

The complaint

Mr and Mrs B, as trustees of the O Trust, complain about the service they received from LGT Vestra LLP when trying to open an investment account.

What happened

Mr and Mrs B, as trustees, were prospective clients of LGT Vestra. They were looking to open an account and invest trust funds offshore. Throughout the onboarding process, in 2020, Mr and Mrs B raised questions over the terms of business they had received. After meetings with different people, including legal counsel, at LGT Vestra the account agreements were signed in December 2020. However, by 10 February 2021 the account hadn't been opened.

Mr and Mrs B queried the slow progress that was being made, as well as why they were being asked about their strategy that had been clear at the start of conversations. Following this, LGT Vestra decided Mr and Mrs B would likely be served better by a different investment manager. So, it decided not to accept Mr and Mrs B as clients.

I sent my provisional decision on 10 August 2022. I explained I intended to uphold this complaint and intended to direct LGT Vestra to pay Mr and Mrs B £200 compensation for the trouble and upset it caused them. The relevant extract from the provisional decision is copied below and forms part of this decision.

Extract from the provisional decision

"I think LGT Vestra needs to pay Mr and Mrs B compensation for the inconvenience and frustration caused. I don't however think it should pay anything for the trust funds not being invested whilst Mr and Mrs B sought a new investment manager. I'll explain why.

I first want to explain that LGT Vestra were under no obligation to open an account for Mr and Mrs B. It was free to make that decision and it chose to do so. It told Mr and Mrs B that this was its decision and I don't think it was necessary to explain its reasons. I do appreciate that the decision came as a shock to Mr and Mrs B but it was a decision LGT Vestra was entitled to make. I'm aware Mr and Mrs B understand this. But it is because of this, that I don't think it's fair for LGT Vestra to pay compensation for the time the trust fund wasn't invested. I appreciate it took a further four months for Mr and Mrs B to find a new investment manager and invest the funds, but the compensation they are asking for is for LGT Vestra's failure to provide a financial service. In these particular circumstances I don't think it would be fair and reasonable to have expected LGT Vestra to provide a service it had no obligation to and chose not to. It follows that it wouldn't be fair to expect LGT Vestra to pay Mr and Mrs B for the lack of that service.

Mr and Mrs B's main complaint points focus on the conflicting nature of LGT Vestra's terms of business. But this service isn't the regulator and we can't tell businesses how to operate. We look at individual complaints and in this case, Mr and Mrs B didn't end up being clients of LGT Vestra, so the terms didn't apply to them as they didn't invest. I do note that LGT Vestra involved its legal counsel when Mr and Mrs B highlighted the issues with the terms of

business, and this ended in a letter of comfort being agreed by all parties. So, I think LGT Vestra listened to Mr and Mrs B and acted fairly in reaching a conclusion on how to move forward by doing this.

However, prior to LGT Vestra making the decision not to work with Mr and Mrs B, I can see that it caused them inconvenience. Mr and Mrs B were asked to provide information about the source of the funds – information that had already been provided. They were also asked about their strategy and why they wanted to invest offshore – despite it being clear that they had received advice on the strategy. This was all asked after the months of discussions around the terms of business. At this point, I think it's clear these actions caused Mr and Mrs B inconvenience and frustration.

I can also see that LGT Vestra told Mr and Mrs B for a couple of months that the account was in the final stages of being set up. It then told Mr and Mrs B that they should go elsewhere but later in the year Mr and Mrs B received portfolio statements. This shows that an account was set up prior to LGT Vestra deciding to terminate the relationship. Given Mr and Mrs B weren't told about that, I think receiving this information would've caused additional frustration. So I think LGT Vestra should pay £200 compensation for the distress and inconvenience it's caused Mr and Mrs B.

I appreciate this outcome will be disappointing for both parties but I hope I've explained why I've come to this outcome. In summary, I think LGT Vestra could've treated Mr and Mrs B better but it's entitled to decide not to accept them as clients. And I don't think it would be fair to ask LGT Vestra to compensate Mr and Mrs B for the financial effects of this."

Responses to the provisional decision

LGT Vestra didn't provide a response to the provisional decision. Mr and Mrs B responded to say they were pleased it was upheld but felt the underlying issues hadn't been addressed. They said the crux of the complaint is what led to LGT Vestra choosing not to work with them.

Mr and Mrs B's response was detailed, but to summarise they felt it was concerning that LGT Vestra was unwilling to change its documentation that they had identified issues with. They talked about how there were obvious conflicts between the terms of business that LGT Vestra had asked them to sign. Mr and Mrs B had also received documents from a Subject Access Request and highlighted inaccuracies in information that LGT Vestra had submitted. They also felt that given they did sign agreements, and had received advice, that they were clients of LGT Vestra.

Mr and Mrs B reasserted that the whole experience had cost them in stress and time. They also explained that it took around five to seven months to open a Trust account with a different firm but felt four months of compensation for loss of investment growth was fair and reasonable.

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.

I'd like to assure both parties that I've read all submissions to this service and reached my outcome based on all the information. I have read in detail Mr and Mrs B's submissions in response to my provisional decision. And I understand that the crux of their complaint are the events that led to LGT Vestra not continuing a business relationship with them. I can see

they're frustrated, having received documents as part of a Subject Access Request, at what LGT Vestra had submitted.

I do appreciate Mr and Mrs B's disappointment in how LGT Vestra has referred to them, including their attitude. And I also accept that Mr and Mrs B always felt the people at LGT Vestra were professional, but the underlying issues they had with the terms of business were their biggest complaint point. Mr and Mrs B have made it clear that they believe LGT Vestra put them in this position because they raised issues with the terms of business and interpreted them as being "awkward".

However, whilst I appreciate the crux of the issue are the events leading to LGT Vestra deciding not to proceed with opening their accounts, because it has no obligation to do so, I've reached the same outcome. Fundamentally, LGT Vestra exercised its right not to open an account and even if that was because Mr and Mrs B pointed out shortcomings in its documents, it was entitled to exercise this right. Mr and Mrs B say they referred the issue about the Terms of Business to the regulator and it's the regulator that's best placed to investigate these specific issues.

Whilst I sympathise with Mr and Mrs B, my decision remains unchanged. I can see LGT Vestra asked Mr and Mrs B for information it already had, as well as sending out portfolio statements when it said the onboarding hadn't completed. For this I still believe the redress I set out of £200 compensation is fair and reasonable. But LGT Vestra decided not to continue a relationship with Mr and Mrs B, and it's entitled to do this (even if this is because of the reasons Mr and Mrs B believe). So, it wouldn't be fair for me to direct LGT Vestra to pay for the financial effects of making a decision it's allowed to make.

I do understand that I referred to four months as the period it took for Mr and Mrs B to open a new account after LGT Vestra decided not to do so. Mr and Mrs B have clarified it took between five and seven months but they felt four months was a fair time period. I acknowledge this but for the reasons I've explained, this doesn't change my decision.

My final decision

I uphold this complaint. LGT Vestra LLP must pay Mr and Mrs B, as trustees of the O Trust, £200 compensation for the trouble and upset caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs B as trustees of the O Trust to accept or reject my decision before 7 October 2022.

Charlotte Wilson
Ombudsman