

The complaint

Mr and Mrs C complain about fees charged by Colbourne & Company in order to manage their investments.

What happened

In October 2022 Mr and Mrs C complained to Colbourne & Company when they heard they had stopped providing any regulated activities.

Mr and Mrs C were unhappy with the service provided as their investments had fallen in value and they had been charged fees they say they didn't authorise.

Mr and Mrs C asked for a refund of the fees they had been paying to Colbourne & Company to manage their investments.

Colbourne & Company didn't respond to the complaint so one of our Investigators looked into what happened. They also didn't receive any substantive response from Colbourne & Company so reached out to the platform provider of Mr and Mrs C's investments for information.

Our Investigator upheld the complaint saying that Colbourne & Company should repay a total of £3,800 worth of fees that had been charged. They had seen no evidence of an ongoing advisory service for which Mr and Mrs C were being charged. They thought it was reasonable to conclude that the fees were charged without justification and should not have been taken from Mr and Mrs C's investments.

Colbourne & Company didn't respond to our Investigator, so the matter has come to me for a decision.

Our rules

When coming to a decision I've considered the rules set down by the Financial Conduct Authority (FCA) in the Dispute Resolution Sourcebook (DISP). These are the rules that give the Financial Ombudsman powers to resolve complaints.

Colbourne & Company have not replied to requests for information on multiple occasions. Nor did they respond to our Investigators view of the complaint explaining how they thought it should be resolved.

One of the objectives of the Financial Ombudsman Service is to resolve complaints informally and at the earliest possible stage, this is reflected in the rules:

DISP 3.5.1 The Ombudsman will attempt to resolve complaints at the earliest possible stage and by whatever means appear to him to be most appropriate, including mediation and investigation.

The rules also allow me to reach a decision on limited information:

DISP 3.5.9 The Ombudsman may: ...

- (3) reach a decision on the basis of what has been supplied and take into account of the failure by a party to provide information requested*

I'm satisfied this rule applies here as Colbourne & Company have failed to provide the information requested.

Alongside this the rules allow the fixing of time limits for a response:

DISP 3.5.13 The Ombudsman may fix (and extend) time limits for any aspect of the consideration of a complaint by the Financial Ombudsman Service.

The Financial Ombudsman Service was first made aware of this complaint in early 2023.

Colbourne & Company didn't respond to our information request nor our Investigators view of how things should be put right.

I'm satisfied time limits for information requests were appropriately set and communicated with Colbourne & Company. Emails have been sent to the address declared on the FCA register for Colbourne & Company and we have previously received responses using those details.

Because of the non-cooperation of Colbourne & Company I'm basing my decision on the information I have been provided with which is allowed under the rules:

DISP 3.5.14 If a respondent fails to comply with a time limit, the Ombudsman may:

- (1) proceed with consideration of the complaint, and*
- (2) Include provision for any material distress or material inconvenience caused by that failure in any award which he decides to make.*

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.

Mr and Mrs C took advice from Colbourne & Company in 2016. Between January 2018 and July 2019 they were charged an 'advisor specified fee' on seven occasions which ordinarily relates to advice being given by their adviser. I've referred to this as an 'ongoing advisory fee' throughout.

Due to the non-response from Colbourne & Company I don't have a copy of the advisory service agreement so can't say exactly what service Mr and Mrs C were paying for.

I'd expect Colbourne & Company to have contacted Mr and Mrs C sometime between 2018 and 2019 to discuss their investments and see if they were still meeting their needs – at a minimum, providing advice for which it appears they have been charged for. However I've not seen any evidence this occurred and Mr and Mrs C say this never happened.

The only transaction during the time the fees were being charged was a fund switch in June 2019. There's no evidence about why this transaction took place and nor any proof the switch was initiated due to advice from Colbourne & Company. There was a fee of £1,000 charged at around this time.

Our Investigator didn't reasonably think there was any link between the fee and what happened as it represented around 12% of the value of the switch.

Because of the lack of information from Colbourne & Company I can't say for certain what this fee was for. But looking at all the information I do have I think, on balance, the fee wasn't related to the fund switch. I've also taken into account that the same amount was charged the following month when no switch took place. Because of this I think that particular fee needs to be refunded along with the others charged.

I've considered everything I've been provided with and also taken into account the failure of Colbourne & Company to provide any information. Having done so I'm satisfied, on the balance of probabilities, Mr and Mrs C didn't receive the advisory service they were being charged for.

By charging fees and not providing a service I think Colbourne & Company have not fulfilled their regulatory obligations and also not acted in accordance with the principles set out by the FCA. Therefore the total of £3,800 should be refunded to Mr and Mrs C.

The fees were taken from Mr and Mrs C's investment by way of an auto-sell function where units were sold in order to pay the fees to Colbourne & Company. Mr and Mrs C have since moved their investments, so it isn't possible to replace those units from where they were taken.

I think the most fair and reasonable way of putting things right is to refund the fees to Mr and Mrs C allowing them to add the funds to their current investments if possible. Colbourne & Company should also pay 8% simple interest from the time each fee was charged until they are refunded.

Mr and Mrs C have also been put to a level of distress and inconvenience by what happened. Our Investigator thought Colbourne & Company should pay £300 for the trouble and upset caused.

I've considered everything that happened including the worry about what happened, the time and effort it has taken to get a resolution, and the overall effect this has had on Mr and Mrs C. Having done so I think Colbourne & Company should pay Mr and Mrs C £500 for the distress and inconvenience caused.

I sent Colbourne & Company two emails explaining this and setting out my thoughts with deadlines for a response with any comments. I also reminded Colbourne & Company about our powers for setting time limits and our ability to come to a decision on limited information as I've explained above. I received a one line email response with reasons for personal delays, but nothing to suggest why Colbourne & Company couldn't respond to the complaint or our requests for information.

Putting things right

Colbourne & Company should refund the following fees adding 8% simple interest from the date of each charge until the date of refund:

Amount	Date of charge
£200	08/01/2018
£200	22/01/2018

£400	27/06/2018
£500	29/01/2019
£500	02/05/2019
£1,000	11/06/2019
£1,000	01/07/2019

Colbourne & Company should also pay Mr and Mrs C £500 for the distress and inconvenience caused.

My final decision

For the reasons I've explained my decision is that I uphold this complaint.

Colbourne & Company should take the actions I've outlined above in paying compensation to Mr and Mrs C.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C and Mrs C to accept or reject my decision before 22 June 2023.

Warren Wilson

Ombudsman