DRN-4497916

Financial Ombudsman Service

The complaint

Mr K complains that Scottish Widows Schroder Personal Wealth Limited ("Schroders") sent his March 2022 statement four months late. He says that, if he'd received the statement when he should have, he would have encashed his portfolio because it had made a loss. By the time he received the statement, the portfolio was showing a bigger loss.

The complaint is brought on his behalf by his daughter. For ease of reading, I'll refer to everything as if it's been said by Mr K.

What happened

Mr K has a general investment account ("GIA") and an individual savings account ("ISA") with Schroders managed on a discretionary basis. He also has an agreement for on-going advice from a "Personal Wealth Adviser".

Mr K had an annual review with his advisor in January 2021. Shortly afterwards his adviser left, and he was assigned a new one. But the new advisor didn't make contact and in July 2022 Mr K complained. Schroders apologised and refunded its ongoing advice fee of £3,095.07 and paid Mr K £300 for the distress and inconvenience caused. Mr K didn't mention this part of his complaint when he initially referred to our service, so our investigator assumed it had been resolved to his satisfaction.

He also complained that he hadn't received his quarterly statement for January to March 2022 until July. He says that at the end of March his portfolio had decreased in value and, if he'd received the statement on time, he would have encashed his portfolio to prevent further losses. Schroders apologised, explaining that it had been developing the contents of its statements which led to delays in them being sent. It said Mr K could've got a valuation at any time if he was registered for its online service or if he'd contacted its regional support team, or his adviser. It said markets had been volatile, but the investments were designed for growth in the medium to long term and Schroders wouldn't have advised crystallising the loss in March 2022. Mr K referred this part of his complaint to us.

Our investigator didn't recommend that the complaint should be upheld. She didn't think Mr K would have encashed his investments if he'd received his January to March 2022 statement on time.

Mr K didn't agree. He said, in summary, that:

- There's no evidence of him encashing investments in the past in reaction to losses because, prior to March 2022, his portfolio hadn't lost any value.

- He wasn't told his adviser had left and Schroders continued to send him mail with the adviser's name on it. So he thought the adviser was looking after his portfolio when, in reality, no one was reviewing his investments.

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.

Schroders' terms and conditions say:

"You will receive a periodic statement of the contents and valuation of your portfolio. This must be provided to you every three months.."

And the terms go on to point out that, "*the value of your investments may have changed by the time you receive the statement*".

Schroders says there's no set time frame for issuing the statements. I disagree. The terms say they will be provided "*every three months*". The December statement was posted on 17 February 2022, so I would have expected the March statement to have been posted by 17 May 2022. It wasn't posted until 21 June. Schroders said Mr K could've phoned to request an up-to-date valuation at any time, but that doesn't change the fact that it didn't provide the March statement when it should have. Schroders has apologised for the delay in sending the March statement. I need to decide whether Schroders' mistake has led to Mr K incurring a financial loss for which he should be compensated. So I've thought about whether Mr K would have acted differently if he'd received the statement when he should have and, specifically, whether I think he would have given instructions to encash his portfolio.

After careful consideration I'm not persuaded Mr K would have given instructions to sell his investments and close his portfolio if he'd received the statement for January to March 2022 earlier than he did. I say that because:

- Schroders provided a discretionary service and Mr K didn't usually give instructions on the account. He says his portfolio wasn't being monitored or reviewed after his advisor left. Schroders apologised that Mr K didn't receive a review after January 2021 until September 2022 because his new advisor, who has also subsequently left, only tried to contact him once. And Schroders refunded its on-going advice fees and paid Mr K £300 for the distress and inconvenience caused. Whilst a review should have taken place in January 2022, I've not seen evidence that Mr K's circumstances changed. The portfolio remained suitable for his circumstances so I'm not persuaded Schroders would have made any changes to Mr K's investments if a review meeting had taken place when it should have.

- Whilst Mr K's investments lost value, this was broadly in line with the appropriate benchmark index. And Mr K was invested for the long term. So I don't think it's unreasonable that Schroders didn't make any changes to his portfolio in response to market movements. The investments remained suitable, and Schroders were confident they would still perform over the longer term.

- Mr K didn't encash his investments when he received his statement in July, and he hasn't encashed them since. Whilst I've not seen a recent valuation, it looks as though the value of Mr K's investments has partly recovered and, if he was worried about making losses, I would have expected him to have given instructions to sell his investments as and when they started to recover in value. He hasn't done that.

- If Mr K had received his March 2022 statement on time, I accept he may have been concerned about the loss in value of his investments. If that was the case I think, in all likelihood, that he would have contacted Schroders to discuss his concerns. And, because of the long-term objective of the investments and because Schroders recommended continuing to hold the investments, it wouldn't have recommended any changes, and would have advised against encashment.

- I think it's more likely than not that Mr K would have followed that advice. He'd seen his investments rise in value and I think it unlikely that he would've wanted to crystalise any losses.

- I can see that during the most recent review meeting, in June 2023, investment performance and market movements were discussed. The report says:

  "..[Schroders' adviser] explained why it was important to take a longer-term view and explained his thoughts in relation to the history of the markets/interest rates and how the markets have always bounced back in the longer term and the consequences of taking money out of the market with no plans to spend and allowing your capital to depreciate in the longer term. Therefore, you decided that you would remain invested due to these reasons and the fact that you already had surplus cash that you had no plans to spend and enough income to cover your current expenditure."

  Having received explanation and reassurance of long-term investment performance, Mr K decided to remain invested. Had this discussion taken place earlier in response to a timely receipt of the March 2022 statement, I think it more likely than not that Mr K would have come to the same decision.

So, whilst Schroders should have provided the March 2022 statement earlier than it did, I don't find the delay in receiving the statement has caused Mr K a financial loss because, in all likelihood, I don't think he would have acted any differently.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 4 January 2024.

Elizabeth Dawes
Ombudsman