

The complaint

Mr and Mrs N complain Campbell & Associates Independent Financial Advice Ltd ("Campbell") failed to invest £40,000 they transferred to it to top up their portfolios in February 2018.

What happened

Mr and Mrs N held a series of investments across a number of different providers. Their investments were managed by an advisor at Campbell that the couple knew well. In February 2018, Mr and Mrs N transferred Campbell two lots of £20,000, to be credited to each of their ISAs.

Mr and Mrs N were led to understand all of their payments were credited to their investments, as Campbell provided them with a spreadsheet which tracked the balances of all of their various holdings. This spreadsheet was inclusive of the payments the couple had directly transferred to Campbell and its advisor in February 2018.

The couple had cause to doubt what they'd been told about their investments when they were contacted by the FCA, who'd begun an investigation into Campbell's conduct. This prompted them to speak to a number of their investment providers. And Mr and Mrs N came to realise Campbell hadn't invested their money as it said it had. Their money was, contrary to what Campbell's spreadsheet showed, inexplicably missing.

Mr and Mrs N complained to Campbell. They demanded that it return their money with interest. Campbell didn't reply to Mr and Mrs N's complaint, so they referred the matter to our service.

Our investigator made efforts to contact Campbell and obtain its response to Mr and Mrs N's complaint. One of our investigators spoke to a solicitor working on behalf of the advisor. The solicitor confirmed Campbell and its advisor were aware of the complaints made against it. In the absence of any formal response from Campbell, our investigator upheld Mr and Mrs N's complaint. They felt the couple should be compensated for their financial losses, and for the distress and inconvenience they'd suffered due to Campbell's actions.

To date, our service has received no explanation for, or defence of the issues Mr and Mrs N have raised in their complaint against Campbell. Because of this, the matter has been passed to me to make a decision.

Mr and Mrs N have other similar complaints about different deposits they made with Campbell. But my decision here will focus solely on the £40,000 the couple paid Campbell in February 2018.

I wrote to all parties to explain that, provisionally, it was my intention to uphold Mr and Mrs N's complaint. This is what I said:

"At the outset, I'd observe that given the subject matter and implications of Mr and Mrs N's complaint, it's quite extraordinary that Campbell has failed to respond to it in any meaningful

way. I'm satisfied however that it's appropriate for me to proceed with my decision on this complaint.

Our rules, outlined in DISP 3.5.9 R explain that I may "reach a decision on the basis of what has been supplied and take account of the failure by a party to provide information requested". And that is what I intend to do in Mr and Mrs N's case.

As a regulated firm, when dealing with its customers, Campbell is required at all times to uphold a series of high-level principles set by the FCA. Amongst other things, the principles outlined in PRIN 2.1.1 R require that:

"A firm must conduct its business with integrity... A firm must conduct its business with due skill, care and diligence... A firm must observe proper standards of market conduct... A firm must pay due regard to the interests of its customers and treat them fairly... A firm must pay due regard to the information needs of its clients, and communicate information to them in a way which is clear, fair and not misleading..."

Where investments are concerned, these principles are further bolstered by the rule in COBS 2.1.1 R, which requires that:

"A firm must act honestly, fairly and professionally in accordance with the best interests of its client"

Mr and Mrs N have evidenced they paid two lots of £20,000 to Campbell. One on 14 February 2018, and the other on 15 February 2018.

The couple recall the £40,000 they paid in 2018 was to be divided equally amongst their ISAs. The couple have suggested in their submissions to us that these payments were intended for one of their providers in particular. However, in the evidence that's been submitted to me, I've found the provider they initially named didn't hold ISAs for either of them during the period in question. Given that the £40,000 is exactly equivalent to their combined ISA allowances, I've assumed that this money was intended to be invested with the firm that actually held ISAs for them at that time. A firm I'll be referring to throughout my decision as Platform A.

Having reached out to the various providers of Mr and Mrs N's investments, it does not appear that the £40,000 Campbell was paid in 2018 was ever deposited with any of the firms. Meanwhile the spreadsheet the couple claim was sent to them by Campbell suggests otherwise. It appears to give a false impression that the money was invested as it should've been. There's no evidence to suggest Campbell ever invested this money in the way Mr and Mrs N expected. Nor is there any evidence of what Campbell actually did with the money.

From the evidence available to me, I'm satisfied Campbell has failed to invest Mr and Mrs N's money in the manner they recall agreeing to. I have seen no evidence that would give me pause to doubt Mr and Mrs N's submissions on these points.

In my opinion, if Campbell and its advisor had accepted the couple's money in the course of legitimate business, it would be relatively straightforward for it to refute their complaint. As a firm that's authorised to give advice and arrange investments for its customers, I would reasonably expect Campbell to provide evidence of:

- Arrangements and recommendations for any investments it's sold.
- Paperwork substantiating the appropriateness or suitability of those investments.
- Diary notes or phone calls recording occasions those investments were discussed.

The fact Campbell has failed to provide any such evidence is extremely concerning. As is the fact that according to the FCA register, Campbell doesn't appear to have ever been authorised to hold client money. Mindful of this, and in the absence of any counter-narrative defending itself, I'm persuaded that Campbell has failed to invest Mr and Mrs N's money as it should have. And by doing so, it's failed to uphold the principles and requirements I referenced earlier in my decision. I'm satisfied that Campbell has failed to treat Mr and Mrs N fairly.

It remains for me to fairly and reasonably decide what Campbell must do to address the impact its actions have had on the couple.

Putting things right

As I've understood it, Mr and Mrs N's expectations were that the money they'd paid to Campbell and its advisor was to be invested in their ISAs.

From the evidence available, I can see the couple's ISAs were held with Platform A. Within each ISA, Mr and Mrs N both invested in a model portfolio product provided by Platform A called "WealthSelect Managed Active 5". So by failing to invest their money as it should have, I'm satisfied Campbell has caused Mr and Mrs N to miss out on the growth that £40,000 of their money would've made had it been properly invested in Platform A's model portfolio, via their ISAs.

Firstly, I direct that Campbell must pay Mr and Mrs N the sum of £40,000.

Next, I direct that Campbell must calculate the growth Mr and Mrs N's two deposits of £20,000 would have made, had they been promptly invested in Platform A's "WealthSelect Managed Active 5" portfolio. For the purposes of this calculation, I think it's fair and reasonable to expect that Campbell ought to have invested these deposits the same day they were received. So on 14 February 2018 and 15 February 2018 respectively. Campbell should calculate growth on these investments up until the date it settles this complaint. Completing this calculation will leave Campbell with a monetary figure I'll refer to as "Figure X". Campbell must provide a breakdown of its calculations for Mr and Mrs N in a clear and simple format.

Once it has completed this calculation, I direct that Campbell must pay Figure X to Mr and Mrs N.

Finally, I've considered what Campbell must fairly and reasonably do to compensate Mr and Mrs N for the significant trouble and upset the events of their complaint have caused them. In coming to my decision here, I've considered that:

- Mr and Mrs N recall having a relatively informal relationship with their advisor, and the realisation they'd been deceived as to the whereabouts of their money will have been upsetting for them.*
- The couple have been distressed by the realisation their portfolio had around £40,000 less in it than it should have. And will've been left in this anxious state for months, not knowing if there'd ever be given their money back.*
- The couple have suffered the inconvenience of having to prepare submissions for both the FCA and our service, all as a result of Campbell's failure to properly invest their money as it fairly and reasonably should have.*

Because of this, I'm satisfied it's fair and reasonable to direct Campbell to pay Mr and Mrs N the sum of £300 in recognition of the impact its actions have had on them".

Mr and Mrs N accepted my decision. Campbell did not reply.

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.

As neither party objected to the findings I made, I see no reason to depart from the outcome I reached in my provisional decision. All that remains is for me to make my decision final, which I shall now do.

My final decision

My final decision is that, for the reasons given above, I uphold Mr and Mrs N's complaint against Campbell & Associates Independent Financial Advice Ltd.

I require that the firm must now:

- Pay £40,000 to Mr and Mrs N
- Calculate Figure X (as directed above)
- Give Mr and Mrs N a breakdown of its calculations in a clear and simple format
- Pay Figure X to Mr and Mrs N
- Pay Mr and Mrs N £300

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr N and Mrs N to accept or reject my decision before 10 January 2024.

Marcus Moore
Ombudsman