DRN-3353753

The complaint

Ms E is unhappy Chase de Vere Independent Financial Advisers Limited (Chase de Vere) charged her for new advice on existing investments as this isn't something she agreed or knew about. Additionally, she's unhappy she didn't receive income from investment funds which she had expected following Chase de Vere's recommendations.

Ms E also complains Chase de Vere failed to transfer her stocks and shares ISA to a separate platform when they took over management of her portfolio. She said this meant commission continued to be paid to her previous advisor.

Additionally, Ms E is unhappy she didn't receive the enhanced level of service which she paid for as she didn't receive fund alerts, e-newsletters or budget updates.

What happened

The background of this complaint has been set out previously and isn't disputed by the parties. Briefly, Ms E instructed Chase de Vere in February 2018. She had her first annual review in May 2019. Following this review, Ms E raised several points during complaint correspondence. She said:

- A copy of the client service agreement should have been given to her during the initial meeting, she did not receive the client service agreement letter and she did not agree to an additional fee for new advice on existing investments;
- The stocks and shares ISA wasn't transferred to the new platform with the new pay structure, so commission continued to be paid to her previous advisors;
- She didn't receive income as expected from some of her funds; and
- She didn't receive the enhanced level of service because she had received no alerts, e-newsletters or budget updates.

Chase de Vere responded to the complaint in September 2019 and met with Ms E in November. They didn't uphold the complaint and set out their reasons why. So, Ms E asked us to investigate. The Investigator issued his view explaining why he felt the complaint shouldn't be upheld. Ms E didn't accept the Investigator's view. She was very concerned about the service which was provided and set out her reasons for this.

On 25 February 2022, I issued a provisional decision. I said:

> *Accumulation/Income Funds*
>
> *Chase de Vere say that the investment was set to accumulate rather than to produce income as a result of an error by their administration team. This meant*

returns were reinvested rather than paid out to Ms E. I have reviewed the recommendation letter from 14 February 2018, and I agree that Ms E expected to receive income from funds she was invested in. She expected to receive approximately £2,300 but has told us she only received around £300. Therefore, I do agree something went wrong here.

However, I'm not persuaded Ms E has suffered a financial loss. I appreciate what she has said about drawing down on her savings to make up the shortfall. However, I can see from the recommendation letter that she expected to receive the majority of her income from investments held within a discounted gift trust (DGT). Also, the returns were reinvested. Therefore, Ms E has still experienced a benefit even if this wasn't in the way she expected. Additionally, I can't see the problem was raised until after the review in April 2019. Therefore, I'm unable to conclude Ms E has suffered a financial loss.

I've reviewed Ms E's email to the adviser which was sent on 1 May 2019. She asked what had happened because she thought she had switched the previous year. Chase de Vere responded on 14 May and explained that it seemed the old funds were not switched into income share classes and only one of the funds was paying out. The advisor explained that he could investigate this, and he'd move all the other funds to income share classes. There was further correspondence about this including an email from the advisor on 28 May when he confirmed she would get confirmation from the platform once the switches had happened.

In the email from 28 May 2019, the advisor also confirmed he had passed the issue to the complaints team. On 10 July Ms E contacted the advisor to let him know she hadn't heard anything from the complaints department, and she hadn't received notification to confirm she would now be receiving income. The advisor responded the following day and confirmed that the investments were switched, and she could expect to receive income in July. He also confirmed he would chase up the complaints team.

On 15 July 2019, Chase de Vere wrote to Ms E to explain there had been an error, but this had been corrected and there was no financial loss. I can see the letter did come from someone in the complaints team and I'm satisfied they sought to respond to the issues raised and an investigation had occurred. So, I don't think Chase de Vere have done anything wrong in respect of responding to the issues raised. Although this particular letter may have taken longer than Ms E expected, the correspondence shows the advisor already sought to address and correct the concerns raised in a timely manner.

Overall, I do agree something went wrong here and that Ms E didn't receive the income she had expected from these funds. I appreciate what she has said about having to draw down on capital. But I can't see it was raised with the business before the annual review and I also recognise she expected to receive a more significant amount of income from the investments she held within her DGT.

Charges

I've reviewed the client services agreement which was signed during the initial meeting on 12 February 2018. Ms E has said she didn't receive a copy of this until May 2019. She also says she signed the first page and the fees weren't transparent. However, at the top of the service agreement Chase de Vere stated

the service agreement and terms of business made up their contract with Ms E. Also, that Ms E should ensure she reads both documents before consenting. I can see she signed this document and I'm minded to say she understood what documents were relevant to engaging the service of Chase de Vere and could have requested them at any time. I can't see she did.

Chase de Vere have also provided a copy of a letter dated 14 February 2018, which Ms E explained she did not receive. I've checked the address and can see it was correct. The advisor also confirmed that he recalled drafting the letter. I appreciate what Ms E has said about the advisor's assistant who would have been responsible for sending it. But on balance I'm satisfied it's likely it was sent as it is usual for assistants to send out correspondence drafted by advisors. Also, I'm content it was drafted at the time and dated correctly.

As Ms E says, I appreciate it would have been helpful if they had sent it recorded delivery. But I don't think it is unreasonable they didn't. As Chase de Vere have explained, it would not be commercially viable to send all such post to clients via recorded delivery. Moreover, I can see the service agreement was referenced in later correspondence including financial planning reports sent in March and May 2018. So, I think Ms E had the opportunity to ask for further information and could have realised she hadn't received it.

With this in mind, I've considered the information set out in the letter. They set out the fee for the enhanced service as well as the annual fee for ongoing monitoring and valuation. Also, I can see they confirmed that they had agreed an additional fee of 2% for any new advice on existing investments needed to preserve Ms E's original investment objectives. They explained this charge would be based on the value of investments effected. So, I'm content Chase de Vere set out their charge for new advice and it was reasonably clear that this was a separate charge to the ongoing service charge.

Also, I've reviewed the terms of business and I can see that Chase de Vere confirmed it may be necessary to ensure that existing investments recommended continue to meet the original objective and new advice may be necessary. They explained new advice included a range of different activities and the charge would be based on a percentage of the amount of investment affected. This information was consistent with the information in their agreement letter.

Moreover, Ms E has also said they've changed the agreement to make the charges clearer. However, I'm not persuaded this in itself means they acted unreasonably when providing information in 201 on to agree a reduced fee with Ms E for new advice.

Overall, I'm persuaded by the evidence I've seen that it's likely the service agreement and terms of business were sent. In any event, later references to these documents gave Ms E the opportunity to request any information which might have been missing. Whilst I can't explain why Ms E didn't receive the letter, I'm content Chase de Vere took reasonable steps to ensure their charges were clear when Ms E instructed them.

Transfer of stocks and shares ISA

I've considered the evidence and I appreciate there were difficulties with transferring the stocks and shares ISA on to the platform. The advisor emailed Ms E in May 2018 and explained that the platform had applied for the funds for transfer and it would be a cleaner share class as with her other investments.

I've seen Ms E emailed the advisor about this on 26 June 2018. The advisor responded the following day and explained they were re-registering the fund to the platform when they would be switched to an income share class. They said they did this electronically on 22 June and the platform was waiting for the funds to come across. I've seen a confirmation email from the platform in July 2018.

The advisor wrote to Ms E on 19 July 2018 and I understand this followed a telephone call on the previous day. He explained that the platform had been unable to carry out an in specie transfer because the fund held was an older commission paying share class. The platform did not deal with these share classes. I understand the platform could execute a cash transfer and rebuy the fund as a commission free share class. There was some enclosed documentation which needed to be signed in order to facilitate this.

I haven't seen any further correspondence about the transfer until Ms E contacted Chase de Vere on 10 September 2018 and asked why it hadn't happened yet even though she had already sent the forms back. The advisor responded the following day and said the platform's representative explained they were having difficulty with the re-registrations and they recommended re-applying at the end of September. I can't see this was followed up until after the next review.

In May 2019, Ms E emailed about a number of issues following the review. This included the transfer. She asked why this hadn't happened yet. On 15 May 2019, the advisor said he had already sent a copy of the communication with the platform. He also explained commission continued to be paid because she was set up with the old-style commission paying share class. He said this wasn't switched, even though they had tried to do so by moving it to the new platform. I understand Ms E made the decision to move it to a cash ISA.

Overall, I think there may well be some delay here and the evidence doesn't currently convince me that Chase de Vere acted as promptly as they could have done. However, some of the delay appears to be outside of Chase de Vere's control and as a result of the fund being held in the old share classes which weren't dealt by the platform. The evidence does show that Chase de Vere genuinely attempted the transfer.

Additionally, whilst I can see Chase de Vere responded to Ms E's requests for an update, I'm minded to say they could have done more to update her particularly after September 2018. In the final response, Chase de Vere have said it was agreed the re-registration would be looked at during the next review. However, Ms E said she didn't know this or agree she was happy to wait. I've not seen copies of correspondence to support their position here.

However, I'm not convinced Ms E suffered a specific financial loss. It does seem there were genuine difficulties and a decision was made to ensure Ms E remained

invested and this meant keeping the old share classes. This seems a sensible decision because it avoided the risk of missing out on potential gains from the investments, even though it meant that the funds remained in the old share classes which paid commission. As mentioned previously, I'll consider any further evidence the parties may wish to provide.

Enhanced level of service

I've reviewed the client service agreement letter dated 14 February 2018. I can see she agreed to pay 1% per annum of her funds under management for an enhanced service. I appreciate Ms E didn't receive this letter. However, I've previously concluded it was likely to have been sent. In this letter, Chase de Vere set out what she could expect to receive as part of the enhanced service.

For example, I can see Chase de Vere explained the enhanced level of service was best suited to clients who, because of their personal circumstances and the nature of the financial planning services provided, have a requirement for a level of ongoing interaction with their financial advisor. The advisor confirmed he would continue to act as Ms E's day-to-day contact. As far as I can see, Ms E was able to contact the advisor who often responded promptly.

In addition to this, Chase de Vere confirmed that Ms E could expect to receive other things. This included fund alerts, e-newsletters and budget updates. Unfortunately, Ms E wasn't receiving them and contacted Chase de Vere to let them know in June 2019. The advisor responded the following day to ask if she could check if they had been sorted in to spam. I also understand this was resolved and Ms E started to receive the alerts.

Having considered the evidence, I agree Ms E could have expected to receive the alerts. Chase de Vere aren't able to explain why she wasn't receiving them. But when she raised it with them it seems to have been resolved. Therefore, I'm minded to say Chase de Vere acted reasonably because Ms E started receiving the alerts once she'd raised this issue with them. It also seems she received other aspects of the enhanced level of service.

Therefore, I concluded that there was an error which meant Ms E didn't receive income from some of the investment funds as she had expected. There was also delay transferring Ms E's investment and I would have expected to see Ms E kept better informed of this. I said Chase de Vere should pay Ms E £200 compensation and that this was fair and reasonable in all the circumstances.

I gave both parties the opportunity to respond. Ms E didn't accept the conclusions I outlined in my provisional decision. She was concerned I hadn't seen an email she'd sent our service on 22 October 2020 including the supporting attachments. She said this shows when she complained to Chase de Vere about another issue, they initially denied a financial loss had been caused. She said this demonstrated how they dealt with complaints. I've provided a brief summary of her response below.

In respect of not receiving income, Ms E said:

- She had a financial advisor because of her circumstances and the lack of income provision following her divorce. Her pension allowance was small and the income

from the investments was necessary.

- The unnamed deposits trickled into her account, so it was impossible to know she wasn't receiving all the income as expected. She said the name of the fund also wouldn't have alerted her and there was no IT access from the new platform for some time. She had to raise it in the annual review, and she doesn't feel she should be the one responsible for spotting the error.

Ms E also said the following about the transfer:

- Fees continued to be paid to her previous advisor and she made repeated requests between May and September 2018 for the transfer to go ahead. She understood this would happen at the end of September. But Chase de Vere failed to follow this up. There was no agreement to wait until the end of the year.
- The new platform had taken over the platform previously holding the ISA and so there was no access. She said it was an amalgamation and there was no separate platform.
- Ms E wasn't prepared to leave it any longer, so she removed the investment when it was worth less than when she instructed Chase de Vere.

In respect of the charge for new advice on existing investments, Ms E said the following:

- The contract signed on 12 February 2018 didn't include the charges for ongoing advice and Chase de Vere gave the contract in two halves (one in the meeting and one posted). She said the terms of the ongoing advice were not communicated to her. And none of the documents (including the financial planning report dated 1 March 2018 and terms of business) referenced a client service agreement letter being posted. She said she was unable to ask for something she didn't know existed and she would expect to see evidence she knew about it (or knew about the charge for new advice on existing investments. Also, she said this meant she was asked to sign an incomplete contract and there was no transparency.
- The terms of business referred to in the letter was a separate brochure. Also, the charges in the terms of business were structured differently to the ones she agreed.
- There is only a small expense which would be incurred in sending an important document as 'signed for'. She said it would be commercially viable to send this very important document by recorded delivery. Also, that proof of postage is free.

Additionally, in respect of the enhanced level of service, she said:

- There were no budget updates for over a year despite informing Chase de Vere this was happening and asking them to sort it out.
- She said she didn't receive a second-year financial report at all, although they took the management fees when they moved her to a new advisor. She left after two and a half years because of the ongoing errors.

Chase de Vere said they had nothing further to add. As both parties have had the opportunity to comment, I've proceeded to issue a final decision on the matter.

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.

Ms E's response to my provisional decision includes reference to her email which she sent to our service on 22 October 2020. I would assure her that I have considered the content of her email and I also did so when reaching the conclusions as outlined in my provisional decision. As explained, I understand she wanted to demonstrate how Chase de Vere dealt

with a separate complaint and how they initially denied she had suffered a financial loss. I understand her comments here. However, for the reasons set out in my provisional decision and expanded on below, I'm not satisfied she has been caused a financial loss as a result of the issues I've looked into here. And how Chase de Vere dealt with a separate complaint, isn't sufficient to persuade me that a financial loss has occurred in this instance.

Accumulation/Income Funds

As well as all the evidence and arguments received, I've considered the reasons why Ms E does not agree with my conclusion regarding the lack of income she received from the ISA investments. I would assure Ms E that I agree the error shouldn't have occurred in the first place and it wasn't her responsibility to highlight it. I also take on board what she has said about being in a position to notice the error prior to the first annual review and that she did need the income. I did acknowledge the frustration this must have caused Ms E. But in my provisional decision I also set out reasons why I didn't feel Ms E should be compensated for a financial loss here. For example, the funds were reinvested, and she also expected to receive income from the DGT. Therefore, I see no reason to reach a different conclusion on this issue.

Charges

I've also considered her comments about the information she had about the charges. I understand what she has said about not being able to ask for something she wasn't aware of and what she's said about the information in the terms of business. However, I'm content for the reasons set out in my provisional decision that Chase de Vere reasonably sought to inform her of their charge for new advice on existing investments. I also explained why I'm content Chase de Vere used a reasonable method to send the initial letter with the charges outlined. There's no reason for me to conclude Chase de Vere are responsible for the letter not actually being received by Ms E.

Transfer of stocks and shares ISA

Additionally, I've also thought carefully about what Ms E has said in respect of the transfer. I also note what she has said about the amalgamation of the two platforms. Having done so, I'm content with my conclusion as outlined in my provisional decision. I explained why there seemed to have been some delay and a lack of updates in respect of the transfer and this remains the case. I also set out what I felt the impact of this had been. The evidence and comments I've seen don't persuade me I need to alter my conclusion as set out in my provisional decision.

Enhanced level of service

Again, I've considered the comments and evidence I have in relation to the service Ms E received. I appreciate there were issues here and I recognise that she hadn't been receiving the alerts and updates as expected. However, it does seem Chase de Vere reasonably resolved the issue of Ms E not receiving alerts based on what I've seen and when the evidence shows they first understood there was an issue.

Ms E has also commented to say she didn't receive a financial report for the second year Chase de Vere were instructed. The merits of this haven't been looked into as part of this complaint and Chase de Vere would need the opportunity to respond. But I can say that at the time of making the complaint which forms the scope of this investigation she had received confidential planning reports (dated 1 March 2018, 30 May 2018 and 1 May 2019). So, again I'm not persuaded its necessary to change my conclusion.

Overall, I appreciate my decision will be very disappointing to Ms E as she has explained why she disagrees with my conclusion. However, I have thought carefully about all the

evidence and comments that both parties have provided. Having done so, I see no reason to depart from the conclusion I reached in my provisional decision.

Putting things right

There was an error which meant Ms E didn't receive income from some of the investment funds as she had expected. There was also delay transferring Ms E's investment and I would have expected to see Ms E kept better informed of this. To acknowledge these service issues Chase de Vere should pay Ms E £200. This is fair and reasonable in all the circumstances.

My final decision

For the reasons set out above, Chase de Vere Independent Financial Advisors Limited should pay Ms E £200.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms E to accept or reject my decision before 25 April 2022.

Laura Dean
Ombudsman