Case study: Investment/Funds

DELAY IN SALE OF SHARES RESULTS IN LOSSES DUE TO EXCHANGE RATE INCREASES

Themes: Fund administrator; corporate buy-out; compulsory buy-out; exchange rate charges.

This complaint related to the late sale in assets that led to higher exchange rate fees that the complainant believed could have been avoided.

Mr W purchased shares in a company which were held on his behalf by a local fund administrator. In July 2022, the company that Mr W owned shares in was subject to a corporate buy-out, meaning a controlling interest in the company was acquired by a buyer. As a result, Mr W was notified by his fund administrator that a buyer was looking to purchase his shares, but they only gave Mr W a few days to provide a response to their offer. Mr W's fund administrator had sent an email to Mr W with the buyer's offer with a note to accept the offer within two days but as Mr W was unwell at the time, he did not respond to the offer. Nearly a week later Mr W did accept the buyer's offer and sent an email to his fund administrator to confirm the sale.

In September 2022, the buyer had purchased 90% of the shares in the company and initiated a compulsory buy-out, meaning the buyer would purchase all remaining shares. Mr W's shares were sold by Mr W's fund administrator at this point and the shares were sold for the same price as the original buy-out offer in July. Mr W received approximately £3,000 in return for his shares, and he made a complaint to his fund administrator as he believed he had missed out on approximately £250 because of the difference with the exchange rate from July to when the shares were actually sold, in September. Mr W's fund administrator rejected his complaint as they had sold the shares for the same price as originally offered by the buyer and were not in control of the bank's exchange rate fees. Mr W referred his complaint to CIFO.

CIFO investigated and noted that there was no loss associated with the price difference of the shares Mr W held, although Mr W's fund administrator did acknowledge that the notice period given by the buyer had been short, this was out of their control. CIFO also noted that Mr W's fund administrator had immediately instructed the proceeds from sale of Mr W's shares be transferred to Mr W's bank account where they were converted to the local currency in line with the bank's terms and conditions. Therefore, CIFO concluded that it was out of the control of Mr W's fund administrator to extend the acceptance period during the buyer's initial offer or to appeal the bank's exchange rate charges. CIFO did not uphold the complaint and believed Mr W's fund administrator had acted appropriately, and in accordance with the terms and conditions. Mr W had not experienced a financial loss because of their handling of the sale.