

The complaint

Miss F complains about the service provided to her by Scottish Widows Schroder Personal Wealth Limited ("Schroder") in respect of its investment advice.

What happened

Miss F initially received investment advice from Schroder across a series of meetings in 2019, with its recommendation presented to her and implemented in July 2019.

The adviser recommended Schroder's Personal Discretionary Portfolio Service, with a total investment of £100,000 split between a general investment account (GIA) and an ISA, with the intention that the ISA be annually funded from the GIA. Schroder then proceeded to provide an ongoing review service for which Miss F paid a monthly fee.

By June of 2021 Miss F had some concerns that were leading to dissatisfaction with Schroder's service. Primarily at that point, these were a delay in making the first GIA to ISA transfer and some apparent anomalies with fees. She raised these with Schroder, also noting that she wanted to reduce the frequency of statements.

Over the course of subsequent correspondence further issues were highlighted and expanded upon, including address errors, a failure to provide advice on the maturity of a two-year fixed rate bond taken out at the same time as the portfolio and delays in the receipt of quarterly statements.

Schroder issued a final response letter in September 2021 in which it upheld the complaint, in part. It said, in brief -

- It acknowledged an address mistake as human error and confirmed that correct details were held.
- While it could find no documentary evidence to support that there'd been an agreement that the ISA transfer would take place at the start of the tax year, as the first transfer hadn't been made until November 2020 and in light of other service failings, it offered an amount - £30.16 - to reflect the potential tax liability incurred in respect of divided income between the start of the tax year and November 2020.
- It felt the performance of the investments was reasonable against relevant benchmarks.
- Statements were provided on a quarterly basis by the investment provider (a separate business to Schroder) and this frequency couldn't be amended due to regulatory requirements. It noted Miss F's concern that the statements were often received six to eight weeks after the end of the quarter and explained that it had been in discussions with the provider to try to improve this.
- It acknowledged a slight delay in responding to the complaint.
- Although it accepted there had been some service failings, it didn't feel a full refund of the ongoing advice service charges was warranted. Instead, it offered £200.

Miss F didn't accept this, and correspondence continued, with the complaint then being referred to this service in December 2021.

Our investigator considered the matter but concluded that, while Schroder's service could've been better in places, its offer was broadly fair. He said, in brief –

- Miss F's main concern was not receiving the ongoing service she'd paid for. But overall, he felt Schroder had met its obligations. He noted Miss F's concern about a delay in the first annual review taking place but felt this wasn't unreasonable given the adviser had been ill. Further, when the review did happen, no changes had been made to the investments, so no loss had been incurred.
- In respect of the two-year bond that matured in July 2021, the investigator didn't feel the evidence supported this product having formed part of the advice provided by Schroder in 2019, so there'd been no requirement that it was reviewed.
- The offer made in respect of the ISA transfer was fair as the evidence didn't show that the transfer was required to happen at the start of the financial year.
- The final monthly ongoing advice charge applied in September 2021 was correct as the service had been stopped at Miss F's request in August 2021, but the charges were applied monthly in arrears.
- The £12.50 charge for quarterly statements had been correctly applied as set out in Schroder's terms.
- While no final statement had been provided to Miss F when she stopped the service and transferred her investments, Schroder hadn't agreed to do so.

Miss F didn't accept the investigator's view. Her representative made further submissions, saying, in short, that Miss F felt the £200 offer was fair and reasonable for the poor customer service, but not for Schroder failing to fulfil the terms of its agreement and not providing her with the contracted service in so many ways.

The investigator wasn't persuaded to change his opinion, so the matter was 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 should first make clear that I don't intend commenting on everything that occurred, or every complaint point, concern, or issue that Miss F and her representative have raised. Instead, I'll focus on what I think is important in reaching a decision which is fair and reasonable in all the circumstances.

I don't mean this as a discourtesy to any of the parties. Rather, it simply reflects the informal nature of this service and my role within it. But I'd like to reassure Miss F and her representative that I've considered all the information and evidence they've provided when reaching my decision.

The matter is understandably a very emotive one for Miss F. Schroder's advice stemmed from the receipt a significant amount of money received by way of inheritance. So, I appreciate she would've wanted everything to be done with appropriate care and attention. But while there were clearly areas where Schroder failed to provide the level of service that Miss F had a right to expect (as Schroder has acknowledged) overall, I don't think it needs to do more than it has already offered to put things right.

I've not seen anything to suggest there was any issue generally with the initial advice provided. Schroder's adviser appears to have gone into considerable detail in looking at Miss F's needs and circumstances and the portfolio looks to have been a suitable means

by which to address those needs.

But that said, as noted, Miss F's real concerns lie with the ongoing service she was then paying for. She was unhappy with many aspects of the information provided to her, around how it was charged for and when it was received. In that respect, I'm satisfied the statements were charged for correctly and while it does appear that they were sent out with quite a considerable delay after the end of each quarter, which would've been an inconvenience, I don't think this would've led to any loss to Miss F. And Schroder has noted that the statements came from the investment provider, and it has been working with that business to try and improve the situation.

In respect of the first annual review, it was unfortunate it occurred late, more than a year after the original advice had been implemented at the end of July 2019. But this was due to ill health on the part of the adviser. And the review meetings did then take place in September and October of 2020, so not significantly after the anniversary of the advice. And as the investigator noted, no changes were made to the investment at the review, so again there wasn't any loss attributable to the delay.

Alternative arrangements could've been made by Schroder, to involve another adviser. But given that it was effectively only a matter of weeks before the meeting was able to take place, I don't think the situation was sufficiently bad that it would've been worth losing the consistency of Miss F's relationship with the existing adviser, given his familiarity with her circumstances.

I note that Miss F's fixed-rate bond matured in August 2021, so the fact that the reviews were not happening annually precisely in line with the original July 2019 advice, meant that it was never reviewed (that said, ultimately no annual review took place in 2021 as Miss F cancelled the Schroder service). But in any event, I don't think the ongoing advice fee covered this bond and the premium bond investment made at the same time of the advice. There was no reference to it doing so in the recommendation letter issued to Miss F, which I think made clear that the adviser's recommendation was specifically for the portfolio, made up of the GIA and the ISA. And although the bonds were alluded to in the 2020 review document, I think this was simply as part of the adviser's consideration of Miss F's wider current financial circumstances.

In respect of the ISA transfer, while I note Miss F's submissions that the adviser agreed to make the transfer from the GIA at the beginning of each new tax year, the documentary evidence doesn't support this. So, I'm unable to conclude that the transfer was made late, outside the terms of any agreement. As such, I think Schroder's offer, based on the potential tax liability from the dividend income earned during the period in question, is a reasonable one, particularly as it was intended as part of the overall offer to reflect the service failings.

I recognise that Miss F and her representative see Schroder's failings as a breach of contract, such that she should be refunded all the costs relating to the ongoing advice service. Although our rules require me to take into account relevant law and regulation, I ultimately make my decision on the basis of what I consider to be fair and reasonable in all the circumstances of the case.

I think this was a frustrating series of relatively minor oversights and administrative errors. But as I said earlier, I understand why these issues compounded together would've have been unacceptable to Miss F. This was her first experience of investing and clearly it wasn't as good or efficient as it should've been. But I nevertheless don't think the issues taken together were such that they warrant compensation greater than the amount already offered by Schroder, which I think is fair and reasonable in all the circumstances.

My final decision

For the reasons given, my final decision is Scottish Widows Schroder Personal Wealth Limited should pay Miss F £230.16, if it has not already done so.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss F to accept or reject my decision before 10 November 2023.

James Harris
Ombudsman