

The complaint

Mr L complains that he hasn't received any advice from Cheshire Trafford UK Limited since November 2018, and little contact, but that it's continued to charge him fees. He wants the fees refunded and compensation for the loss of potential investment return.

What happened

Cheshire Trafford provided investment advice to Mr L for investments held in his pension, ISA, and investment bond accounts. It charged him advisor fees and it received trail commission from his investments.

Mr L told us he received advice from different advisors up until 2017. His appointed advisor left Cheshire Trafford in November 2018. A new advisor made contact in May 2019 to arrange a meeting, but a meeting didn't take place and he then left. Another new advisor contacted him in March 2020, but he then left. A new advisor contacted him in January 2021 and a meeting did take place. He says the advisor apologised that Mr L hadn't received the service he should have and offered a partial fee reimbursement. He received an acknowledgement of his complaint, but no further contact until he received a letter in September 2021 telling him Cheshire Trafford was going to be sold.

Mr L says fees continued to be debited until 27 October 2021.

Cheshire Trafford didn't provide a full or final response to Mr L's complaint and it didn't provide us with any information, despite numerous requests.

Our investigator recommended that the complaint should be upheld. He thought Mr L should be given the current value of the units sold between November 2018 and the account closure that were used to fund the advice fees. And he thought Mr L should be paid £150 for the inconvenience caused.

Cheshire Trafford didn't respond.

Mr L provided a summary of the fees he'd been charged in each of his accounts, and the trail commission, which totalled £5,216.55 for the period 1 November 2018 to 28 October 2021. He said, in addition, he should also be compensated for the loss of growth in his investments because of Cheshire Trafford's lack of management.

My provisional decision

I agreed with the investigator that the complaint should be upheld, but I thought the compensation should be adjusted slightly. I said:

It's disappointing that Cheshire Trafford hasn't provided us with any information about this complaint. In cases like this, where the evidence is incomplete, I reach my decision on the balance of probabilities – in other words, what I consider is most likely to have happened in light of the available evidence and the wider circumstances.

I'm satisfied from what Mr L has told us that he didn't receive the service he paid for from Cheshire Trafford for the period from November 2018. And that during this period he received minimal contact from Cheshire Trafford and no advice. It's not fair that he's paid for a service that he didn't receive, and I agree with our investigator that the fees should be reimbursed. Our investigator recommended that Cheshire Trafford repurchase the investments which were sold to meet the fees. But, from the information Mr L has been able to provide, it's not particularly clear whether investments were sold solely for the purpose of meeting Cheshire Trafford's fees. And, because of the length of time involved and the lack of engagement from Cheshire Trafford, it's likely to be difficult for it to produce an accurate reworking of his accounts. In the interest of resolving matters for Mr L, I think it would be fair and reasonable for Cheshire Trafford to reimburse the fees that it received - £5,216.55 – and pay interest at 8% simple per annum from the date the fee debited Mr L's account to date of settlement.

Mr L says he should also be compensated for the potential loss in investment returns because he wasn't receiving suitable investment advice. Cheshire Trafford didn't carry out any reviews to know if Mr L's circumstances had changed, or if his investments remained suitable for him. But I've not seen enough evidence for me to conclude that his investments were unsuitable. And I can't say what investment advice Cheshire Trafford would have provided, and whether that advice would have resulted in higher investment growth. Equally if Mr L had chosen to approach a different adviser, I can't conclude with any certainty that the alternative adviser would have recommended investments that led to a better return than that which was actually achieved. For these reasons, I won't be awarding compensation for loss of investment growth.

I agree with our investigator that £150 is fair and reasonable compensation for the distress and inconvenience Mr L's been caused.

Mr L said he thought £150 was low, but that it was offset by the reimbursement of fees plus interest, so he accepted my provisional decision.

Cheshire Trafford didn't respond.

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.

As neither party has provided any new information, I see no reason to depart from my earlier conclusion.

My final decision

My final decision is that Cheshire Trafford UK Limited should:

1. Reimburse Mr L for the fees it received for the period from November 2018 to date – a total of £5,216.55.
2. It should pay interest at 8% simple per annum on each fee from the date it debited Mr L's account to the date of settlement. *

3. Pay Mr L £150 for the distress and inconvenience caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 17 November 2022.

Elizabeth Dawes
Ombudsman