The complaint

Mr E complains he has been treated unfairly by Equiniti Financial Services Limited when selling some shares. He doesn't think that it has justified the amount of commission it charged him for the service provided, and as a result he has paid higher fees than he should have.

What happened

Mr E held shares in a company on a nominee basis with Equiniti, He decided to sell the shares and used the dealing service that Equiniti offers for customers who hold shares through its corporate sponsored nominee (CSN).

In October 2023, Mr E sold approximately £15,000 worth of shares. He was charged a 1% commission for the sale, amounting to £155.52.

Following the sale, Mr E requested information from Equiniti to justify the charges it had taken. He felt he had been overcharged compared to other accounts and brokers, who charge significantly less for selling the same shares. He highlighted the dealing fees he incurs when selling shares through a Share Incentive Plan (SIP) he holds, which is also administered by Equiniti and is part of an employee share plan through his employer. He also referred to a share dealing account he holds with another broker and says that its charges are significantly less than what he paid to sell shares through the CSN service. Mr E requested a part refund of the commission. He suggested as it would have cost £17.50 for selling the shares in his SIP, he would like a refund for the difference compared to what he paid using the CSN service.

Equiniti did not agree, and Mr E referred his complaint to us. One of our investigators looked into the complaint and was of the opinion that it couldn't be upheld. In summary they said Equiniti provided the costs of trading using the CSN service, which Mr E agreed to and he could have found another broker if didn't want to pay the fee.

I issued a provisional decision in January 2025. This is what I said:

"It doesn't appear to be in dispute that Mr E was aware of the amount of commission he was being charged when he sold his shares. The crux of the complaint is that Mr E doesn't think Equiniti has justified the amount of commission it charged him – and because of this he doesn't think it has treated him fairly.

As part of his complaint, Mr E has highlighted the typical charges he incurs selling shares in other situations. He has given details of the SIP account through his employer share scheme, and an account he holds with another third-party broker. He says the commission charges are much less when selling shares through these methods, so doesn't understand how Equiniti can justify the amount he paid.

I acknowledge the points Mr E has raised about the Consumer Duty – specifically the comments about the price and value outcome. And I understand why he relates this guidance to his complaint about the service he has received from Equiniti. While I've taken *this guidance into account when reaching my findings, ultimately my decision will be based on what I find to be fair and reasonable in the circumstances of this complaint.*

At the outset, I think it is worth saying, a business does have flexibility in the way that they set prices, and there are several factors in relation to the specific service or product that need to be considered when deciding if a customer is receiving fair value.

Equiniti has explained the CSN service Mr E used to sell his shares is a dealing service that is restricted to customers who hold shares where Equiniti is also the share registrar for the company. In Mr E's situation, he held his shares on a nominee basis. It has also explained Mr E didn't hold the shares in an account, but rather he was just using the dealing service for the sale. It says this means that the only charges collected for this service relate to trading of shares, and there are no account charges.

Equiniti has also provided information about the SIP product Mr E has mentioned. This is something that has been brought about through an agreement between his employer and the trustees of the scheme, this includes the costs for selling the shares. It says SIP sales are subsidised by the client (Mr E's employer) as they are employee schemes.

As mentioned above, Mr E says the other methods he uses to sell shares are significantly cheaper compared to the CSN service. The two other methods he has highlighted charge him a flat fee for transactions. In his view the service provided when selling shares is the same across all three methods, so he doesn't think the CSN service is providing value for the commission paid.

While the commission charges imposed as part of the CSN service are higher than the other selling methods Mr E has highlighted, I'm satisfied that the products and services referred to are all quite different. So, I don't think it is reasonable to reach a conclusion on the price and value of the service Mr E received when selling his shares, just by comparing the commission charges. When considering the price and value of the service provided, it is important to look at it in the round, and not focus just on one element.

The CSN service is just for selling shares and is restricted to the companies whose shares it sells, so this is a factor in how Equiniti prices the service it provides. It appears to be a targeted service only available for specific shareholders. It is also a transaction-based service, as opposed to a broader share dealing account which comes with different features and costing structures. So, there are features that are distinctly different to the other methods of selling shares that Mr E refers to.

Equiniti has provided evidence that its charging structure for the CSN service, is broadly in line with other firms that provide a like-for-like dealing only service where the firm is also the share registrar for the company whose shares are being sold. Having considered it, I can't say that Equiniti's charges are out of kilter with other firms who provide a similar service."

Mr E did not accept my provisional decision. In summary he said:

- The ombudsman has referred to the fee charged being "broadly in line with other firms that provide a like-for-like dealing only service". But firms could charge a similar fee for a similar service and rely on each other to justify the fees.
- He doesn't understand why he's unable to see the value assessment for the service he has paid for. If he was provided with the real analysis of the fee justification, he could gain the required comfort.
- He would like to understand how the 1% cost on sale proceeds is determined and ascertained as being "fair value" and gain further information on the assessment of liabilities that form part of the value chain.

- He questions whether Equiniti has a captive market at the point a customer wants to sell their shares. Equiniti clearly state that transferring shares usually takes between 2-3 business days. It's highly probable that a share price can move by 1% or more within this timeframe and therefore, customers have a risk vs reward decision to make when deciding whether to transfer or accept the dealing fees applied by Equiniti. He argues the customer is captive in this instance as they are unable to risk manage their position during the transfer.
- The reason for complaining about this service is nothing to do with the £150 he was charged. But rather, he fundamentally disagrees with what Equiniti are doing to UK retail customers.

Equiniti didn't provide any further information or evidence for 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.

I've considered all of the further points Mr E has made but I haven't found reason to change the outcome I set out in my provisional decision. I'll explain why.

I acknowledge the comments Mr E makes about the fees being broadly in line with other firms providing like-for-like services. He has questioned whether the firms are relying on each other to justify fees. I haven't seen evidence to support that Equiniti has relied on other firms' charges to justify its fees.

Mr E suggests that he had to sell the shares and thereby incur the charges because the alternative of transferring the shares elsewhere would involve market risk as the market could have moved against him when the transfer was being made. Market conditions are a factor in any share sale or transfer, and the value could go up or down during a transfer. That is something Mr E had to weigh up before deciding whether to sell or transfer. Here it appears that after weighing up he decided to sell instead of transferring, despite being aware of the charges. I don't think, in the scenario he describes, it is Equiniti's role to influence this decision.

Mr E doesn't understand why he's unable to receive Equiniti's fair value assessment for the service he's received. He's also requested a more detailed breakdown on how the commission charge was determined. There is no requirement for Equiniti to share the full detail of the assessment it is obligated to complete by the regulator. And it has explained that it sees this information as commercially sensitive. But in any case, I'm satisfied that sufficient evidence has been provided to allow me to reach a fair and reasonable decision on this complaint.

In conclusion, I haven't found Mr E has been treated unfairly. I'm satisfied Equiniti gave him sufficient information relating to the commission fees to allow him to understand the charge he would incur when selling his shares. The rates and charges are set out clearly on Equiniti's website. It has confirmed its trading process involves providing a breakdown of commission costs, and there is a requirement for the customer to accept for the sale to proceed. Mr E continued his trade, and the commission was deducted at the stated rate.

While Mr E remains concerned he hasn't receive fair value for the service he's received, value needs to be considered in the round. For the reasons given in my provisional decision, and those explained above, I'm not persuaded it would be fair to conclude that the price Mr E has paid is unreasonable compared to the overall benefits and the nature of the service provided. It follows, I’m not persuaded that Equiniti has acted unfairly on this occasion.

My final decision

My final decision is I don’t uphold this complaint.

Under the rules of the Financial Ombudsman Service, I’m required to ask Mr E to accept or reject my decision before 1 April 2025.

Daniel Little
Ombudsman