

The complaint

Mr C complains about the service he's received from Openwork Limited trading as The Openwork Partnership. He doesn't think his portfolio has been managed correctly which has led to unnecessary losses and funds not being transferred to his ISA as he requested.

What happened

Mr C received investment advice from Newcastle Financial Advisers Limited, an appointed representative of Openwork, in 2015 (for ease of reading I will only refer to Openwork). He was assessed as having a cautious attitude to risk (ATR) and was advised to transfer his existing ISA to the Zurich platform, invest c.£15,000 into the ISA and c.£6,000 into an Investment Account (IA). He was also advised to invest £250 per month into the Openwork Graphene Cautious Model Portfolio.

Mr C had a further review in 2017 where he was advised to increase his regular monthly payments to £500, and invest a lump sum of c.£7,600 in his ISA and c.£2,600 in his IA. He met with an adviser in 2018 and agreed that £7,500 would be transferred to his ISA.

Mr C complained to Openwork in 2022 and said, in summary, that the 2018 ISA transfer hadn't been actioned and he also had concerns that the products he'd been advised to invest in weren't suitable for him. Openwork looked into the concerns that had been raised and acknowledged that they hadn't made the transfer. They offered Mr C £200 compensation and explained that could transfer the outstanding amount to his ISA in the next tax year.

But they didn't think they had given Mr C unsuitable advice or failed to automatically top up his ISA from funds held in the IA. They pointed to reviews they'd offered Mr C in 2019, 2020, 2021 and 2022 which he'd declined. They said they were unable to transfer funds between his accounts without his consent, so they wouldn't have been able to top up his ISA without firstly speaking to him.

Mr C didn't accept their findings and asked for our help. The complaint was considered by one of our investigators who didn't think Openwork needed to do anything else to resolve the complaint. He thought the recommended investments were suitable for Mr C's circumstances and matched his ATR. He also thought that the compensation they'd offered Mr C for the error in not making the transfer in 2018 was fair.

Mr C didn't agree, he thought that he'd been paying Openwork £70 per month for managing and transferring his funds which hadn't happened. He thought that as the funds hadn't been moved his losses had been exacerbated. The investigator wasn't persuaded to change his opinion so the complaint has been passed to me to make a decision.

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 don't think this complaint should be upheld and I will now explain why. From what I've seen, Mr C met with the adviser in 2015 to discuss his investments as he wanted to maximise his ISA allowance and invest £250 per month in tax efficient manner. He was interested in looking for potentially higher returns than deposit-based investments in order to build up his capital to help combat the effects of inflation over the longer term.

I don't think that his ATR was incorrectly assessed, he was recorded as being a cautious investor which was in line with his personal circumstances and investment experience. The fund he was recommended to invest in was suitable for a cautious investor. It had an asset split of 20% UK equities, 10% US equities, 10% International equities, 35% UK bonds, 15% Global bonds and 10% alternatives.

The portfolio was also rebalanced every six months to ensure that it remained in line with his ATR. I appreciate that the portfolio has recently experienced higher losses than what Mr C expected but I'm satisfied that the recommendation wasn't unsuitable. Taking everything into consideration, I'm satisfied that Openwork haven't given Mr C unsuitable advice and have managed his investments in the manner which was agreed.

The other element of Mr C's complaint is that his funds weren't moved to his ISA automatically. I've therefore considered the terms of the arrangement he had with Openwork. The ongoing arrangement he had with Openwork, the Monitor and Review service, offered a range of services including annual reporting, access to an adviser, an invitation to an annual review and Fund administration.

Having reviewed the terms of the arrangement, I haven't seen anything to suggest that the service included moving funds from Mr C's IA to his ISA. As there was no specific agreement in place to automatically top up his ISA, any transfers would have to be agreed upon during any discussions he had with his adviser.

Openwork have said that they needed to have a discussion with Mr C in order to determine how much of his yearly ISA allowance was available as he had a cash ISA elsewhere. Given this, I don't think I can fairly say that Openwork have done anything wrong in not moving funds from Mr C's IA to his ISA automatically.

I can also see that they tried to contact Mr C every year in order to arrange a review. There were a number of occasions where Mr C declined the reviews, but given that the reviews were offered, I don't think Openwork haven't provided Mr C with the level of service they promised him.

What is clear is that they didn't make the £7,500 transfer that was agreed upon in 2018. I've therefore considered if this has caused Mr C any financial loss. The funds were invested in the same portfolio as they would have been, had they been in the ISA. This means that Mr C hasn't been financially disadvantaged by Openwork's error.

There could have been a potential loss due to the funds not being in a tax-free wrapper but given that Mr C is now able to move the funds to his ISA, he hasn't lost out. He has been inconvenienced, but I think the compensation Openwork have offered is fair and reasonable in the circumstances.

So, in summary, having reviewed all the available evidence, I don't think Openwork have given Mr C unsuitable advice, they have made an error but I think the compensation they've offered is fair and reasonable. I appreciate this will come as a disappointment to Mr C, but I hope he understands why I haven't upheld his complaint.

My final decision

For the reasons I've given above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 2 January 2024.

Marc Purnell
Ombudsman