

The complaint

Mr P has complained about Schroder Unit Trusts Limited. He said his complaint is about the poor performance of his investments held with it. He would like to be compensated for this along with an amount agreed for what he said is the considerable amount of time he has put in to get Schroder to supply correct information about his investments.

What happened

Mr P holds a stocks and shares ISA with Schroder. He invested in two investment funds from 1999 to 2020. Mr P said the performance of this investment has been poor. He calculated that on 8 December 1999 he invested £7000 and on 5 October 2020 this investment was worth around £7260, an increase of 3.72% over almost 21 years. Mr P complained about this to Schroder.

Schroder said in response that the two funds Mr P invested in had changed names or merged into another fund over the years. It said Mr P had been notified whenever this happened and was sent regular fund valuations by it.

Schroder then described the performance of each fund and stated that the effects of macro financial events affected both funds in question. It mentioned both the dot.com bubble burst and the 2007/8 global financial crisis.

Schroder said Mr P had carried out his investments on an execution only basis and it wasn't authorised to give any advice on the suitability of any of its funds. It sent £50 to Mr P for what it called an inconvenience caused to him for not being able to gather all information going back to 1999 in its records.

Mr P was not happy with Schroder's response and referred his complaint to our service. He said other funds had recovered from events such as the global financial crisis but the funds he invested in hadn't.

An investigator looked into Mr P's complaint. She said she didn't think business needed to take any action. She said she had looked at documents such as the key investor information for the funds in question and considered the regulations and in particular COLL chapter 5 of the Financial Conduct Authority's handbook. She had a look at what decisions Schroder as fund managers took between 2019-2021. She said she was satisfied after considering the information provided by Schroder that decisions made by it were in line with its responsibilities under the regulations and its investment mandates.

Mr P is not in agreement with the investigator's view. He said his complaint about the poor performance of his investments over the past 21 or so years between 1999 and 2020. He also said he disagrees with comments made by Schroder that the performance of one of his funds, a Tokyo fund, has performed broadly in line with the Nikkei 225 indices. He said this was not the case and gave examples to illustrate this. So as Mr P does not agree with the investigator, his complaint has been passed to me, an ombudsman, to look into.

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 P has been clear about what his complaint is about. He held two investment funds managed by Schroder between 1999 and 2020 and he said these funds have performed poorly. He has provided illustrations about this including that overall, the value of his investment has risen by 3.72% over almost 21 years.

Schroder has responded and provided its explanation as to why the two funds in question have performed the way they have. It has pointed to events in the past that has affected the overall performance of the funds including the dot com bubble and the global financial crisis in 2017/18.

Mr P has queried some of Schroder's explanation including that it has said performance of its Tokyo fund was broadly in line with that market's indices. He has also reaffirmed that his complaint is about the whole time that he held his funds and not the sample period that the investigator looked into.

Schroder has said recently in response to the investigator's view that, although the Tokyo fund performance was broadly in line with the market indices, there was a performance gap, and this was because of fees and costs of running the fund. It said it couldn't add sufficient value against the market to cover this and provide excess returns to investors. It said it sincerely apologises for not having performed well enough and added that in recent times it had significantly underperformed mainly due to poor stock selection in a time of significant global events such as covid.

I sympathise with Mr P – I understand and acknowledge the point he has made about the poor performance of his investments. But It's not part of the remit of this service to investigate or scrutinise fund performance or be critical of Schroder because an investment it managed turned out to be less than profitable than other investments on the market. Its clear that investing in the market comes with a risk of underperformance or capital loss. With this in mind, I am not persuaded that managing an investment that performs poorly is evidence on its own of Schroder acting unfairly or unreasonably to Mr P.

That said, I have looked into and thought carefully about whether Schroder has treated Mr P fairly and reasonably in general, when it has carried out any instructions by him, with the information it has provided and how it has responded to his requests. Having thought about everything I've seen and been told I've independently reached the same overall conclusions as our investigator, and I don't think Schroder needs to do anything further. I'll explain why I say this.

According to Schroder, Mr P took out the investments on an execution only basis. This means it was Mr P's choice to invest in them without any advice provided by it. Mr P also had the choice to sell or switch his investments at any time that he held them, without penalty, but decided to hold onto them for the duration in question. Schroder has said during this period, the funds in question have changed names and at times merged. It says it has notified Mr P of this and has also provided a fund valuation to him on a regular basis.

Schroder has also provided an explanation as to why its two funds have not performed well. I can see it has addressed Mr P's concerns and provided answers as to why performance has been poor – and how this has affected price. When I read all this, I don't think Schroder has been unreasonable or acted unfairly in the way it has provided information about the

funds it has offered Mr P, how it has kept him up to date and then how it has responded to his concerns.

It doesn't seem to be in dispute between the parties that the investments Mr P held with Schroder performed poorly. What is in dispute is that Mr P would like to be compensated for this, where-as Schroder doesn't think it has done anything wrong as such – it has just managed a poorly performing investment. For me to consider Mr P's request, I have to be able to fairly say that Schroder has done something wrong or acted unfairly or unreasonably – and I haven't seen enough here to do so, for the reasons I have already given.

Finally, Schroder offered to pay Mr P £50 due to what it has called the inconvenience of not providing enough about the performance of Mr P's funds going back to 1999. This is due to the significant length of time that Mr P has held the funds for. I can see that it has already paid this amount to Mr P. For all the reasons I have given above, I don't think it needs to do anymore.

I appreciate that my decision will be disappointing for Mr P, and I acknowledge the strength of his feelings in the submissions provided. But based on everything I have read and the findings I have given, I don't uphold his complaint.

My final decision

My final decision is that I do not uphold Mr P's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 25 December 2023.

Mark Richardson
Ombudsman