

## **The complaint**

Mr W complains about the performance of a managed fund he invested in, and about the way Legal & General (Portfolio Management Services) Ltd display certain information about his investments on his account. He says that the layout of the statements didn't allow him to easily identify the under performance in his managed fund, and this should be rectified.

## **What happened**

In June 2021 Mr W complained to L&G. He firstly explained that he was dissatisfied with the performance of the L&G Managed Alpha Trust Growth Fund that he had held for over 10 years compared with an Index Tracker fund that he also held. He said that given the managed fund attracted extra charges, he expected the additional attention from 'experienced professionals' would've at least allowed the fund to perform along market trends, and not lose capital over 10 years which is what had happened.

He also complained about an 'ongoing error' in his annual statements. He said that one of his Index Tracker funds was added to the Growth Trust Managed amount, which misrepresented how the two investments were doing. He said that this was only picked up through detailed analysis. He said that he would've expected that the amounts invested and generated in his Index Tracker would have been added together to give a truer reflection of the performance of the various types of funds. Mr W explained that overall the poor performance of the managed fund was mitigated by the Index Tracker.

L&G looked into Mr W's concerns, but didn't think it had done anything wrong. It provided an explanation and some acknowledgement of the poor performance which Mr W had experienced in the managed funds he was invested in. And it explained that the statement showed his investments at portfolio level, rather than fund level. It acknowledged Mr W's points, but explained that its system constraints, as well as the fact that its investment business had been sold to another firm, meant that it was unlikely it would make any changes to the way the statements looked.

Mr W remained unhappy and referred his complaint to this service. One of our investigators looked into his complaint, but concluded it shouldn't be upheld. In short, he said that the performance of an investment isn't something this service would uphold a complaint for. And he said that L&G was required to display certain information on its annual statements, and he was satisfied that is what it did. Whilst he acknowledged Mr W considered other ways of laying out this information to be beneficial, he didn't agree this meant Mr W had been treated unfairly nor that this service could ask L&G to do anything more.

Mr W didn't agree and asked for an ombudsman to decide the matter.

He repeated that whilst unhappy with the performance of the managed investment, his main concern was around the way the information was displayed on his annual statement. He said that by grouping the managed fund with the index tracking fund, the performance was misleading.

He said that it was only after he retired and had an opportunity to analyse the investments

himself that he realised just how poorly the managed fund had performed. He said that L&G must've known how badly it was performing and that's why it had closed the investment. He said that the way the investment had been portrayed was misleading, because it was showing in profit rather than loss making, after a period of 10 years during which time he had been paying fees.

### **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've reached the same conclusions as the investigator and for broadly the same reasons. I'd like to take this opportunity to thank Mr W for his detailed comments and clarifications around his complaint. I fully understand why Mr W has raised his concerns and why he considers L&G has done something wrong.

I should start by echoing what the investigator said in relation to the performance of the managed fund. I've read the explanations L&G has provided, and I consider it has provided a reasonable and factual explanation for why the performance of that particular fund had been so disappointing overall. However, as the investigator has explained, it isn't my role to be critical of L&G because an investment it managed turned out to be less profitable than other investments on the market. It's clear that investing in the market carries a risk of underperformance or capital loss, and I'm not persuaded I can make any findings about the way this particular fund was managed purely by looking at its performance over the last 10 years.

I acknowledge Mr W's point that the disappointment with the performance of the investment was secondary to his dissatisfaction at how the performance was set out in his annual statements. But here too, I'm sorry that I can't add much to what the investigator has already explained to Mr W.

The rules required L&G to send to Mr W periodic reports which set out the value of his portfolio and any transactions carried out. Whilst I can understand why Mr W believes that a different layout would've allowed him to identify the performance of one fund over the other more efficiently, I don't agree that means L&G has acted unreasonably nor that Mr W has suffered a loss or some other detriment which L&G should put right.

As Mr W has said, he had access to all the information he needed to work out for himself how his various investments were performing. In order to uphold Mr W's complaint, I'd need to conclude that L&G's statements fell foul of the rules in COBS around periodic reporting for firms carrying on MIFID business. Or I'd need to conclude that the way the statements were laid out was so misleading as to cause Mr W a financial loss or some other detriment.

In looking at the information that was sent to him, whilst I can see why Mr W thinks alternative layouts would've allowed him to spot the underperformance sooner, I don't agree that the statements are so obscure as to essentially be lacking in the detail which the regulator required L&G to send to Mr W.

Overall, I don't agree there was anything misleading about the statements – they simply focused on portfolio performance overall. For these reasons, I'm not persuaded there's anything inherently wrong with the statements themselves – and importantly, I'm satisfied they contained the information needed to satisfy the regulator's requirements.

**My final decision**

My final decision is that I don't uphold Mr W's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 3 August 2023.

Alessandro Pulzone  
**Ombudsman**