

## **The complaint**

Mr and Mrs A complain about how Rathbone Investment Management Limited (Rathbones) have managed their investment accounts.

## **What happened**

Mr and Mrs A have held investment accounts within a discretionary portfolio management service with Rathbones since 2019. Holding investments inside and outside of ISAs.

In July 2022 they complained. They said they were unhappy with the investments made within their portfolios since November 2021. In particular, they said that the investment managers had acted negligently and not protected them against devastating losses. They said that the investments were done on the proviso that they were in undervalued companies, but said this had not been done.

Rathbones responded in September 2022. They said they didn't agree the investment managers had acted negligently. They said that despite illness, alternative arrangements had been provided. They also said that despite challenging market conditions, they were satisfied that investments had been made in accordance with their circumstances and objectives.

Mr and Mrs A remained unhappy and brought their complaint to our service for an independent review. An investigator looked into it. She said that she couldn't uphold a complaint regarding fund performance with the benefit of hindsight. But that she was satisfied the investments were suitable and matched Mr and Mrs A's circumstances and attitude to risk at the time.

In response Mr and Mrs A stated that the losses (which they equated to be approximately 24% in this period) were not acceptable despite their attitude to risk. They believe there was gross incompetence from the investment managers. Rathbones responded with updated performance data for the period in question, which neither they nor the investigator thought impacted the outcome of the case. They maintained there was no incompetence and investments were made with a long-term outlook and to Mr and Mrs A's agreed investment policy. They said the portfolio was transferred out following instruction in September 2022.

As no agreement was reached, the case has been passed to me for a decision.

## **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 have come to the same conclusion as the investigator. Let me explain why.

Firstly, I do want to empathise with Mr and Mrs A and the considerable losses they say they

have suffered. I am also sorry that you have had to wait this long for an answer on your complaint.

I appreciate Mr and Mrs A will not be happy with the overall performance of their investments and in particular those made after November 2021. But complaints about investment performance alone, with the benefit of hindsight, is not something that our service would consider. The performance of an investment is dependent on market movements and isn't something that a business can predict, control or guarantee.

However, what I can consider is whether the investments made within the discretionary managed portfolio were suitable. Mr and Mrs A are unhappy with eight stocks purchased within Mrs A's main fund from November 2021 and fourteen investments made in Mr A's main fund and ISA fund from the same time. I have considered Mr and Mrs A's circumstances and policy objectives at this time.

The discretionary relationship started in 2019 following a sale of a business and a desire to invest proceeds of approximately £700,000 from that. Mr and Mrs A were recorded at the time as having pension investments worth over £1,150,000 and they owned their own home with a value of approximately £1.4 million. They also were recorded as having over £1,000,000 as liquid reserves. Mr A already had investment experience with assets such as bonds, funds and investment trusts. The agreement was that the portfolios would be managed together.

£200,000 was added to the portfolios for investment in November 2021. Their risk rating was level 6 out of 6. Mr and Mrs A were willing to take a higher level of risk in return for a higher potential reward. As the investigator highlighted in her view, in the risk rating questionnaire they disagreed with the statement *'I would worry about losing money on the stock market.'* And strongly agreed with the statement *'If there's a chance of making better long-term returns, I'm prepared to take an investment risk'*. Considering these circumstances, objectives and their attitude to risk, I am satisfied that the investments made during this period were suitable.

Mr and Mrs A have further argued that the investment shouldn't have been made, as the £200,000 investment was only done on the proviso that it was into undervalued companies. However, having considered all the available evidence, I don't agree that was the case. Prior to the £200,000 top-up, Mr A requested a consideration of *"maybe looking at undervalued companies in particular as I feel the stock market is ready for a correction..."*. I haven't seen anything to show that the investment manager agreed only to invest in this way and confirmed he would be looking at growth stocks. I can see Mr A confirmed, *"I will be guided by you"*. I don't believe there was a proviso to invest in only undervalued stocks. Rathbones have provided due diligence on all the stock purchases, which shows the consideration and thoughts behind the investment manager and research teams selections and I think they acted appropriately.

Mr and Mrs A have also complained that their main investment manager was suffering from ill health at the time and this impacted his quality of work and meant he shouldn't have been investing on their behalf. I haven't seen anything to conclude that was the case. Investments are made through a team and following researcher due diligence on funds and stocks. All investments were made following this and I have seen anything to show that the investment manager didn't act in accordance with this or negligently due to ill health.

In summary, I am satisfied that the investments made from November 2021 were suitable for Mr and Mrs A considering their circumstances, needs, objectives and risk profile. I haven't

seen any evidence to conclude that the investment manager acted negligently, despite being faced with ill health.

### **My final decision**

My final decision, for the reasons set out above, is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs A and Mr A to accept or reject my decision before 13 March 2024.

Yoni Smith  
**Ombudsman**