

The complaint

Mr N complains Barclays Bank Plc misrepresented the Discretionary Managed Portfolio (DMP) service that it sold him. He says he hasn't received the bespoke holistic service he was promised, but instead received a portfolio model based on his risk profile. He also complains he was misled when he inquired about the fees he incurred on his portfolio.

What happened

In early 2016, Mr N invested funds in Barclays's DMP service after receiving advice (in late 2015). He liquidated the portfolio in 2019.

Mr N has raised previous complaints about the charges applied to his portfolio and the suitability of the advice he received to invest. Final Decisions (FDs) on both of these complaints have been issued by ombudsmen at this service. The complaint relating to charges was decided in June 2019, and the complaint about the suitability of the advice was decided in January 2022.

Mr N submitted a new complaint to this service in January 2022 in relation to the portfolio. One of our investigators initially said the most recent complaint should be dismissed. Essentially this was because he felt the current complaint points had been covered in the 2019 and 2022 FDs.

Mr N didn't accept this and explained his new complaint was regarding information provided by the UK entity of Barclays that misrepresented the nature of the DPM service. Mr N said he was told he would receive a service with a dedicated portfolio manager. But Barclays provided misleading information about the service to sign him onboard, and he didn't receive what he expected.

Following this the investigator reconsidered the position and accepted that there was part of Mr N's complaint that we could consider and informed Barclays of this. In September 2023, Barclays issued a final response letter in relation to Mr N's complaint about the misrepresentation of the services he agreed to. It didn't uphold the complaint. In summary it said:

- It provided a bespoke recommendation for Mr N's investments, but this does not mean that he would be receiving a bespoke investment service. The documentation relating to the recommendation doesn't say this is what would be provided or any indication that Mr N was going to get a bespoke service.
- There is documentation showing Mr N was going to be invested on a multi-asset class modelled portfolio basis and not a bespoke arrangement
- Bespoke portfolios have a high barrier to entry, in terms of funds under management and Mr N would not have met this.
- It made it clear that it was offering multi-asset class modelled portfolios and described an associated risk profile.

Our investigator completed a further assessment. He set out the parameters of his investigation. He confirmed:

- He would not be considering the complaint points about the fees and charges as they

- had already been investigated in the 2019 FD
- Similarly, he would not be looking at the suitability of the advice to invest as this has been comprehensively covered in the 2022 FD. This meant he wasn't considering the complaint point about the objective of moving back to the Eurozone as this is part of the suitability question.
- He would be concentrating on the issue Mr N has brought about the misrepresentation of the portfolio service he received.
- He wouldn't be commenting on any of the portfolio management decisions as these fall under the jurisdiction of the Channel Islands Financial Ombudsman (CIFO) and Mr N has an ongoing complaint being considered by this organisation.

The investigator didn't uphold the complaint. In summary he said:

- He didn't think Mr N was misled when he agreed to make his investment with Barclays. Mr N may have understood a bespoke recommendation to mean a bespoke investment, but it's clear that a bespoke recommendation was made and this was highlighted within the Financial Personality Questionnaire and the suitability letter.
- The amount needed to qualify for a bespoke portfolio was significantly higher than the amount Mr N invested, so it wasn't possible for him to have the bespoke investment portfolio he has complained he didn't get.
- In respect of the points Mr N makes about the actions of the Dedicated Portfolio Manager in Jersey, he can't comment on the actions of the portfolio manager as these fall under the jurisdiction of the CIFO.

Mr N didn't accept the investigator's findings and requested an ombudsman reach a decision. He said some of the main issues he raised haven't been covered by the investigation. This included:

- There was a bespoke service promoted and offered by Barclays Wealth UK that involved individual portfolio management of financial assets rather than the pooled asset management that was actually provided.
- Third-party charges should have been mentioned when he raised queries in 2016 and 2017, so he could compare with competitors to make an informed choice whether to stay or leave Barclays Wealth. This is referred to by the ombudsman in the 2019 FD, who said this would need to be complained about separately – which he did.
- There should have been a warning at the outset and during his relationship with Barclays of the consequences of exchange rate variation on the portfolio when taking in considerations of his objectives. He does not consider this is anything to do with the suitability of the portfolio as Barclays should have invested his portfolio in Euro and not in Pounds
- His vulnerability as a customer and a novice investor impacts the analysis and conclusions of the above points.

Before reaching a decision, further investigation was completed on the point raised about Barclays not mentioning third party charges when Mr N raised queries in 2016/2017. But this point was not upheld. In summary this was because the evidence didn't indicate Mr N had been misled at this time. While it isn't in dispute that Barclays responded to these queries by only giving the annual management fee, this was an accurate disclosure of the fee. It also didn't appear Barclays were aware that Mr N was seeking information to complete a direct comparison of fees and charges with a competitor firm. So, it didn't mislead Mr N by failing to respond to a specific request in this respect.

Mr N provided further submissions and evidence. In summary he said:

- He twice asked (in 2016 and 2017) for details of the fees structure payable for his

DPM, and on both occasions Barclays gave the 0.95% fees and no other charges. He was a novice investor, so can't be expected to question what Barclays told him.

- When he sent emails to Barclays in 2017 querying the fee structure, he used the same wording as the adviser he was speaking to from a competitor firm when making his request. At this time, the Barclays advisers were aware he wanted to close his account with Barclays and he had been speaking to competitors.
- He refers to another decision issued by this service on this complaint as he believes this supports his argument Barclays hid charges.
- He also provided extracts of the provisional decision he has received from the CIFO in relation to the complaint he has raised about Barclays Jersey to support his position that he was misled by Barclays about the nature of the “bespoke” DPM service he was sold. He maintains the documents he received from Barclays Wealth were misleading and not clear in relation to the service expected as it made reference to him having a dedicated portfolio manager, but that has not turned out to be the case.

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.

It is clear Mr N has very strong feelings about how Barclays has conducted itself when provided services to him in respect of his investment portfolio. I've read and considered all of the concerns he has raised. However, I trust he won't take the fact my findings focus on what I consider to be the central issues, and that they're expressed in less detail, as a discourtesy. The purpose of my decision is not to address every point raised in detail, but to set out my conclusions and reasons for reaching them.

The complaint I'm considering is about Barclays Bank (trading as Barclays Wealth). This firm provided the initial advice to Mr N to invest in the DMP, and also provided an ongoing service in maintaining a client relationship with him. But Mr N's portfolio was managed by Barclays Jersey, so this firm was responsible for providing the DMP service. I'm not considering the actions of Barclays Jersey in this complaint, and Mr N has raised a separate complaint, which has been referred to the CIFO.

I would also like to make it clear at the outset that I won't be considering anything that was covered in the two other complaints that this service has considered for Mr N about his portfolio. Those being the issues relating to the disclosure of fees when he first invested and the suitability of the original advice he received to take out his portfolio. Ombudsmen have already issued Final Decisions on those complaints. While I have noted the references Mr N has made in his submissions to the issues covered in these complaints, I won't be commenting on those points. This includes the comments he has provided about the suitability of the advice process and the currency he was invested in. Also, in relation to his concerns about how fees and charges were initially disclosed, Mr N says there is new evidence that would change the outcome of the first complaint. I don't agree new material evidence has been provided - so as I've already explained I won't be revisiting this complaint.

Complaint points I am considering

My findings are considering the following complaint points:

- Mr N says Barclays misrepresented the nature of the DPM service. He says he was promised a bespoke service that involved individual portfolio management of his financial assets, but what he actually received was a service providing pooled asset

- management in line with his risk profile.
- Mr N says he was provided with misleading information about the fees charged in 2016 and 2017 in respect of his portfolio, which prevented him from making an informed decision about whether to keep his investments with Barclays.

Misrepresentation of the DPM service

Mr N complains Barclays misrepresented the nature of the DPM service. He says he was told he would receive a service with a dedicated portfolio manager. But Barclays failed to provide this, his portfolio was constructed on management models based on his risk profile only. So, he feels it provided misleading information about the service to sign him onboard and he didn't receive the service he expected.

When Mr N received advice, he was recommended the DPM service. Essentially this involved his funds being invested in a model portfolio based on his agreed risk profile. The portfolio was to be managed by Barclays Jersey fund managers for all investors who had a similar risk profile. So Mr N didn't have a dedicated fund manager making individual decisions on his portfolio.

Mr N has provided detailed submission to support his view that the DMP service was misrepresented to him. I've reviewed everything he has provided in this respect. He has highlighted segments from documents he received in the sales process. This includes the November 2015 suitability letter which says:

"You are looking to benefit from the professional management of your assets and to entrust decision making on an ongoing basis to a dedicated portfolio manager."

And the financial personality questionnaire – which states:

"An optimal wealth management strategy requires a strong understanding of your unique circumstances, goals and personality. At Barclays, we believe each client should have an Investment Portfolio tailored specifically to his or her financial personality as well as his or her objectives."

Mr N has also highlighted other literature he received and quoted the following:

"Investment philosophy therefore allows us to identify your Financial Personality, your attitude to risk, decision style and your need for stability throughout your investment journey. With it, we can build an accurate picture and detailed profile of your investment preferences."

"Through our Financial Personality Assessment, we can measure your unique investment decision-making to help create a portfolio that really reflects you."

"The portfolio manager will run your investment portfolio in line with the investment objectives agreed by you and set out in a mandate. Our rigorous due diligence process looks at conditions across world markets and identifies the providers (Barclays or external) that are best placed to take advantage of these trends."

Barclays doesn't accept the information it gave during the sales process supports Mr N's claim he was told he would be receiving a bespoke service. It says there is no personalised documentation specific to him showing a bespoke service would be provided. But instead, there is documentation showing Mr N was going to be invested on a multi-asset class modelled portfolio basis. It denies it told Mr N it was recommending a bespoke portfolio – and refers to bespoke portfolios having a high barrier to entry in terms of funds under management, which he would not have met.

I acknowledge the various quotes Mr N has referred to demonstrate why he understood he would be receiving a bespoke service tailored for him and why he thought he would have dedicated fund a manager looking after his funds on an individual basis. I accept this was a genuine belief he had from his interpretation of the information he received. But I don't think this on its own is sufficient to say Barclays misrepresented the position.

While I acknowledge Mr N's interpretation of the documentation, I don't agree the type of service he understood he would be getting is something that Barclays told him he would receive. I'm not persuaded what Barclays told him was plainly incorrect or so unclear to the extent it was misleading. On balance, I don't think the available evidence supports Mr N's arguments. I'll explain why.

In reaching my decision, I've considered the documents available from the time to show how the DPM was described to Mr N in 2015. The parties have mentioned the 'Discretionary Investment Management, Jersey' presentation dated October 2015 and has Mr N's name on it. Mr N believes the references within this document to constructing a bespoke investment proposal support his arguments. I acknowledge Mr N's points about what he took to understand from this document, and why he feels it misrepresents the DPM service he received.

The presentation sets out the DPM investment process. This describes a process flow and has a stage on 'investment selection' which describes short listing model portfolios. Below this there is a further section on investment selection that says "To construct model portfolios we utilise experience..." Later in the presentation there is a page relating to the 'Jersey Investment Management' service. This explains there is "*A choice of multi-asset class modelled portfolios, or a more dynamic, bespoke approach to investment management.*" There is a list of the types of services offered, which do differentiate between 'Discretionary Portfolios' and 'Bespoke Discretionary Portfolios'.

Having considered this document, I think it is important to review its contents with the other information given in the advice process (referred to below). In the same way, I also think taking individual statements in isolation can sometimes be unhelpful when reaching an overall conclusion. I'm satisfied the purpose of the information in this presentation is to provide an overview about the different types of service available - and there is reference to the model portfolios which Mr N took out. In my view this doesn't amount to confirmation Mr N was only being offered a tailored portfolio. Mr N has highlighted references to a bespoke service across various documents. But I think that there is a reasonable point to be made that these references relate to the overall advice offering, not specifically the portfolio. So, I don't think this evidence is sufficient to say Barclays misled Mr N that he would be getting the bespoke service he has described.

I also note the recommendation letter doesn't indicate that the advisor was recommending a bespoke portfolio individual to Mr N. Rather the letter says the recommendation is to buy a "Discretionary Portfolio Moderate Risk Profile Total Return". The account opening form (dated and signed by Mr N on 28 October 2015) provides further evidence that Mr N wasn't taking out a bespoke tailored service. I say this as there is clear information explaining the different sections in the application for discretionary strategies and tailored strategies. In Mr N's application form the discretionary section is completed and the tailored section is left blank. I note he has initialled the pages of this document, supporting they have been reviewed. This further supports that Barclays didn't mislead Mr N when he was making his application for the DPM.

I have read the further information Mr N has provided from the CIFO's investigation into his complaint with this organisation. While I acknowledge the comments made about his

interpretation of the service, the scope of the CIFO's investigation is different to that this service is completing for Mr N. So, I don't find it appropriate to comment directly, when setting out by findings on the specific complaint I'm deciding about the UK entity of Barclays.

Overall, I haven't found reason to uphold this aspect of Mr N's complaint. I accept that he did misunderstand the nature of the service Barclays recommended to him, and this has contributed to his frustration when he later discovered he hasn't received a tailored bespoke service. But I'm not satisfied that Barclays is at fault for Mr N's misunderstanding, so for the reasons given I don't find it needs to do anything further in this respect.

Misleading information about fees post advice

Mr N has complained that he was given misleading information when he raised queries in 2016 and 2017 about the fees applied to his portfolio. He says the third-party charges should have been mentioned when he raised queries, so he could compare with competitors to make an informed choice whether to stay or leave Barclays Wealth.

I've reviewed the submissions Mr N has made on this point. He has provided emails from the autumn of 2017, to show he was discussing alternative services for his investments with a competitor firm. These emails show that fees were discussed and the alternative adviser said it is important to compare like for like when comparing Barclays with what he could provide. It is clear from Mr N's emails that his understanding was that he only paid one fee with Barclays, and this was under 1%.

I've also seen the email Mr N sent to Barclays on 13 November 2017 which asked *"Can someone of you send me my structure fee I pay at the moment on my investment, by year and quarter, with the detail of the fee"*. The response he received confirmed *"As requested, the portfolio is receiving a fee of 95bps. Please find the attached YTD valuation, page 24 shows that fees have been charged in this period."* The valuation document gave a breakdown of the fees Mr N had incurred, and this showed he'd paid around £33,000 in advisory fees during the period the valuation covered.

Firstly, I've considered how Barclays responded to Mr N's request for fee information. I'm satisfied it did answer the query he raised. It provided him the management fee he was paying for the advisory services it was providing on his portfolio. This is the direct fee he was paying for Barclays' services. I'm satisfied the response given was reasonable, and there wasn't anything in the query Mr N made to suggest that he required the information for a specific purpose.

I acknowledge the evidence provided supports Mr N was unhappy with the overall service he was receiving from Barclays (so not just his investment portfolio) – and he was considering moving to a competitor firm. But I don't think this means it should have been aware that Mr N was seeking to gain information to complete a fee comparison. As mentioned above, I haven't seen that his request for fee information was to specifically about this. It would of course be Mr N's choice whether he was upfront about this, but I don't think Barclays misled him by providing information in it.

The fee Barclays disclosed was the DPM management charge – which is the fee that can be used to directly compare services with other providers. Barclays didn't provide details of any third-party charges incurred within the specific funds held within the portfolio. These would be dependent on the fund selections that formed the portfolio and can vary overtime as investments move in and out of the portfolio. As Mr N was only exploring the potential of establishing a new portfolio with a competitor, there wasn't at this time an actual constructed portfolio of funds, so any third-party fees would at best be an estimation. This does bring into question whether even if Barclays had provided details of third-party fees, whether this

would have made any difference to the decision Mr N made to stay with Barclays in 2017. Also, from the email evidence Mr N has provided, it does seem there were other non-fee related considerations around what Barclays could provide for him (i.e. client services) that the competitor couldn't.

I also note that when before Mr N initially invested in 2015, he was given a fee schedule – which set out not only the 'Annual Management Fees' but also additional costs. In my view this further supports he was given information that would allow him to understand that there were products fees which may be relevant to the queries he was raising in 2016 and 2017, particularly where he was considering a move to a competitor firm. But I won't comment further on this as this initial disclosure of charges was covered in the 2019 FD.

Mr N says the way Barclays dealt with his query meant it was impossible for him to make a fair decision for the future of his investment. But I haven't found it is at fault here or prevented him from making a decision about his portfolio at this time. I've explained why I don't think Barclays provided misleading information, based on what it was asked. I don't find that it fair and reasonable to ask it to compensate him or taking any further action.

For the reasons explained, I don't find Barclays has treated Mr N unfairly based on the complaint points I've set out in the scope of this complaint.

My final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr N to accept or reject my decision before 18 November 2024.

Daniel Little
Ombudsman