

The complaint

Mr B complains that his investment in a fund I'll call 'X' has been mismanaged by Valu-Trac Investment Management Ltd and this has led to him incurring a loss.

What happened

Over the course of 2017 and 2018 Mr B invested a total of £22,000 in X indirectly, via a platform. In March 2019 the fund was suspended and Valu-Trac took over as its Authorised Corporate Director. The suspension was briefly lifted, but in July 2019 a legal claim was brought against the fund, which led to it being wound up.

As part of this process, a series of capital distributions were made between 2019 and early 2022. Mr B received just over £9,000 back from these, which prompted him to complain to Valu-Trac at the end of 2022. He felt the loss he'd incurred on his original investment demonstrated mismanagement, that being non-compliance with the objective of the fund and its investment policy.

Valu-Trac didn't uphold Mr B's complaint. It explained that once it had taken over responsibility, it had managed the fund in an orderly manner, monitoring the types of holdings, with any sales made to facilitate redemption requests carried out in a manner to ensure maximum value was retained. Valu-Trac didn't consider there to have been any misrepresentation of the risk involved with the fund and it was satisfied that information concerning the distributions had been appropriately communicated.

In summary, it said the fund's performance had already been in decline prior to the transfer to its administration, and it had subsequently acted in the best interests of investors in accordance with the mandate of the fund, based on the information available to it at the time.

The complaint was referred to this service, but our investigator also didn't think it should be upheld. She reiterated the background to Valu-Trac's involvement with fund and explained that she was satisfied that the risks relating to it had been set out within the fund documentation, and that the investment was not guaranteed to provide positive returns.

Mr B said he didn't accept the investigator's view and wanted the complaint looked at by an ombudsman. He also sought further explanation about why the fund had failed.

The investigator obtained some more information from Valu-Trac. It reiterated that it had been appointed Authorised Fund Manager and administrator of the fund after the previous manager entered administration and stressed it hadn't been involved with the management of the fund prior to that. It said it was therefore unable to comment on the fund's performance during the period outside its responsibility and highlighted again that the fund had already been suspended when it took over. It said it could add no further comment as to why the fund failed beyond the information given in the original letter to the shareholders.

In line with Mr B's request, the matter was then referred to me to review.

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.

Having done so, I've reached the same conclusion as the investigator and for broadly the same reasons. I don't think the complaint should be upheld and, further, I don't think there's a great deal I can add usefully to what's already been said.

As Valu-Trac explained, its responsibility for the management and administration of the fund didn't start until March 2019. Before that a separate business was responsible, and it was during that period that issues arose and the fund was first suspended. And as noted, that business went into administration. Hence the change to Valu-Trac.

I note that Mr B has requested we carry out some research into the fund and its failure, but unfortunately that's not something that falls within our remit. We act as a dispute resolution service to consider complaints about businesses and decide whether (or not) they've done anything wrong and whether any compensation should be paid.

And in this case, I'm satisfied Valu-Trac fulfilled its role correctly during the period for which it was responsible for management of the fund, and it therefore shouldn't be held responsible for any losses Mr B incurred.

My final decision

For the reasons given, my final decision is that I don't uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 26 October 2023.

James Harris
Ombudsman