

## The complaint

Mr H complains that Succession Wealth Management Ltd (Succession) terminated its agreement to provide him with advice, removed access to its investment platform preventing him from obtaining valuations of his Self-Invested Personal Pension Plan (SIPP), and failed to communicate this to him in a timely manner. He wants compensation for the distress and inconvenience caused.

Only Mr H has made a complaint but his wife, Mrs H, was similarly impacted and Mr H referred to her in his complaint with Succession, so I will also refer to Mrs H as necessary in this decision.

## What happened

Mr H and Mrs H had dealt with Succession, their independent financial adviser, for several years. Their investments were held on Succession's investment platform (the platform). The client agreement provided for ongoing investment advice and recommendations in return for a fee of 1% per annum of the value of the fund invested, subject to a minimum fee of £2,500 per annum each. Their adviser (Adviser A) was leaving Succession and was placed on gardening leave on 31 October 2022. Succession says it appointed Adviser B to Mr H and Mr H's accounts and the intention had been that Adviser A would make the introductions, but this hadn't happened before Mr H contacted Succession in December 2022.

Mr H was an experienced investor, who had worked in the financial services industry as an investment fund manager. He wanted to invest £100,000 of the cash currently held in his SIPP into a specific fixed interest fund. This fund wasn't on Succession's internal approved investment list. So, it was dealt with on an execution only basis, meaning Succession provided no advice as to the merits or otherwise of the transaction and wasn't responsible for any adverse outcome. Mr H referred to this as the transaction having been "*indemnified*" by him. This process required the approval of Succession's compliance department and Adviser B liaised with it in respect of this. Approval was granted in view of Mr H's investment experience and his capacity for loss, and the investment was made.

Mr H then called Succession on 28 March 2023, as he wanted to withdraw £20,000 to invest into an ISA before the end of the tax year. Mrs H wished to do the same. Succession said it had "*disengaged*" and was no longer acting for either of them. It said a letter had been sent about this on 13 March 2023. Mr H hadn't received this and he raised a complaint about what had happened the next day. On 31 March 2023, Succession said it would reverse the disengagement and would continue to provide services. It apologised for any misunderstanding. Mr H says he and his wife were able to complete the ISA exercise in time, but the delay caused inconvenience and stress.

On 6 April 2023 Succession emailed Mr H to say that the disengagement was going ahead, and services wouldn't be available. Mr H queried this, and Succession called back the same day to confirm the email had been sent in error. It said Royal Mail had returned its original letter of 13 March 2023 as undelivered, and a staff member had mistakenly emailed Mr H without first checking the file. It apologised for this and confirmed it was still acting for Mr H and Mrs H.

Succession upheld Mr H's complaint in its final response of 25 May 2023. It said it shouldn't have disengaged and the communication with him hadn't been good enough. It said as compensation for this it would refund the adviser fees taken between March and May, a total of £1,374.94. It was subsequently clarified that this sum was the total of the fees on his and Mrs H's accounts.

Mr H didn't think the explanation given or compensation offered was adequate. He said Succession had a duty to communicate clearly with clients under the regulator's Principles and it hadn't done so. He said due to a recent data breach at Succession (which he has raised a separate complaint about) he'd been caused considerable distress, to have then been locked out of Succession's systems which had exposed him to risk.

Mr H referred his complaint to our service. Our investigator looked into it and he said it should be upheld.

But he said the compensation already offered by Succession was more than he would have recommended in the circumstances, and it needn't do more than this. He said Succession could disengage with clients if it wished. But had made an error here which it accepted and had apologised for. He said it hadn't held any of Mr H's funds itself. Instead, these were held by the operator of the platform (IFDL) and this point had recently been confirmed to Mr H in respect of his complaint about the data breach. So, his money had never been at risk when it disengaged with him. He said Mr H could have accessed information from IFDL had he wanted it. Our investigator said whilst Mr H had already been provided with this information, Succession could have confirmed he was aware of this.

Our investigator said whilst Mr H said he'd been concerned that he wouldn't have been alerted to any sharp fall in the value of investments (the 10% drop rule) as required by the regulations, this hadn't occurred. And he thought it likely that Succession would have informed Mr H had this happened. Our investigator said whilst it usually contacted Mr H by email, it wasn't wrong to send the disengagement letter by post.

Our investigator said disengagement was considered by Succession as it appeared its services might not be needed following a review of the execution only instruction of December 2022. It was concluded, incorrectly, with the involvement of Adviser B (who had since left Succession), that Mr H no longer wanted the services. But he said when Mr H contacted Succession in March 2023 it had responded promptly and reinstated him as a customer, so he'd only been aware he was disengaged for three days. And whilst another error had been made in sending the email in April 2023, this had been cleared up on the same day and hadn't damaged Mr H's financial position.

Our investigator said that the regulatory concerns Mr H had made weren't something our service could consider but could be raised with the Financial Conduct Authority (FCA). He said whilst Succession had made errors it didn't appear there was any financial detriment to Mr H and its compensation offer was fair.

Mr H disagreed. He raised further points about why the disengagement had been instigated given he'd indemnified it for the execution only investment and said he'd had no dealings with Adviser B. He said he thought fair compensation would be for Succession to refund a full year's adviser charges and platform costs. Our investigator asked Succession about this. It said it didn't think this was justified and it pointed out that the platform charges were payable to IFDL not to it.

As Mr H doesn't agree 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, but I won't be asking Succession to do any more than it has already offered to do. I'll explain why.

Our service doesn't regulate financial firms. So, I can't tell Succession to change its administration procedures. But I can consider whether procedures have had unfair outcomes, and if they have award compensation for that. In this case Succession accepts in made errors and a full explanation of why it proceeded to disengage with Mr H and Mrs H isn't available. That's unfortunate, but I don't think this has affected the outcome here.

Mr H has also complained that Succession was slow to investigate and respond to his complaint, missing the eight-week timeframe provided for. Complaint handling isn't something our service can usually consider because it isn't a regulated activity. But Mr H was advised he could refer his complaint to our service after eight weeks if it hadn't been resolved and it did actually provide a final response the day after the eight-week timeframe.

To make my decision easier to follow I'll explain what a platform is and why I think Succession considered stopping providing services to Mr H and Mrs H.

A platform is an electronic trading and administrative system– usually offering various tax wrappers like ISAs and in Mr H's case, a SIPP. It seems Mr H thought he was invested directly in Succession's own platform but in fact this was operated by a separate third party and "*white labelled*" to look like a bespoke system. That's very common in the financial service industry and is like using a software package, rather than writing your own.

That meant if Succession withdrew its services to a client with assets on the platform this didn't actually impact those underlying assets as they would remain on the platform until the client instructed otherwise. And it shouldn't have impacted Mr H's ability to get valuations and so on from the platform. Had the disengagement process been completed, he probably would have needed to log on via a different route. But the information would have been the same as before, just without Succession's branding. This was set out in the disengagement letter of 13 March 2023, which obviously, Mr H didn't receive. And he wasn't aware he was being disengaged until he called Succession on 28 March 2023.

That suggests he'd either had no difficulty checking valuations or hadn't sought to do so after 13 March 2023, the earliest point when access arrangements might have changed. I think if he'd tried to access the platform and had problems, he would have contacted Succession to query this. So, I don't think what happened impacted his ability to manage his arrangements and make "*speedy decisions*" as he has said. So, it doesn't appear there was any actual impact on Mr H's underlying position between 13 March and 28 March 2023 when he was told about the disengagement.

Mr H mentions the additional risk caused by Succession not being in place to advise him of any sharp fall in the value of his investments – the 10% drop rule. However, I don't think this is relevant for several reasons. As noted by our investigator, there wasn't a 10% drop in the period. And the rule was actually abolished by the Government early in 2023. Before then in the event of a 10% drop, the notification would have been issue by the platform. The platform has confirmed that it removed the 10% drop notification from its system in March 2023. And Succession was still acting then, having served 30 days' notice to disengage on 13 March 2023. This notice period was provided for in its client agreement. So, a 10% fall

didn't happen. Had it, I think Mr H would have received the notification if still required by the regulations, albeit from the platform. So, I don't think this caused him detriment.

And when Mr H contacted it to withdraw funds from his SIPP on 28 March 2023, Succession did place the instruction with the platform and arranged for same day payment on 30 March 2023. This did give him sufficient time for him to make his ISA investment. So, whilst the disengagement problem did cause distress and inconvenience, Mr H was only aware of any issue for a few days rather than for a long period. And it doesn't appear to have had a material impact on his finances or plans.

### **Why was the disengagement process commenced**

Mr H has referred to the FCA's Principles and the need to treat customers fairly in his complaint. But by considering whether it should continue to act for him Succession does appear to have been appraising whether it was treating him fairly or not. The catalyst to consider this was Mr H's execution instructions, but not through any issue relating to the indemnification of this, as he seems to think.

Instead, Succession's compliance department was questioning whether Mr H, and by association, his wife, actually needed to pay for its advisory services. Given his knowledge and experience of investments and that he was self-selecting relatively large investments it wouldn't normally recommend. Because charging for services clients don't use or need is unlikely to be regarded as treating customers fairly. It was concluded that he didn't require the service although there is some confusion over how this came about. Succession has provided email chains between its compliance team and Adviser B.

These indicate that Adviser B was to contact Mr H to see if he wanted to continue with the services or not. A follow up email from Adviser B suggests there had been contact with Mr H, and that the disengagement process should be started. And it was Adviser B who signed 13 March 2023 letter. But Mr H says he didn't speak with Adviser B, who has since left Succession. And it hasn't been able to locate any notes or call recordings in respect of this. Although I note concerns were being raised about another client of Adviser A's who also made execution only instructions, so perhaps there was a mix up here.

However, the wording of 13 March 2023 letter is very much that Succession had decided to disengage rather than Mr H wanting to, and the tone is rather curt. I understand Mr H's frustration about the lack of clarity here. It wasn't logical for Succession to stop acting for Mr H and Mrs H and lose their fees if they'd confirmed they still wished to be clients following a conversation about whether the services were needed or not. Because if they valued the advice or the sounding board that Succession offered, and they were happy to pay for this, there wasn't a treating customers fairly issue. So, something went wrong, and in the end, Succession did want to continue to act.

I do think some of Succession's communications, whether delivered or not, could have been clearer than they were. This would have reduced the confusion. I note the letter of 13 March 2023 said a follow up call would be made a few days later. There's no evidence that it was. If it had been the problem could have been resolved sooner with less inconvenience to Mr H, but otherwise I don't think the outcome would have been any different. Succession could also have clarified why it felt Mrs H should also be disengaged with, and that the compensation offer included the fees for her as well as Mr H. However, the decision to commence disengagement does appear to have been based on an error and these other issues flowed from that.

It's unfortunate that these errors were made but I think the impact was limited to distress and inconvenience over a short period of time. Succession has already apologised and offered a

refund of its fees totalling £1,374.94. I think that is fair compensation and it is more than I would award in similar circumstances. So, whilst I am upholding this complaint, I won't be telling Succession to do any more than it has already offered to do. As Mrs H hasn't made a complaint, I have no power to tell Succession to refund her fees, but I understand that this offer is still available.

### **Putting things right**

I think Mr H was caused distress and inconvenience because of Succession's errors.

But I think the compensation it has already offered is fair in all circumstances of the complaint and Succession should now pay this if it hasn't already done so.

### **My final decision**

My final decision is that I uphold the complaint against Succession Wealth Management Ltd.

I direct Succession Wealth Management Ltd to refund the adviser fees deducted between March and May 2023, as it has previously offered.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 20 December 2023.

Nigel Bracken  
**Ombudsman**