

The complaint

Miss C complains about Freetrade Limited ('Freetrade'). She says that she placed an order to sell some shares she owned but when Freetrade acted on this instruction the value of the shares had fallen significantly.

What happened

Miss C owned some shares and she placed an instruction to sell them on 10 August 2023. She says that at the time she placed the order the indicative price showing on Freetrade's platform was \$4.02 per share. But when the trade was executed, some hours later, the price had fallen to \$1.50 per share.

Miss C has made a complaint about the losses she suffered to Freetrade. She said that:

- Freetrade didn't communicate properly how these trades work. She was not advised that her instruction would not be acted on immediately.
- It should have measures in place (such as stop loss mechanisms) to ensure she didn't suffer this loss. The platform is poorly designed.
- The platform is not good value due to the losses and she does not feel safe using it. She says she was put in a vulnerable situation.

Miss C thinks that she should have been contacted before the trade went ahead, or it should have been cancelled due to the change in the price of the share. She thinks that Freetrade has a regulatory duty to protect its consumers from harm and it hasn't done this here. She thinks the situation is unfair and Freetrade should have done something to mitigate her losses.

Freetrade has considered Miss C's complaint and has not upheld it. It said that the prices it displayed on the mobile app and website were indicative and were set by the market. And it was explained to her that the price she saw before the trade was not likely to be the one that the shares would be sold at. It said that the sell order was actioned correctly, and Miss C received the best price available at the time. And it acted in line with the terms and conditions of the service. It refunded two months of subscription fees as a gesture of goodwill.

Miss C didn't agree, and she brought her complaint to the Financial Ombudsman Service. One of our Investigators considered the complaint but didn't uphold it. He said that:

- Freetrade had acted within its terms and conditions and its best execution policy.
- Miss C had received the best available price for her shares.
- The price she was given before the sale instruction was the market price at a date and time just before the sale but this wasn't guaranteed and Miss C was informed that the price would vary.

Miss C didn't agree, she said that:

- Her trade was executed hours after she gave the instruction and she was not notified about, or made aware, this would be the case. She had assumed that the sale would be instantaneous.
- She was quoted a much higher price on the app than she received, and she can't understand how this is fair.
- She has no idea how the trade was going to be executed and that it would not be executed at the price quoted by the platform.

As no agreement has been reached the complaint has been passed to me to consider.

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.

Freetrade operates the share trading platform on which Miss C was using to buy and sell shares. It is an execution only service which means that it acts on Miss C's instructions only. It wouldn't give Miss C any advice or information about the shares she bought.

It's firstly worth noting that the loss Miss C has suffered stems from the fall in value in the shares she owned. As far as I have been made aware, Freetrade didn't have any input into whether Miss C purchased these or not. And this is one of the risks of investing in shares, the value of them can change very quickly and this can lead to significant losses.

So, when I've considered this complaint, I've thought about whether Freetrade has acted in line with the terms and conditions it has for this service and whether it has acted reasonably overall. I think there are three main areas to look at. These are:

- Did Freetrade process the trade instruction in a correct and timely manner.
- Should it have acted differently in respect of Miss C's instructions.
- Should it have provided better information to Miss C about how the platform worked.

Miss C thinks that if Freetrade had acted in a timelier manner then she may have received a higher sale price for her shares. The terms and conditions for the service say that Freetrade '*will execute your Instruction as soon as reasonably practicable after we have received it.*' And these go on to explain that it needs to arrange to sell a stock to market makers and there are no guarantees in respect of the actual sale price when it does this.

I understand this trade took a few hours to complete. Whilst this is longer than Miss C wanted, I don't think it's reasonable to say that Freetrade delayed the trade, it seems to have processed it as soon as it could. It may have been that the changing value of this share may have contributed to the time taken to sell it. But Freetrade wouldn't have any control over this.

I've not seen any indication that Freetrade had agreed to sell any shares 'instantaneously'. And this may not have been possible in any event. Overall, I don't think it delayed acting on her instruction to sell.

Miss C has assessed her loss based on an indicative price she says she saw on the app. The terms and conditions of the service point to the fact that the indicative price given when a trade is instructed may not be the same as the actual price received. They say that:

'The price at which we execute your buy or sell Instructions will be the price that we are able to obtain from the market at the point of execution of your Instructions. That

price may be different from the price of the relevant Security displayed on our mobile or our website application.'

So, it was not acting incorrectly, or outside of the terms and conditions for the service when Miss C received a different price for the shares than what may have been available before, or at, the instruction. The indicative price at the time of sale is from the recent past but the sale price is only known when the trade is made. These can be similar, but they are not always. And Freetrade will have no control over what the actual sale price would be.

It's clear the share price was fluctuating significantly at the time Miss C was trying to sell it. In situations like this it can be difficult to get an accurate estimate of what the actual buyers of a share will be prepared to pay before a sale. And this is a risk of this type of trading.

Miss C thinks that Freetrade should have used some kind of mechanism to stop the sale of the share, given its fall in value. But I don't think that Miss C had requested this kind of arrangement to be put in place - the terms and conditions of the service do say that they can be arranged. And Freetrade was obliged to act on Miss C's instruction to sell. It wouldn't have been right for it not to process Miss C's instruction as soon as it could. So, I don't think Freetrade should have arranged this sale any differently.

Having considered everything, I think Miss C received the correct sale price for her shares.

Freetrade has provided example of what Miss C would have seen when she gave the instruction to sell. And this information informed her that the sale price was not guaranteed, and she would receive the amount the shares were sold at. And that any prices she was given before this were indicative and not guaranteed.

Given all of this, I'm not upholding Miss C's complaint. I don't think that Freetrade has done anything wrong here. It informed Miss C about how the service worked and acted on her instructions correctly. The losses she has suffered are due to the fall in the value of the shares she sold.

My final decision

For the reasons set out above, I don't uphold Miss C's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss C to accept or reject my decision before 6 June 2024.

Andy Burlinson
Ombudsman