

## **The complaint**

Mr and Mrs W complain that Mazars Financial Planning Limited didn't advise them properly and failed to tell them about the financial impact of renewing leases on some of their leasehold properties. They claim that Mazars ought to have given them appropriate advice to renew earlier than they did, and this would've cost them a lot less money.

## **What happened**

One of our investigators looked into Mr and Mrs W's complaint, but didn't think it should be upheld. In short, he considered that Mr and Mrs W were given suitable advice and Mazars provided the work for which Mr and Mrs W had paid it to provide. He noted that Mr and Mrs W never raised the question of renewing the leases on the properties, nor did they indicate any of them were nearing the point when the leases needed to be renewed. As a result, he didn't think Mazars had done anything wrong.

Mr and Mrs W didn't agree:

- They said Mazars did frequently ask about other information and anticipated future expenditure, so it wasn't the case that it was solely reliant on what Mr and Mrs W told it.
- They said that Mazars clearly did consider the impact of these rental properties on their portfolio, because there was a note in the file from their adviser that said 'I am not aware of the purchase prices or dates for the relevant properties but we should think about the likely CGT liability on any / all of the properties'.
- Mr and Mrs W said that the scope of work agreed between them and Mazars said that it would include the 'collection and assessment of all relevant personal and financial data'. They said that in their view, the lease extension fees of over £100,000 would come under that. They said that Mazars asked many questions about their properties, but missed this very important one.
- They never asked Mazars to 'manage' these properties, and disagreed that this complaint was about that. They said that Mazars should've anticipated the impact that renewing leases on leasehold properties would have on their finances, and therefore advised them accordingly.
- They said that they never withheld or gave wrong information to Mazars. They provided all relevant information that was asked for. This is why they considered Mazars at fault.

Mr and Mrs W said it was unfair that due to this failure to ask the right questions, they were now so significantly out of pocket.

As agreement couldn't be reached, the case was passed to me to decide.

## **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 acknowledge Mr and Mrs W's strength of feeling and why they consider their complaint should be upheld. I understand Mr and Mrs W primary concern is that if they'd been told to renew the leases on these properties sooner, they would've saved a considerable amount of money. I understand they are looking for Mazars to be held responsible for that and, accordingly, compensate them for the difference in renewing the leases between 2013 when they were advised, and 2021 when they renewed.

However, having considered the matter carefully, I'm not persuaded Mazars can be blamed for not anticipating when the leases might need to be renewed, or not enquiring further about them. I'm satisfied that this is something that Mr and Mrs W needed to be aware of and alive to, and it was for them to either ask about the impact of renewing the leases in the future (and perhaps how to mitigate that from a cashflow perspective), or when asked about possible future expenditure, volunteer the possibility that some of the leases would need to be renewed in the future.

Mr and Mrs W have raised a variety of questions in response to the investigator's view, and they've asked that I provide answers to those questions. I should make it clear that's not the purpose of this decision. My role is to look what's fair and reasonable in the circumstances, and decide whether Mr and Mrs W were treated fairly by Mazars.

That said, I think Mr and Mrs W have raised some thoughtful but ultimately not persuasive points. The fact that Mazars was able to provide Mr and Mrs W with advice on a great deal of matters which Mr and Mrs W didn't specifically ask about, or based on information which they did not volunteer, is in my view irrelevant to the specific complaint Mr and Mrs W have raised. It's clear to me that a financial adviser providing a 'one stop shop' for financial advice ought to know about what wrappers for investments are most tax efficient, or when it is convenient or in a client's interest to set up a trust. And in my view this includes the impact of CGT arising from the disposal of properties – in the same way that an adviser would need to consider the income tax implications of rental income.

Furthermore, Mazars would have no idea of the significance of extending the leases without Mr and Mrs W making it clear that they required advice which took this into account. Mazars didn't know how long each lease was for, nor was it specifically asked to advise on this aspect of Mr and Mrs W's financial circumstances. For example at no point did Mr and Mrs W explain that they wanted Mazars to advise on how to mitigate the financial impact of extending the leases in the future – nor that they were even looking to do this in the foreseeable future. In my view, these were matters that Mr and Mrs W were responsible for raising with Mazars, ensuring it would be fully aware of what their needs were at the time – and if possible in the near future.

Mr and Mrs W have emphasised that they provided information based on the questions that Mazars asked, and it isn't their fault that Mazars didn't specifically enquire about the amount of time remaining on the leases or whether Mr and Mrs W wanted to renew them. In short, it was Mazars fault for not asking the right questions. But I'm not persuaded.

Whilst Mazars was providing a financial service to Mr and Mrs W, it was clearly still their responsibility to be alive to issues that mattered to them. I don't agree that it's fair that Mazars needed to not only ask about how much was remaining on the leases, but also

needed to then go on to consider, with no prompting, when these leases would need to be renewed and how much money that would involve.

In my view, Mr and Mrs W needed to first and foremost be clear about what they wanted to do with their properties – and this needed to start with advice from a specialist in leasehold valuations and law. Armed with that information, and the possibility of future significant expenditure, Mr and Mrs W would've been in a position to ensure that Mazars had that detail and took that information into account when providing advice to them.

I'm not persuaded there's any basis either in the scope of work, or anything else, to suggest that Mazars ought to have pre-empted this in some way, without any prompting whatsoever from Mr and Mrs W. I'm not persuaded that Mazars offering 'property seminars', is really that relevant here – I think regardless of Mazars's level of expertise on properties generally, that's not ultimately the service it was providing to Mr and Mrs W. This was not 'advice on how to manage a property portfolio' – and so I'm satisfied that if there was a specific aspect of their property portfolio that Mr and Mrs W were concerned about or wanted Mazars to take into account, it was for them to raise it.

For these reasons, whilst I fully appreciate that Mr and Mrs W will find this disappointing, I'm satisfied that Mazars has treated them fairly and reasonably, and provided the service to them which it agreed to provide at the outset. I'm satisfied that the costs arising from renewing some of the leases on their properties were not caused by something Mazars did or didn't do, and therefore I'm not persuaded it ought to pay any compensation.

### **My final decision**

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W and Mrs W to accept or reject my decision before 22 August 2023.

Alessandro Pulzone  
**Ombudsman**