

The complaint

Mr T complains that LEBC Group Limited (LEBC) failed to provide advice to him in good time and didn't respond to queries despite him paying fees for ongoing services. He would like the fees refunded and compensation for the inconvenience caused.

What happened

Mr T had dealt with LEBC for a number of years, with it advising him on all aspects of his personal finances. He says his agreement provided for ongoing services including reviews of his investments and recommendations where appropriate. In February 2021 Mr T asked LEBC for a review meeting. Meetings were held on 26 February and 12 March 2021. At the second meeting, his investments and pension benefits were discussed with cashflow forecasts showing lower benefits in retirement than Mr T expected, concerning him. He forwarded the adviser further information the same day, along with his own calculations. He expressed concern that these differed significantly from those presented by the adviser.

On 15 March 2021 Mr T sent updated calculations and asked if these were correct. The adviser didn't respond, and he emailed again on 1 April 2021 saying he hadn't received any report or analysis. He also confirmed he had funds to invest and wanted to know whether to make an ISA subscription or reduce his mortgage.

The adviser replied that day saying he was on holiday until 8 April 2021 but confirmed Mr T could open a Cash ISA to preserve his annual allowance before the tax year end. Mr T responded on 5 April 2021 asking why this was the best option. He says as there was no response, he terminated the relationship with LEBC on 4 May 2021.

Mr T raised a complaint with LEBC in January 2022 about delays. He asked for a refund of charges for the year 2021/21, compensation and an apology. LEBC rejected the complaint. It said the client agreement provided for an annual review and not ad hoc advice. It said it had already provided him with services agreed in 2020/21, with a further review not due until August 2021. It said general guidance may have been given but recommendations hadn't been made. And any recommendations made would have been subject to additional charges above the ongoing fees.

Mr T referred his complaint to our service. Our investigator looked into it, and he upheld it in part.

Our investigator said LEBC had held meetings with Mr T during the year and provided reports and information. These were the services set out in the client agreement in place, so refunding the charges for the year wasn't fair. But he said LEBC had failed to address Mr T's concerns over the forecasts provided, causing him worry. And it hadn't responded properly to his requests for assistance as tax year end deadlines approached. Our investigator said there had been ample time for LEBC to respond to Mr T's queries about this before he cancelled the agreement in May 2021. He said it was fair that LEBC pay compensation for the distress and inconvenience caused of £150.

Mr T said he agreed with our investigators view.

But LEBC didn't reply to our investigator, so it has come to me to decide.

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 am upholding the complaint in part.

I understand Mr T's frustration about what has happened, but I haven't seen any evidence that LEBC hadn't provided the services set out in the client agreement with him. The agreement was signed by him on 24 February 2019. It sets out what will be provided in return for an annual fee of 0.5% of the value of his investments.

These were "*portfolio governance*", described as:

"recommendations for a suitable multi-asset fund that meet your needs and risk profile ... After each periodic review, the fund is reviewed."

And an "*Ongoing Review Service*". This was to be provided annually but the agreement doesn't set out when in the year this will take place. The review process outlined is an update on the investments held, an assessment of Mr T's circumstances, ensuring the portfolio "*governance still meets*" his needs, the provision of recommendations where appropriate. And to "*Detail any other services agreed*".

So, I think what LEBC had undertaken to do in the agreement was to review the existing investments and recommend adjustments as required in respect of them rather than offering a full financial review or deal with new advice requirements.

Mr T says he wasn't provided with a report after the March 2021 meeting unlike previous years. Following a review, even if the advice was to make no changes, I'd expect that to be confirmed in writing. LEBC says Mr T's arrangement was reviewed in August 2020, without a report being sent. However, a report and recommendation were sent on 28 May 2020. This covered the period from 28 May 2019 to 28 May 2020, following a review meeting in March 2020 and recommended that no changes be made. So, the next "formal review" summarising charges and recommendations on the existing investments may not have been due until 28 May 2021, after Mr T had terminated the relationship.

And the 28 May 2020 report makes no reference to cash flow modelling or forecasting. LEBC's "*Client Charter*" brochure does refer to a number of a services that clients "*can benefit from*" as part of ongoing reviews, including cashflow modelling. But this appears to be available at a higher cost of 0.75% rather than the 0.5% here.

So, I think LEBC was providing the services set out in the agreement. That means it isn't reasonable for me to tell it to refund the fees for the year. But it also seems it was providing other information, which Mr T had queried, and he was also awaiting recommendations from it that it didn't properly respond to. I think it's likely these matters fall under the "*Detail any other services agreed*" part of the service.

It isn't clear what was agreed about this, but Mr T's emails show he was anxious about the issues. The adviser did respond apologising for the delay over the forecasting queries and made a holding suggestion in respect of the ISA subscription in view of tax year end deadlines. But then didn't respond further.

I think LEBC did have adequate time to come back to him on these issues before the agreement was terminated. And it should have either clarified the information and advice it would provide. Or set out the basis on which it could do this if, as it appears, this wasn't covered by the existing agreement. Mr T was clearly concerned, and I think the failure to reply caused him distress and inconvenience that could have been avoided.

Putting things right,

I don't think LEBC has treated Mr T reasonably. And I think it's fair that it should pay him £150 in compensation for the distress and inconvenience it has caused, which is in keeping with awards our service would make in similar circumstances.

My final decision

My final decision is that I uphold the complaint against LEBC Group Limited in part.

I direct LEBC Group Limited to pay Mr T £150 in compensation for the distress and inconvenience he has suffered.

LEBC Group Limited must pay this compensation within 28 days of the date on which we tell it Mr T accepts my final decision. If it pays later than this it must also pay interest on the compensation from the date of my final decision to the date of payment at 8% a year simple.

If LEBC Group Limited considers that it's required by HM Revenue & Customs to deduct income tax from any interest paid, it should tell Mr T how much it's taken off. It should also give a certificate showing this if Mr T asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 22 March 2023.

Nigel Bracken
Ombudsman