

## **The complaint**

Mr and Mrs S have complained about the ongoing advice and service they have received from Skipton Building Society (Skipton) as part of their discretionary managed portfolio service.

Mr and Mrs S are being represented with this complaint by their son. But for ease, I will refer to all actions and comments as those being of Mr and Mrs S.

## **What happened**

Mr and Mrs S say that following initial advice in December 2009, they invested approximately £185,000 from a discretionary managed service with Skipton, called the Skipton MII (Monitored Informed Investing) service.

They were recommended funds and the service provided for ongoing monitoring and reporting. They received further advice in 2013 and following that, added additional funds of approximately £35,000 to the portfolio.

Mr and Mrs S complained to Skipton in January 2022. Amongst complaint points, they said they didn't think the costs of the MII service and the option to cancel it had been made clear, the obligations of the MII service hadn't been met, more expensive investment choices were unnecessarily taken, unfair charges, not recognising their vulnerability as they got older.

Skipton responded in March 2022. They reviewed the initial advice given in 2009 and 2013 and said it was correct. They maintained they had acted appropriately and in line with the terms and conditions of the MII. Mr and Mrs S remained unhappy and brought their complaint to our service for an independent review. An investigator looked into it and he said the advice had been suitable. He also felt the charges were fair and clear and that Skipton had acted in line with the MII agreement.

Mr and Mrs S didn't agree. In response, whilst they thanked the investigator for the thoroughness of the review, they said Skipton hadn't done enough to arrange the ongoing regular reviews. They also said they didn't think the investments had offered fair value, especially considering the charges and fees.

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.

Many points have been made in relation to this complaint – I haven't addressed each one individually. Instead, I've focused on what I consider to be the pertinent points. That isn't

meant as a discourtesy, it simply reflects the informal nature of our Service. I've set out the key issues I think are important here. And I've answered them below in turn.

### Suitability of the advice to invest in 2009 and 2013

I can see that this complaint was initially raised following a full investment review between Mr and Mrs S' son and a Skipton advisor. Whilst the 2009 and 2013 investment advice doesn't seem to be at the centre of the complaint, concerns have been mentioned so I have considered them. Having done so, I have seen enough to conclude that the advice was suitable.

Skipton confirmed they accepted this service reviewing the advice given, even though it was more than six years ago. The initial advice was in 2009. Mr and Mrs S were married, retired and owned their own property. They had a recorded joint income of approximately £18,000. As well as that, they had life assurance bonds worth approximately £150,000, ISAs worth approximately £40,000 and approximately £45,000 in savings.

Mr and Mrs S were recorded as *"looking to achieve growth from the capital"* available to invest and not looking to require an income from this investment. They were recorded as having a medium (low) attitude to risk, which was described as *"no capital guarantees. This is commonly achieved by reducing the risk to capital through diversification across a range of different asset classes. Alternatively, by investing in lower risk single asset classes such as Gilts and other Fixed Interest, or by employing some other mechanism that aims to reduce the risk to capital. The probability of a moderate loss of capital is medium and the probability of a significant loss of capital is very low to low. You are happy to invest £187,170 over 5 years plus with variable returns and no capital guarantees."*

Following this Mr and Mrs S were advised to invest the approximately £185,000 into a range of funds inside and outside of ISAs. This investment came from encashing or switching from prior bond investments, which were less risky. However, considering Mr and Mrs S' circumstances at the time, their stated objectives and their capacity for loss, I am satisfied this investment advice was suitable. The asset allocation also appears to match their risk tolerance.

Mr and Mrs S met with a Skipton advisor again in 2013. It was recorded that this was to review their holdings outside of the MII portfolio. At this point Mr and Mrs S' circumstances were similar to before, their joint income from pensions and investments was about £25,000.

They were advised to make two switches and moved approximately £35,000 within the MII portfolio. Having reviewed the advice at this time, I also think it was suitable. It matched the continued objective of capital growth. It also fell in line with their medium (low) attitude to risk.

### Provision of ongoing reviews and service in line with MII agreement

Mr and Mrs S have also queried and complained as to whether they have received the full service as set out in the MII agreement.

The initial investment was made in 2009 and we have a copy of the product brochure from then which was called the MII *"promise"*. It details that under the agreement Mr and Mrs S'

main entitlements would be an initial risk and reward assessment, maximised returns, minimised tax, online access and a quarterly report in writing.

Mr and Mrs S appear to accept that those services were received. They have however, queried whether they should have been getting a regular investment review. Having reviewed the initial brochure and a copy of the financial planning report provided in 2009, there is no reference to a regular investment review. Further, Skipton have said that they didn't offer that at the time the agreement was entered into.

Mr and Mrs S' other platform investment wasn't switched into the MII agreement until 2015. Skipton say that by this time, for the amount the investment was, it only qualified for five yearly reviews (the next review therefore would have been 2020). I haven't seen anything to conclude that this was wrong or that Mr and Mrs S were offered more regular reviews.

Skipton say they then wrote to offer regular investment reviews to all MII customers in 2018, with the change taking place from 2019. They say they offered reviews to Mr and Mrs S in 2019, 2020 and 2021 but these offers weren't taken up. I have reviewed evidence of this and a call from 2019 offering a review. I am satisfied that Skipton did enough to offer the reviews in line with the product agreement. I note the points raised by Mr and Mrs S' son about his parents circumstances and how further efforts should have been made, but I am satisfied Skipton did enough.

I am also satisfied from the product literature that Skipton did enough to make Mr and Mrs S aware that the MII service was optional. The brochure said, *"you have chosen to taken advantage of SFS's MII proposition"*. The 2015 agreement they signed also said, *"I understand that if I decide to stop the MII ongoing service, I will cease to benefit from any of the MII ongoing services"*.

### Charges and fees

Mr and Mrs S have also complained that the charges and fees weren't made clear or provided fair value.

I have been provided with literature from the point of sale which attempts to explain this. This includes the product brochure and the Key features Document. The client confirmation document was also signed by Mr and Mrs S to say they had these documents and that the commission had been disclosed for all products.

Under *"MII Charges"* in the KFD it states, *"The standard charge that SFS makes for an MII is an initial charge of 5% of your investment plus an ongoing charge of 0.75% per annum. In addition to these charges, the underlying funds and/or the platform provider may make further charges which will be disclosed to you"*.

There was also a *"commission calculator"* document which was provided to Mr and Mrs S, this goes into more impact regarding the detail of the above commission. It states, *"For arranging your investments within MII Skipton Financial Services Limited will receive initial commission of £1,703.55 immediately and a regular commission of 0.75% of the fund's value each year. For example, if your fund value was £1,000 Skipton Financial Services would receive a regular commission of £7.50 per annum. This remuneration will be paid for out of deductions from your investment"*.

Further to this, Mr and Mrs S received annual statements detailing the annual charges paid to Skipton and the platform provider. Having considered this, I am satisfied that Mr and Mrs S were provided with enough information which detailed the charges and the potential impact they may have on the investment and Mr and Mrs S chose to proceed. Skipton were entitled to charge for their services and I can't say they acted unfairly here.

Mr and Mrs S have also queried whether the MII service has done what it should have done, considering some poor performance within the portfolio. However, Skipton aren't able to guarantee positive performance and their MII agreement doesn't do that. It states an aim to maximise performance through selecting funds that perform above average. But it also states in the same section how MII core funds might underperform. There is no guarantee given and I can't hold them responsible if retrospectively some funds didn't do as well as Mr and Mrs S would have hoped.

In summary, I think the advice given to Mr and Mrs S in 2009 and 2013 was suitable. It matched their circumstances and needs. I also think Skipton met the requirements of the MII agreement and made sufficient efforts to provide the provisions laid out in it. I also think the fees and charges were fair and set out clearly.

### **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 Mr S and Mrs S to accept or reject my decision before 28 February 2024.

Yoni Smith  
**Ombudsman**