

complaint

Mr D complains about system errors in TD Direct Investing (Europe) Limited's share trading platform. He says that these errors resulted in him not being able to place orders to buy particular shares. He also complained about TD's handling of his complaint.

background

In February 2016, an error occurred on Mr D's sharedealing account, which resulted in it showing a "phantom holding" of 7,500 Pantheon Resources ("PANR") shares. Mr D says this error affected his personal trading limit ("PTL") – which meant he couldn't buy more stock and therefore couldn't day-trade in it.

One of our adjudicators investigated and didn't recommend upholding the complaint. He said, in summary:

- the phantom PANR shares weren't the reason he wasn't able to trade.
- TD didn't want to share the way they calculated PTLs. But they'd sent some approximate data, which our adjudicator had checked. He didn't think there'd been a mistake in the calculation.
- TD had offered £50 for the inconvenience caused by shortcomings in its complaint handling. Our adjudicator thought this was fair.

Mr D didn't agree with the adjudicator. He still thought he should have been able to buy more shares and raised a number of queries about the calculations. He also asked that I listen to his phone calls with our adjudicator in arriving at my view.

my findings

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 agree with our adjudicator. So I'm not going to uphold the main part of Mr D's complaint. I'll explain why below.

The events complained of here start with an error. TD admit that their system created the "phantom holding". But they say that this didn't affect Mr D's PTL – that is, it didn't stop him trading. They've provided some figures to support this. Unfortunately, they say these are commercially sensitive. As TD provide the PTL at their discretion, I don't think this is unreasonable. But we've reviewed their calculations. And I've seen no evidence that they were adversely affected by the phantom holding.

Mr D phoned TD on 4 March because he was unable to buy the amount he wanted of PANR stock. TD spotted some open trades, which weren't being included in the PTL, and corrected this there and then. This increased his limit slightly. But this was nothing to do with the 7,500 shares and TD explained that.

TD had a concentration limit on PANR stock, as well as an overall PTL. The concentration limit prevented Mr D from trading. I'm satisfied this wasn't affected by the 7,500 shares. And I don't think it's unreasonable to put concentration limits in place. I say this because they could help protect their clients from putting too many eggs in one basket.

Part of the reason Mr D is so convinced he was prevented from trading, as I understand it, is that he could see the shares on his 'view' of the system. He has discovered, to his frustration, that TD's customer services team see a different 'view'. But I don't think this means anyone is at fault. And it doesn't mean the phantom shares were preventing him from trading.

The other reason Mr D thinks something has gone wrong is because he had held more PANR shares in the past. He has explained that he sold some, made some money on other day-trading and then tried to buy some back. So he had more cash and can't see how he could have breached a limit unless the phantom shares were included.

As the PTL and concentration limits are dynamic calculations, they take into account the current prices of stock and any pending trades in the system. So just because Mr D held more cash doesn't mean that he could buy more shares – or even buy back as many shares as he'd previously held.

Mr D has provided emails that show he'd been in regular contact with TD's customer services team for some time. He's clearly had a few queries in this time – and TD's team unfortunately haven't always been able to explain things to him clearly. This in turn may have caused him to lose some faith in TD's customer services team. But I don't think what they told him about the phantom shares was wrong.

For the reasons set out above, I'm not going to uphold Mr D's complaint about not being able to trade. So I'm not going to award him compensation for the losses he says he made on the shares he couldn't buy.

TD did make errors in this case. But I don't think Mr D made a loss because of them. I do agree, however, that their complaint handling could have been better. It was Mr D who had to tell them the phantom shares had gone – I think it should have been the other way round. But whilst I accept that the time taken to provide a written response to Mr D's complaint was a long time in the timescales of an active trader, it was within the time limits allowed by the Financial Conduct Authority's rules. And he wasn't prevented from trading in the meantime.

In view of the above, I think TD's offer of £50 compensation for his inconvenience is fair.

my final decision

I don't uphold the part of Mr D's complaint about being unable to trade. I uphold his complaint about complaint handling and direct TD Direct Investing (Europe) Limited to pay him the £50 already offered for this.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 26 October 2016.

Louise Bardell
ombudsman