

The complaint

Mr M complains that the customer service he has received from Lighthouse, an appointed representative of Quilter Financial Services Ltd ('Quilter'), and Quilter itself, has not been reasonable. He says that he has paid a fee for not very much contact, and very little information about how to put right his loss-making investments.

I've referred to Quilter throughout this complaint for ease of reading.

What happened

In July 2017 Mr M invested £150,000 after receiving advice from Quilter. This was spread over three funds. Mr M invested further lump sums into these investments going forward and a regular amount of £500 each month.

Mr M and Quilter were in regular contact about the portfolio. At times it had performed well but it's clear from the correspondence that Mr M was, probably overall, unhappy with the performance of these initial investments.

Because of this, in April 2021, Mr M was advised by Quilter to change the investments. All of his portfolio was moved in to the Liontrust Sustainable Future Defensive Managed fund. Mr M transferred £251,445.54 into this new fund. This was an amalgamation of what seems to be all of his investments.

But Mr M wasn't happy with the performance of this fund as it also fell in value. And in May 2022 he complained about the advice he was given to make the initial investments, the fund switch, and the fall in value of his portfolio.

In June 2022 Quilter responded to this first complaint. It said that it thought the advice it gave initially was suitable for Mr M. It also thought the fund that Mr M was advised to switch to in April 2021 was right for him.

But it thought the advice to switch in April 2021 to the Liontrust Defensive Managed fund was not properly explained and it said there was no cogent rationale for why Mr M should pay the increased charges of the new fund, rather than leave his investments as they were. It noted the new charges were more than double than those he would have paid in his existing investments. So, it didn't think the advice it gave in April 2021 was right for Mr M.

Quilter determined that the new Liontrust investment had performed better than his previous portfolio and so he hadn't lost out. But as Quilter thought it wasn't suitable to have advised Mr M to invest in a fund with increased charges it offered to refund the charges over and above what he would have paid in the past, and what it estimated to be twelve months of increased future charges. This would allow Mr M to consider his portfolio going forward. The compensation offered was £2,339.65 plus £500 for the distress and inconvenience the poor advice would have caused him.

Mr M accepted this to resolve his first complaint. And he didn't bring this complaint to the Financial Ombudsman Service. So, just to be clear, I'm looking here at the events that took place after the initial sale of the investments and the fund switch advice in April 2021.

The documents I've seen show that Mr M and his existing adviser were in contact shortly after the first complaint was resolved in June 2022. But after this Mr M's adviser decided that he was unable to assist him going forward. I understand this was largely due to the complaint Mr M had made.

Mr M was allocated another adviser from Quilter. I understand this adviser wasn't local to Mr M, so their contact was by telephone. But I can see that there was contact with this adviser in September, November and December 2022. And contact with a Regional Director in early 2023.

The last contact I think Mr M had was in March 2023 when the then current Quilter adviser 'disengaged' with Mr M. The adviser has said that it was clear at this point that Mr M thought Quilter's investment discussions were wrong, and it was unable to provide alternatives that matched his investment timeframe and provided a certainty of better returns. It said Mr M didn't want to discuss alternative ethical investments or sell while the investments were at a low level.

Mr M has remained unhappy with the advice he has been given by Quilter since he switched funds in 2021. And he doesn't think the options he was given by it, as outlined above, have gone far enough to reduce his losses. He thinks that Quilter should have done more to help him. So, he made a second complaint to Quilter.

Quilter considered this second complaint and initially didn't uphold it. It said that Mr M had been provided with reasonable information which would have allowed him to decide about his investments. It didn't offer any further compensation. Mr M didn't agree with this, and he brought his complaint to the Financial Ombudsman Service.

One of our Investigators considered this second complaint but didn't uphold it. She thought that Quilter had fully reviewed Mr M's circumstances in 2022. And the information and advice it gave at this point was reasonable. She didn't think that Quilter had failed in its duty of care and said it couldn't provide a guarantee of better returns.

Mr M responded and felt that the service that he had been provided wasn't fair. There were problems locating a new adviser and this led to the adviser he was allocated not being local. And Mr M said that whilst this adviser was polite, he hasn't provided a good level of service as he hasn't provided very much factual information or alternative investments that would have avoided the losses he has suffered. He reiterated that his complaint is now that he feels he has paid a significant fee for not much in return. His investment has fallen 10% but there was a two-month period without an adviser plus a period with a remote adviser who provided no information on alternative funds. The crux of his second complaint is that the adviser failed to provide him with reasonable alternatives.

As no agreement was reached the case was prepared for an Ombudsman to consider and it has now been passed to me. I'll say at this point that I'm sorry for the time this has taken for this to happen.

However, in November 2023 prior to my consideration of the complaint, Quilter again said that it would not offer ongoing financial advice to Mr M as it felt it couldn't meet his needs going forward. Because of this it offered to refund the advice fees Mr M had paid from February 2022 to August 2023 when Quilter says that is stopped charging them. The refund

of contributions now offered is £2,261.20, plus interest of £180.90 and £300 for any ongoing distress this has caused, so a total of £2,742.10.

Mr M hasn't accepted this as he feels the amount awarded for distress and inconvenience should be higher. And he would like his complaint considered by an Ombudsman.

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'll firstly reiterate that I'm only looking at the events that took place after the initial advice Mr M was given to start the investment, and the fund switch in April 2021. Mr M has accepted Quilter's offer to resolve his complaints about the suitability of the advice he was given at these times and the customer service he has received up to April 2021.

Mr M clearly feels that since the resolution of his first complaint in June 2022, that he hasn't received good advice, information, or service from Quilter. What he would have liked to have happened was for Quilter to find some way for him to avoid the losses he has suffered.

But Mr M has invested in risk bearing investments and this complaint isn't about whether these were suitable for him or not. Mr M's concerns about this have already been considered. And the value of these will fluctuate and I don't think it's a reasonable expectation that these fluctuations can be avoided entirely without committing to some form of guaranteed investment. So, I don't think it would be fair to make an award based on what Mr M wants, that is Quilter should have ensured that he didn't suffer any losses.

And whilst the situation following his initial complaint has not been ideal for Mr M, he has received advice and information on an ongoing basis as I've outlined above. And the options that Mr M has been given going forward are essentially correct, he can either sell and reinvest, sell his investment outright, or keep it until its value hopefully improves. So, overall, I think Mr M has been broadly given the advice and information that I would have expected.

Because of the factors above I'm not upholding Mr M's complaint.

It's clear, that Mr M is unhappy, and he has been for some time due to the advice and information he has been given by Quilter. Quilter has accepted that it hasn't met Mr M's needs and it is unlikely to do so going forward. Quilter thinks that the relationship they have will no longer work to their mutual advantage.

Because of this, Quilter has offered to refund the advice fees Mr M paid from February 2022 to August 2023. Quilter says this is £2,261.20, plus interest of £180.90. It has also offered to pay him £300 compensation for the distress and inconvenience he has suffered. I should make it clear that I haven't considered this offer as it concerns a separate issue (that is the disengagement) to what I have considered here.

Mr M should contact Quilter if he now wants to accept this offer.

My final decision

For the reasons I've given above I don't uphold Mr M's complaint and I make no award.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 15 February 2024.

Andy Burlinson
Ombudsman