

The complaint

Mr R complains about Scottish Widows Unit Trust Managers Limited (SWUTM). He's unhappy with the performance and management of an investment he holds with them.

What happened

In 2022 Mr R became concerned about the performance of a fund he'd invested in and initially raised his concerns with his broker (B1). He said, in summary:

- He was unhappy with how much the value of the fund had decreased
- He was concerned with who was supervising the fund manager as the investment was not performing as he expected
- He thought that B1 were obstructing him from speaking to someone regarding the fund performance

B1 looked into the concerns that had been raised but didn't think they'd done anything wrong. They told Mr R he needed to contact SWUTM regarding his concerns about the fund. Mr R asked for our help in the matter and one of our investigators looked into the concerns he'd raised.

The investigator made several attempts to get a response from SWUTM and eventually issued her opinion on the complaint. She thought that she hadn't seen anything to suggest that SWUTM had acted inappropriately in managing the fund. But she thought their delays in responding to Mr R's concerns had caused him inconvenience and they ought to pay him £200 in compensation.

Mr R accepted the investigator's findings, but SWUTM didn't respond 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.

Mr R's concerns about the actions of B1 have been addressed in a separate complaint so this decision is solely about his concerns about SWUTM, specifically around the performance of the fund he was invested in and how they responded to his complaint.

The fund - the Managed Growth Fund 4 Class L - was classed as medium risk fund and aimed to achieve capital growth by investing in other funds to achieve exposure to a wide range of investments. It was made up of several different asset classes, most of which were subject to volatility. This was necessary in order to seek better returns over the long term. It was noted that the value of the investment wasn't guaranteed and could fluctuate. Specific risks were listed in the Key Investor Information Document as:

- *Company shares ('equities') generally offer higher long term growth potential than some other asset classes. Values can fluctuate considerably. There's a greater risk you might not get back all of your money.*
- *The value of a bond / fixed interest security could fall if the issuer's credit rating falls. Values are also likely to fall if interest rates rise (but increase when interest rates fall). In addition issuers might fail to make their income payments and/or repay capital.*
- *The use of derivatives for Efficient Portfolio Management might not achieve the described outcomes and may result in greater fluctuations of the value of the Fund, however it is not intended that this will cause the risk profile of the Fund to change.*
- *Property values can go up or down. Property can be hard to sell, and values could fall if properties have to be sold quickly.*

I appreciate Mr R is unhappy with the fund performance, but this isn't usually a valid basis for complaint. By their very nature, different funds will exhibit varying levels of performance and therefore rise and fall over time, so I am unable to say that poor performance means that a fund has been mismanaged.

The decisions made by the fund managers may now seem to not have been the best decisions with the benefit of hindsight, but this doesn't mean that SWUTM have acted unfairly. I've considered if the fund has been managed within the parameters that SWUTM set out and having done so, I haven't seen sufficient evidence to conclude that they have acted incorrectly so I won't be asking them to do anything further in regard to this aspect of Mr R's complaint.

But I agree with the investigator that SWUTM have caused Mr R inconvenience through their delays and lack of a response to his complaint. Mr R and our investigator made several attempts to get a response to his concerns without any success. Taking everything into account, I think £200 compensation is fair and reasonable.

Putting things right

Scottish Widows Unit Trust Managers Limited should pay Mr R £200 to compensate him for the inconvenience they've caused him.

My final decision

I partially uphold this complaint. Scottish Widows Unit Trust Managers Limited should put things right by paying Mr R compensation as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 8 January 2024.

Marc Purnell
Ombudsman