

The complaint

Mrs A has complained that her adviser at Quilter Financial Services Limited ('Quilter') has coerced her into making payments and money has been taken from her bank account without her permission. Mrs A says the investments have performed badly and she has suffered a loss of £100,000. As a result, she has a shortfall in her monthly income which she needs to finance her retirement.

What happened

Mrs A had an ISA account and Collective Investment Account ('CIA') with Quilter. The advice to invest had been given by a different business so Quilter is not liable for any advice prior to Mrs A becoming a client in October 2017. In October 2017 the CIA was valued at £120,338 and the ISA at £104,393. Mrs A was withdrawing £1,000 each month.

In December 2021 Mrs A's adviser – an appointed representative of Quilter – decided to no longer offer his services to Mrs A as he considered her to be 'vulnerable' and didn't wish to advise her without a third-party present. As a result, Mrs A closed her account.

Mrs A was concerned about actions taken on her account and raised a complaint with Quilter. In its response to Mrs A's complaint it said the following;

- It provided a timeline of events of Mrs A's accounts and detailed all the cash movements.
- Mrs A had made an overall profit.
- It explained the fees and charges that had been incurred on the account.
- Its opinion was based on the documentary evidence available. It didn't uphold the complaint.

Mrs A wasn't happy with the outcome and Quilter brought her complaint to the Financial Ombudsman. Our investigator who considered the complaint didn't think it should be upheld. He said;

- He gave background to some the cash movements on the account and its value over the years – transfers from the CIA to the ISA, the reduction in value because of the withdrawals from her CIA, impact of the pandemic, costs for a new house etc.
- Mrs A had fully encashed her CIA and when the relationship with her adviser ended, she fully encashed the remaining investment in her ISA and transferred the funds to her current bank account.
- He couldn't see there was anything to suggest that money was taken from her account other than withdrawals he had identified which appeared to have been at her own request. He couldn't see her adviser had recommended she make the withdrawals that she did.
- Money taken out of Mrs A's account was a combination of withdrawals and adviser fees. He couldn't see that Quilter had done anything wrong.

Mrs A didn't agree with the investigator and requested her complaint be decided by an ombudsman, so it has been passed to me. Mrs A provided further submission for my consideration. In particular she said;

- A payment date of £40,00 didn't tally with her bank statement. Quilter said it had taken place over a weekend which Mrs A thought was a failure and omission in Quilter's accounting records.
- In assessing the encashment, contributions she had made were summarised as 'payments out'.
- As her bank balances were being manipulated all 'investment' was being converted back to Quilter and no growth was credited to her account. The figure of £84,000 quoted by the investigator was a profit for Quilter and not her.
- Encashment proceeds had been withheld by Quilter.
- She referred to the opening balance on her account of £269,396 and an additional contribution of £220,000 which she said hadn't been taken into account by the investigator.

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.

After doing so, I have reached the same conclusion as the investigator and broadly for the same reasons. I appreciate that Mrs A has been very worried about her account and the impact on her finances in retirement, so I'll explain why I have reached the conclusion that I have.

Both parties to the complaint are aware of all the deposits in and withdrawals from the account so I won't detail them again here. But I have reviewed them and will comment as I consider necessary.

I should point out that Mrs A has also complained about Quilter Investment Platform ('QIP') which holds her account. This complaint is being dealt with separately, but I make reference to QIP in this decision as appropriate.

Mrs A's account with the predecessor of QIP began in November 2014. The investment advice was given by a previous firm and it was in October 2017 that Mrs A's new adviser – an appointed representative of Quilter – took over. As such while Quilter might have information about Mrs A's account prior to October 2017 it was only responsible for any advice or management of the account after that date.

Mrs A initially invested £220,000 into her CIA in 2014. When Quilter became responsible for Mrs A's portfolio in October 2014 her CIA was valued at £120,338 and her ISA at £104,393 – a total of £224,731. Mrs A was taking a monthly income of £1,000 from the CIA.

Over the years Mrs A used her CIA (plus surplus cash in some instances) to fund her ISA on an annual basis. She also continued to take a monthly income from the account between January 2015 and June 2020. These amounts varied between £1,000 and £1,500. The total amount taken in regular withdrawals was £84,150. There were other one-off withdrawals.

In July 2020 Mrs A removed the remaining cash in her account - £57,937.88 to help finance the cost of a house purchase. The remainder of £22,062 needed for the house purchase

was taken from her ISA account, leaving the ISA valued at £113,588. From then, the income payments were taken from the ISA and were reduced to £700 per month.

Mrs A financed her 2020/21 ISA from surplus cash of £20,000 which took the value of her ISA to £134,136. In June 2021 Mrs A paid in a further £19,400 to her ISA which was valued at £162,565. And in December 2021 Mrs A encashed her ISA, the resulting £167,232.72 was sent to her bank account.

So, despite the depletion of capital by one-off and regular withdrawals, its clear Mrs A made an overall gain during the six years since 2014 which suggests her portfolio hasn't performed badly.

I've cross referenced some of the withdrawals from the CIA and ISA and Mrs A's bank statements she has given us and I can't find any discrepancies in the amounts withdrawn from the portfolios and the amounts paid into Mrs A's bank accounts. While I accept the number of bank statements Mrs A has given us is limited and I haven't been able to carry out a full review, I have nothing to suggest any fraudulent activity has taken place or that any funds have been syphoned off and returned to Quilter.

Mrs A has referred to the opening balance on her account of £269,396 and an additional contribution of £220,000 which hadn't been taken into account by the investigator.

Mrs A has provided us with a schedule of 'Investment Advice charges Analysis' and I can see there is a statement valuing the 'Combined Portfolio' at £269,396 in November 2014. I can't see where that statement originated but it includes a bond with another product provider as well valued at £87,588 and the '[previous adviser]/Quilter investment' valued at £181,808. So, I think it's unlikely this ties in with the amount Mrs A recollects depositing with Quilter at inception of her CIA with Quilter. It was a valuation of her overall investments.

And I note from Mrs A's bank statements that a cheque for £220,000 was debited from her current account on 6 November 2014. Prior to that, on 4 November 2014 there is a credit of £138,872.31 from her previous adviser which partially funded the £220,000 payment. So, I'm satisfied, from the information that I have been given that Mrs A's initial deposit from her bank account into the CIA was £220,000 so I think what Quilter has told us is most likely correct.

For the ISA I can see there was a one-off deposit at the inception of the account in November 2014 of £15,306.12 and a further transfer in from another product provider in December 2014 of £58,243.02. This was topped up over the years using transfers from the CIA and surplus funds provided by Mrs A.

Mrs A has referred to a payment of £40,000 which she has queried. I can see from a letter dated 21 May 2020 that Quilter confirmed that the statements which were enclosed – October 2017 to July 2018 – detailed two £20,000 top-ups into her ISA account. One from a cheque dated 14 February 2018 and another with a payment date of 27 July 2018 which resulted from a bed and ISA transaction. From what I can see from Mrs A annotations on that letter she considers that those payments were made by her via cheque.

A cheque for £20,000 was paid out of her bank statement on 28 June 2021 which is recorded as a payment into her ISA on 25 June 2021. Mrs A has queried the discrepancy in dates between the two. I note those dates do fall over a weekend, so I think what Quilter has said about this is likely and credits/debits recorded by two parties might not be exactly the same. The figure of £19,400 was recorded on Mrs A's ISA statement and Quilter has confirmed that £600 was debited from the £20,000 as charges which I'm satisfied clears up any questions about the discrepancy in the two amounts.

I've reviewed the correspondence from Mrs A's adviser withdrawing his services. And I know that Mrs A was unhappy about this. But the adviser explained his reasons – he assessed her as being a vulnerable customer and he had to comply with certain regulatory obligations because of that. So I can't agree that he did anything wrong even though I recognise the impact this had on Mrs A.

I appreciate that Mrs A has been very worried about her investments. But taking all of the above into account I can't agree that Quilter has done anything wrong. I have seen nothing to suggest that any fraudulent activity has taken place in the account. From the cash movements I've been able to review there is nothing that has caused me concern or made me consider that any cash has been removed or transferred without Mrs A's knowledge and agreement. And in spite of the withdrawals, Mrs A's portfolio was profitable over the time that it was with Quilter.

Overall, I don't uphold Mrs A's complaint and I won't be asking Quilter to do anything further. I do appreciate that Mrs A will no doubt be disappointed with the outcome that I have reached but I hope I have been able to explain sufficiently so that she understands why.

My final decision

For the reasons given, I don't uphold Mrs A's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs A to accept or reject my decision before 2 August 2023.

Catherine Langley
Ombudsman