Mr G held shares electronically in a company I will refer to as the 'share issuer' using the nominee service of LMSTL.*
- *In 2020, the share issuer carried out an open offer and share consolidation exercise – a 15 to 1 consolidation – which reduced G's shareholding accordingly.*
- *In 2022, the share issuer reviewed its share registration services and it appointed a new registrar and nominee provider.*
- *When Mr G made enquiries about his shareholding to understand what they were worth, he says it was at this point he was told his holding had been reduced. So, in January 2023 he complained to LMSTL raising the issues I referred to above.*
- *LMSTL didn't uphold Mr G's complaint. In summary it said that it was a different non-regulated entity within the same group, which ran the open offer and share consolidation exercise for the share issuer and sent out the documentation associated with it. It said it provided an online service, which Mr G was registered to use and it noted that Mr G had last used it in 2021.*
- *It said the share issuer had paid dividends to shareholders and it listed the payments made to Mr G, which it said were paid directly in to his registered bank account. It said it wrote to all shareholders telling them it was no longer providing nominee services from the end of January 2022 and it explained the options available. It concluded by saying that it didn't believe Mr G wasn't eligible to refer his complaint to the Financial Ombudsman Service because it related to the service provided by a different business. And while part of the same group, it said this business wasn't*

regulated by the Financial Conduct Authority ('FCA').

- When Mr G referred his complaint to us, LMSTL objected to us considering it because it said it was outside our jurisdiction. It said a non-regulated entity was responsible for the services provided to Mr G as it had explained in its final response letter.*
- One of our Investigators considered this point and they said we could consider the complaint. They said while they understood the information about the share consolidation exercise was sent out by a different business, because LMSTL was carrying out the regulated activity of safeguarding and the administering of assets, we could consider the extent of LMSTL's involvement in the communication of the share consolidation to Mr G. LMSTL accepted the Investigator's view.*
- The Investigator then considered Mr G's complaint. They didn't uphold it. They said, while the sending of the share consolidation information to Mr G was outside of the remit of their investigation as they'd previously explained, they nevertheless concluded that the evidence provided by LMSTL showed the information was likely sent to him. They said Mr G was registered with LMSTL's online share portal, which provided information about his shares. They said they thought it was likely the information about the share consolidation was available for Mr G to view here. They said there was nothing more LMSTL could've done to communicate with Mr G about the share consolidation exercise. And finally they said that, while they understood Mr G felt the consolidation exercise was unfair, this wasn't something they could comment on because it was a commercial decision taken by a public listed company.*
- Mr G disagrees, so the complaint was referred to me for a decision.*

What I've provisionally 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 intend to not uphold this complaint. My reasons are set out below. Firstly and importantly, I want to make it clear to Mr G that the extent to which I can address the concerns he's raised is limited. This is because LMSTL is not responsible for the two main things Mr G has complained about. I'll explain why. Mr G has said he feels the share consolidation exercise was unfair because his shareholding was dramatically reduced meaning he's lost money as a result. But LMSTL was not responsible for the decision to consolidate Mr G's shareholding. That was a commercial decision taken by the company Mr G held his shares in – the share issuer. LMSTL has explained to Mr G what the share consolidation exercise meant for his shareholding - but the fairness or otherwise of this decision is not something I can comment on here in a complaint about LMSTL.

Furthermore, LMSTL says that it had no involvement in the share consolidation exercise or the communication of it. It says a separate entity within the same business group ran the communication side of things and it was they who sent out the open offer and share consolidation information to all registered shareholders on the share issuer's behalf.

And I've not seen anything to indicate otherwise.

So, because LMSTL was not responsible for and otherwise had no involvement in issuing this particular shareholder information, it is not within my power to comment on or express an opinion about whether this information was sent to Mr G or not. These are the actions of an entirely separate business from LMSTL.

This means there are two aspects of Mr G's complaint about LMSTL I can consider – his complaint he didn't receive any communication about his shares and that he wasn't told about the change in nominee service provider.

In carrying out its function as a nominee company and the safeguarding and administering of assets, I consider it is a normal part of LMSTL's function to communicate with shareholders and ensure they are kept informed about anything that could affect their interests as a shareholder.

I can see LMSTL provided an online portal as part of its service where shareholders could access information about their shareholdings. And in this case Mr G had both registered to use and was using this online service. So, I'm satisfied Mr G had access to information about his shareholding and so LMSTL was communicating with him in the way it should have done. The Investigator said that it was likely the information about the share consolidation exercise was available for Mr G to view here. But LMSTL has told me that this information was not available to him here.

So, was it fair and reasonable for LMSTL to have provided Mr G with this information here given what I said above about its responsibility? Taking everything into account, I don't think it was. As I've already said, it was another entity within the same business group LMSTL is part of that handled this particular corporate action – the share consolidation. And this other entity was also responsible for providing the necessary information to shareholders about it. So, I don't think LMSTL needed to do anything more in this case - whether via the online portal or via another medium - to impart information to Mr G about the share issuer's open offer and share consolidation exercise. So, it follows that I don't think LMSTL has done anything wrong here.

I can see Mr G has also said he wasn't told that LMSTL had ceased to be the nominee service provider and that from 2022 it had changed to a different business. It doesn't appear that the Investigator addressed this point, so for completeness I'd like to address it here. LMSTL has said it was responsible for notifying shareholders of the change in provider, which took effect from 31 January 2022. And it has provided a copy of an email dated 16 December 2021, which set out the details of the change in provider, when it would take effect, what shareholders needed to do if they didn't want to take part in the transfer to the new provider and how online access to shareholder information would change. I can see Mr G has already been provided with a copy of this email. The email was addressed "Dear Shareholder." And while Mr G's email address is not shown here, given Mr G was a registered shareholder of the share issuer, and LMSTL says his preferred communication method was email, on balance, I think it's likely the email was sent to Mr G.

Overall, I think a different entity, albeit within the same group LMSTL was part of, was responsible for providing information to Mr G about the open share offering and consolidation exercise. And in the circumstances, I don't think LMSTL fairly and reasonably needed to do anything more to keep him informed about this particular corporate event.

I also think the evidence indicates LMSTL did provide Mr G with information about his shareholding, and it did likely email him about the change in nominee service provider in December 2021.

For these reasons, I intend to not uphold this complaint.

LMSTL did not reply to my provisional decision.

In a telephone call with our Investigator, Mr G's representative said they disagreed with my provisional decision. In summary, they repeated the points they had previously made about

the share consolidation exercise and how they considered this was corporate fraud and theft, as well as the point about not receiving the letters sent about the consolidation exercise. They said they thought the decision was poorly written, and said they would be pursuing their complaint with the Financial Conduct Authority (FCA.)

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.

While I'm sorry that Mr G feels my provisional decision was poorly written, because he's not provided me with anything new to consider, I see no reason to change my mind. So, I've reached the same overall conclusion as my provisional decision and for the same reasons.

I understand Mr G is disappointed that I've not answered or dealt with what lies at the heart of his complaint. But I can only repeat what I said in my provisional decision – neither the decision to conduct the share consolidation exercise nor the communication of it was the responsibility of LMSTL. As such, I cannot deal with these points in this decision.

My final decision

For the reasons above and in my provisional decision, I've decided to not uphold this complaint – so I make no award in Mr G's favour.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 6 March 2024.

Paul Featherstone

Ombudsman