

The complaint

Mr and Mrs T complain about the service they've received from Best Practice IFA Group Limited (BPIGL). They're unhappy with the lack of contact when their investments fell in value.

What happened

Mr and Mrs T were clients of a firm that was an appointed representative of BPIGL. They were signed up to the ongoing service and in 2023 they complained to BPIGL. They were unhappy that their investments had fallen in value, and thought it showed a lack of a duty of care as no contact had been made with them about the issue.

BPIGL looked into the complaint, but didn't think it should be upheld. It thought that it had provided Mr and Mrs T with the level and frequency of service both parties had previously agreed to. It also thought that the risks of the investments, including the possibility of losses, was made clear to Mr and Mrs T.

Mr and Mrs T didn't agree and asked for our help. The complaint was considered by one of our investigators, who didn't think it should be upheld. He thought that Mr and Mrs T had been made aware of the potential for fluctuation in the value of their investment and they'd accepted the possibility of losses. And he hadn't found anything in the agreement they had with BPIGL which suggested that they would be alerted in the event of a loss of value.

Mr and Mrs T didn't accept his findings. They thought the investigator hadn't addressed the crux of the complaint which was that BPIGL had a responsibility to provide a reasonable level of skill and care, irrespective of the nature of the service they'd signed up to. They noted that they hadn't had any contact from the time they'd had an annual review in April 2022 until September 2022 when their new advisor had gotten in touch with them. During this time, the investment had fallen in value by c.£23,000 and they were not alerted to the situation.

The investigator wasn't persuaded to change his opinion so the complaint has been passed to me to make 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.

Having done so, I don't think this complaint should be upheld and I will now explain why. I'd firstly like to say that I fully appreciate Mr and Mrs T's strength of feeling about this matter. I'd like to assure them that I've carefully considered all the evidence they've submitted and the points they've raised.

The starting point of my consideration to see if there was any requirement for Mr and Mrs T to be alerted of any fall in investment value, is the terms of the agreement they had with BPIGL. They were signed up to its ongoing review service and I've reviewed the terms of the

service to see what was being provided.

The terms said that the ongoing review service was designed to “*expertly maintain and monitor your portfolio. The benefit of this is to ensure that your objectives and attitude to risk are correctly aligned with your holdings over an extended period of time. In addition, ongoing advice services ensure that developing and future financial objectives are taken into account. Furthermore, aspects of your financial arrangements can change over time, including your goals and risk profile as well as the underlying assets risk characteristics. Ongoing review service can help adapt and position your arrangements to manage such changes and influencing factors.*”

The terms then went on to list what was included as part of the service:

- *A face to face, web, or telephone review meeting at least annually which we will contact you to arrange. This will need to be conducted whilst you are in the UK and the agenda will typically include:*
 - *Review of your current situation/Update of Fact Find including any changes*
 - *A review of your objectives for the next few years*
 - *A review of your attitude to risk, identifying any changes in your profile and confirming the ongoing appropriateness of your portfolio against your stated attitude to risk*
 - *A review of previously recommended arrangements and confirmation of their ongoing suitability (Authorised areas only)*
 - *A review of your investment performance against your objectives and circumstances*
 - *If pension planning is within scope, discuss future projections and comment on whether targets are realistic*
 - *Regular rebalancing of your portfolio, as required*
 - *Annual valuations*
 - *Meetings with a Discretionary Fund Manager if applicable*
 - *Lifetime Cash Flow Modelling*
 - *Transfer of funds from your General Investment Account (GIA) into your ISA or Personal Pension to take advantage of any annual tax allowances that are available, if required*
 - *Transfer of funds from your Personal Pension into a Flexi Access Drawdown Plan, if required*

Having reviewed the terms, I haven't seen anywhere where BPIGL promised to alert Mr and Mrs T if the value of the investments started to fall, or that it didn't deliver the level of service it had promised Mr and Mrs T. The agreement was that there would be an annual meeting, which Mr and Mrs T received as promised in 2022, so I don't think there was any failure on the part of BPIGL here.

I've then considered what was discussed at the annual meeting, to see if any additional agreements had been made. The notes show that Mr and Mrs T had a low attitude to risk, were looking to invest for the long term, and were aware that their portfolio could fall in value from time to time.

The advisor noted that their portfolio was to be invested in line with the S20 model portfolio which was invested in 80% fixed interest securities and 20% equities which was in line with Mr and Mrs T's risk levels. The advisor discussed the fact that the portfolio had fallen in value by 0.88% over the previous year but noted that Mr and Mrs T were satisfied with this level of performance.

However, it was recorded that *"You have opted to continue using our Financial Sense Service, meaning your portfolios will be monitored by the Simpsons Investment Committee and we will recommend rebalancing when necessary. As with any investment it is important to review your plan on a regular basis to ensure it is performing as expected and the plan and investment strategy remains suitable for you."*

Given that the advisor said the portfolios would be monitored, we asked BPIGL to explain what this meant. It said the monitoring relates to the ongoing reviews of the model portfolios that were offered to clients. In practice, this would happen twice per year unless it was felt that additional ad-hoc meetings were needed. I think this explanation is plausible and it doesn't mean that there was an obligation for BPIGL to alert Mr and Mrs T of any falls in value.

Mr and Mrs T have said that BPIGL had a duty of care towards them and should have alerted them or recommended a course of action. I appreciate the point they've made, but from what I've seen, there was no responsibility to do so in the terms of the agreement they had. BPIGL provided the annual meetings as agreed so I don't think it hasn't kept to what was agreed with Mr and Mrs T.

The value of the investments did fall, but I don't think this means BPIGL were negligent in not contacting Mr and Mrs T. No guarantees were given around performance and Mr and Mrs T were made aware of the fact that their investments could fall in value. As I've previously noted, their investments were in line with their low attitude to risk but were still subject to market volatility. They're clearly unhappy with the losses they've suffered, especially given their low attitude to risk, but I'm not persuaded BPIGL acted negligently.

Taking everything into account, and while I appreciate Mr and Mrs T will be disappointed, I don't think I can fairly uphold this complaint.

My final decision

For the reasons I've given above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs T and Mr T to accept or reject my decision before 2 January 2025.

Marc Purnell
Ombudsman