DRN-4934429

The complaint

Miss B has complained about the service she received from Succession Wealth Management Ltd, trading as Succession Wealth ('SW'), and the way her portfolio was handled. As a result of her experience Miss B says she feels damaged, vulnerable and reticent about putting her trust in others. To put the matter right Miss B wants compensation of £54,000 for the capital loss incurred and £61,000 charged in fees.

What happened

Mrs B had been a client of the predecessor business that was taken over by SW in October 2019. Miss B held a personal pension, general investment, ISA account and bond and agreed to use the services of SW's recommended platform provider in order to consolidate her investments.

She says the relationship with her adviser broke down after a couple of years when she involved her husband with her investments, and they started asking questions. Miss B discontinued using SW's services on 24 May 2023 and raised a complaint with SW.

SW responded to Miss B's concerns. It said;

- Regarding the breakdown in Miss B's relationship with her adviser at SW, it couldn't find any evidence to suggest the meetings were anything other than cordial, informative and business like.
- There was nothing to support Miss B's allegation that her adviser was unqualified to provide the advice or was 'out of his depth'.
- To help Miss B's understanding, the adviser had provided all the relevant key features documents, illustration and recommendation reports which confirmed how and why the products or investment strategies met Miss B's needs. Many discussions were also had.
- The evidence suggested that Miss B understood the fee structure and how it was applied. Fund performance and fees hadn't ever been related and all fees had been disclosed.
- The performance of investments could not be guaranteed. All the products recommended took account of Miss B's circumstances including her attitude to risk, risk tolerance, ability to accept financial losses and the impact on her short to long term plans. An exit strategy was discussed later and to provide the certainty Miss B required for longer term rewards. Miss B had understood and accepted the risk of equity-based investment.
- It wasn't aware of any issues with its reporting.
- It could only recognise one error – a typographical one relating to Miss B's husband's name – and it had apologised for that. It wasn't aware of any other significant or material errors.
- There was no evidence to suggest that Miss B was misled about any Bond or their

maturity.

- It didn't uphold Miss B's complaint.

Remaining unhappy with the outcome, Miss B brought her complaint to the Financial Ombudsman Service. Our investigator who considered the complaint didn't think it should be upheld and said the following;

- She provided a background and timeline of events from January 2020 through to July 2023 when Miss B raised her complaint.
- Performance – No guarantees were given, and the documentation fully outlined the risks. While it was understandable Miss B wasn't happy with the performance, this couldn't fairly or reasonably be blamed on SW.
- Actions of Miss B's adviser – Evidence suggested that Miss B had previously been happy with her adviser, but that situation had changed. The discussions in 2023 showed that SW was willing to discuss any issue and provide clarity. There was nothing to suggest that that adviser hadn't acted fairly and reasonably and in line with his role.
- Recommendations – She outlined the details of the February 2020 recommendation report, the June 2020 report, the February 2021 Annual Planning Meeting, the July 2021 recommendation and the March and May 2022 recommendations. She concluded that the recommendations were suitable for Miss B, her attitude to risk and demonstrated that her adviser was listening to her.
- Fees and commission – The fees and charges were as agreed to and were charged by SW in line with the way it said it would.
- Overall, she was satisfied the advice given was suitable and in line with Miss B's investment objectives and needs. SW acted in line with regulatory requirements and the investments were regularly reviewed. The adviser reacted to any queries or concerns and ensured annual reviews and meetings. SW acted in line with Miss B's objectives and circumstances.

In response SW didn't have anything further it wanted to add. Miss B didn't agree with the outcome and said;

- The investigator had concluded that paying £61,000 over a four-year period and suffering a capital loss of £54,000 was acceptable. She appreciated the market had been extremely volatile, but targets should have been made between her and her adviser taking into consideration the market volatility. Little work had been carried out by SW other than offering graphs of historic information, but SW still accepted the remuneration.
- It wasn't just a question of money but of ethics and the financial industry needed overhauling.
- Most of the work carried out was completed by junior third parties who didn't refer to her husband by his correct name. The adviser had on one occasion admitted he was too busy to carry out the work but was still taking her money.
- She asked if there was any additional information she could provide as she hadn't been asked for any.
- There was no exit strategy, and an annuity was introduced by her and not the adviser about which it provided papers on the day after the final meeting. But it was just a money-making exercise to gain more fees before she left SW.
- Financial advisers were paid up front for 'no result'. SW didn't offer a brokerage

service. The de-risking hadn't worked because SW was tied to one product provider where SW was able to make the most commission. Cash wasn't an option and when she asked for other options outside of the product provider it fell on deaf ears. So, performance was a very important component of investing and the investigator had chosen not to look at it.

Miss B asked that her complaint be reconsidered by an ombudsman, so it has been passed to me for a decision.

Miss B provided further documents and information for my consideration;

- The biggest issue was the lack of performance particularly when benchmarked against the fees paid. The products offered were limited when she was led to believe the investment strategy would be tailored to suit her needs. It didn't suit her needs as a stock broking service wasn't available and she was already retired.
- All investments were collective investments with one product provider and no cash holdings. Bonds invested into weren't Government bonds so were riskier. If she had known fossil fuels were invested into, she would have left on ethical grounds.
- She had asked for a safer investment strategy on numerous occasions and even when put into reduced equity products the performance didn't really improve. The only solution would have been to move to cash, blue chip stocks or Government bonds.
- By the time she placed the portfolio into cash she had lost £115,000 including the fees.
- There was no warranty of service or refund policy. The investments had underperformed. And the investments weren't traditional shareholdings so a consumer couldn't track the performance. She wasn't issued with any certificates to show details of the investments.
- As the investments were provided by a product provider, the adviser couldn't answer questions about them.
- The investments didn't meet her needs and her funds were providing better returns now that she was managing them.

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.

After doing so, I've reached the same conclusions as the investigator and broadly for the same reasons. I'll explain why.

I should first say that I'm aware I've set out the background to this complaint in far less detail than the parties and I've done so using my own words. The Financial Ombudsman Service was set up to be a quick and informal alternative to the courts. And the purpose of this decision is to explain what I think is fair and reasonable in the circumstances, not to offer a point-by-point response to everything the parties to the complaint have said. So, I will not refer to every submission, comment, or relevant consideration. Instead, my decision sets out what I think are the most important points in order to explain my decision in a way that is intended to be clear and easy to understand.

When giving investment advice SW had regulatory obligations to assess the suitability for Miss B. The regulator, the Financial Conduct Authority's ('FCA') and the Conduct of

Business Sourcebook provides detail of the information that a business should consider before giving investment advice;

> ‘**Assessing suitability: the obligations**
>
> **COBS 9.2.1R** (1) A firm must:
>
> (a) take reasonable steps to ensure that a personal recommendation, or a decision to trade, is suitable for its client; and
>
> (b) ensure that any life policy proposed is consistent with the client’s insurance demands and needs.
>
> (2) When making the personal recommendation or managing the investments, the firm must obtain the necessary information regarding the client's:
>
> (a) knowledge and experience in the investment field relevant to the specific type of designated investment or service;
>
> (b) financial situation; and
>
> (c) investment objectives;
>
> so as to enable the firm to make the recommendation, or take the decision, which is suitable for the client and for a life policy, to propose a contract that is consistent with the client’s insurance demands and needs.’

I have borne these obligations in mind throughout my decision.

I note that in September 2019 Miss B was pleased with the service she received from her adviser as per the predecessor business’s Client Feedback Form she completed. At that time, she said her adviser was very knowledgeable, easy to deal with and explained things in a way that Miss B understood. He always returned her calls if she had a query and was a pleasure to do business with. So, it’s clearly from after this time when the predecessor business was taken over by SW that Miss B became dissatisfied with the service she received and the handling of her portfolio.

To consider this further, I’ve reviewed a timeline of what subsequently happened, how Miss B’s account was managed and her interaction with SW;

- **26.02.20** – SW provided a 20 page ‘Recommendations’ document. It detailed Miss B’s current holdings with were an onshore investment bond, GIA, stocks and shares ISA and personal pension. The investments were valued at just under £826,000.

  It was suggested Miss B’s investment bond be sold and the existing holdings in her general investment account and ISA be sold and reinvested along with the investment bond proceeds plus £25,000 cash to be invested £20,000 into a new ISA into two selected funds and the remaining cash of around £105,000 to be reinvested into the same two funds within an investment bond. It provided details of the funds and the reasons for investment.

  It’s recorded that Miss B wanted to simplify her investments by consolidating them as she held investments with multiple providers. Miss B had completed SW’s risk profiling questionnaire which identified her tolerance to risk as cautious and after conversation about risk and her investment objectives it was agreed that a balanced risk profile was most suitable for her. A balanced risk client was categorised as;

> '**Risk Level 3: Balanced Risk Profile**
>
> This is aimed at investors who are willing to invest in assets that can produce an above average return over the medium term by investing in a variety of assets including equity, property and fixed interest. The investor is looking for a balance between risk and reward and will accept that their investment will fluctuate but do not want it do so significantly. The Investments will have exposure to a higher potential of capital loss but with greater capital growth potential over the medium to long term. There will be an increased exposure to higher risk assets within the portfolios including overseas equity.'

Miss B was looking for returns of 4-5% and it was agreed she had a tolerance for losses up to 12% over an annual period. Miss B lived comfortably within her means and wasn't reliant on the performance of her investments. She had a guaranteed level of income which covered her outgoings and was to retain £81,000 as contingency funds. Miss B had 'reasonable knowledge and understanding' of investments and had been investing for the previous 20 – 30 years.

- **28.02.20** – Miss B gave the instruction to sell and reinvest as recommended above.
- **24.06.20** – Report and recommendations document provided. It's recorded that Miss B had recently had a number of conversations regarding her concerns about the economic climate and the volatility that her funds had experienced. The aim of the advice at that time was reduce the risk level of her portfolio as Miss B had been uncomfortable with recent volatility and wanted to take a lower level of risk to reduce that. It was agreed that a split risk profile of cautious and defensive was suitable for her investment portfolio.

The risk profile categories for both were;

> '**Risk Level 1: Defensive Risk Profile**
>
> These funds are intended for investors who have a very low appetite for risk and are not prepared to accept large fluctuations in capital values. The investments should be generally in secure assets that should under most circumstances not suffer capital loss but will only be expected to offer relatively low levels of capital growth. It is possible that when taking inflation into account the funds may not increase in capital value.
>
> **Risk Level 2: Cautious Risk Profile**
>
> These funds are intended for investors who want a return above that of cash/deposit account over the longer term and are willing to place some of their investments into assets that will expose them to fluctuations in capital value. The investments should be exposed to a lower level of risk with an emphasis on secure consistent growth with a bias towards lower risk assets. The investments will have the potential for capital fluctuation but with sufficient risk to deliver growth over the medium term.'

It was recommended that Miss B switch her current investments in line with her defensive/cautious attitude to risk into an index tracking funds with reduced equity exposure. For her general investment account, the switch was limited to the capital gains tax allowance constraints so some of the previous balanced investment funds would remain. A defensive investor had a tolerance for loss of up to 5.00% and a cautious investor up to 8%. Miss B was to keep £30,000 as a contingency fund.

- **03.07.20** – Miss B agreed to the recommended transactions.
- **17.02.21** – Further to an Annual Planning Meeting of 15 February SW wrote to Miss B and confirmed her cautious attitude to risk.
- **27.07.21** – SW wrote to Miss B with a recommendation for the ad hoc investment of £20,000 into the 2021/22 ISA. It was to be split between two funds that Miss B already held. Details of the charges were given which would be taken from the general investment account. Risk warnings about performance were given.
- **04.05.22** – Further to a discussion Miss B wanted a higher rate of return and so was advised to switch the portion of her portfolio that was defensively managed to a cautious category to give her greater exposure to equities.
- **06.05.22** – Miss B agreed with the recommendations of 4 May.
- **06.03.23** – SW wrote to Miss B further to their meeting on 28 February. Miss B had updated SW's risk profiling questionnaire and the results identified her as having a balanced tolerance to risk. It was recommended that Miss B switch her investments in her general investment account, ISA, personal pension and onshore bond – valued in total at just under £530,000 – to a fund which better suited her balanced attitude to risk.
- **10.03.23** – Further to a call with Miss B SW provided its summary of the review. It was recorded Miss B was to increase the risk of her portfolio to balanced. Miss B's financial objectives, assets and investments were discussed as well as her own and her husband's pension contributions. The adviser confirmed that Miss B could be contacted by his support team about the actions that had been discussed.
- **19.03.23** – Miss B confirmed that she didn't want to make any decisions regarding her finances.
- **02.05.23** – Miss B wrote to SW with her concerns about her portfolio and requested a meeting to discuss the performance of her investments, the necessity of having an adviser, the returns, fees and commissions, the need for an exit strategy, life insurance as a component of the bonds, risk, the parties involved and the 'wraps', Miss B and her husband's current circumstances and the need for safer options bearing in mind their retirement.
- **10.05.23** – The notes after the meeting record Miss B and her husband questioned the value SW was providing as Miss B's investments had fallen. SW responded to this point and referred to the fact Miss B had disagreed with previous advice to change investment strategy which would have created better returns. Miss B was a long-term investor and had only been investing for four/five years.

  Miss B didn't think she would be a long-term investor and the investment markets were making her nervous. She asked for income options without exposure to investments and was advised about annuities which could provide her with a guaranteed income and a spouse pension in the event of her death. Miss B wanted further information and quotes. It's recorded that Miss B and her husband left the meeting optimistic that an annuity was the best way forward.

  SW followed up with an email to Miss B to explain what had happened since March 2019 – COVID, Ukraine/Russia and Truss' Budget – and that in 2020 the adviser had wanted to stick with the agreed investment strategy, but Miss B had wanted to reduce the equity portfolio which had a significant impact on the performance. An increase in equity exposure had recently been recommended but his had been declined. It provided a graph and performance information about Miss B's chosen investment and investment with higher equity content and reiterated the medium to long term investment exposure. It detailed the features of Miss B's three account types – general investment, ISA and personal pension plus onshore investment bonds. It provided details of SW's fees, drawing income from the portfolio and annuity purchase guidance.

- **17.05.23** – SW wrote to Miss B and her husband with details of what it needed for it to engage with Miss B's husband as a client.
- **24.05.23** – Miss B confirmed that she no longer wished to be a client of SW.

SW explained that the underperformance came about as result of the volatility that resulted from COVID, the Russia/Ukraine war and Liz Truss's Budget. SW has also said that Miss B's portfolio would have performed better if she hadn't switched investments but clearly it was her prerogative to do so. However, as already mentioned, SW has provided reasons for the performance of the investments. And while I can't consider performance in and itself, I can consider whether the portfolio was suitable for Miss B or whether Miss B was misadvised about the investments.

While it's clear that Miss B did have investment experience – 20 to 30 years – she wanted to consolidate her investments by using SW's investment platform. I accept Miss B was reliant upon the advice given to her by SW but equally, the service offered by SW was an advisory service rather than discretionary, so Miss B was free to disagree with any recommendations if she wanted to, which she did. Miss B has said that performance is very important and particularly when benchmarked against the fees. Miss B's investments with SW started in January 2020 and its evident that the stock markets have been volatile during this time. But as a result of Miss B's change in attitude to risk SW had to switch investments to fit with the lower risk profile. I understand those investments that weren't switched 'had a huge positive impact' on her portfolio.

However, it was for Miss B to decide what level of risk she wanted her investments exposed to but it's clear it was SW's opinion Miss B should have remained as originally invested. When it provided further information to Miss B after the meeting of 10 May 2023 the adviser said;

> 'In March/ April of 2020 I pleaded for us to stick the course with our original investment strategy however you did not wish to do so and we fund switched to a reduced equity portfolio. This has had a significant impact on performance up to now. I did manage to convince you to keep a proportion in the original strategy and this has had a huge positive impact as things stand. Again we suggested to increase the equity content in line with your original structure this year and again this was declined.'

SW is saying the performance of Miss B's portfolio suffered because of the reduced equity content as a result of the change in Miss B's risk profile. And provided a portfolio is invested in line with its overall objectives and disclosed risk – in this case for capital growth over the medium to long term by investing in a broad range of assets – within the agreed risk profile, then it wouldn't be fair or reasonable for me to uphold the complaint on this point. I haven't seen anything to suggest that the portfolio was invested outside of its stated investment objectives or risk profile.

And the fact that the risk of underperformance of the portfolio materialised, does not automatically mean that the SW did anything wrong. In the absence of any evidence that SW didn't provide suitable advice for the investment of the portfolios – and the performance of the portfolios alone doesn't evidence this – I am unable to say that SW has done anything wrong in the overall management of Miss B's investments.

I've reviewed the investments that were recommended to Miss B in 2020. The fund fact sheets record those funds' investment objectives were;

> '…to provide capital growth and income in line with global markets. The Fund invests across different assets classes to provide the opportunity for long term growth.'

And;

> '…to achieve long-term total return... [from investment in] '…equity securities…and fixed income securities of issuers in global developed countries and/or in collective investment schemes which provided exposure to such equity and/or fixed income.'

The latter fund was exposed to 60% equity and 40% fixed income.

When Miss B reduced her risk profile, different funds were recommended. The fund fact sheet for one records;

> 'The Fund seeks to hold investments that will pay out money and increase in value through a portfolio comprising approximately 40% in shares and 60% bonds and other similar fixed income investments.'

The other's objective was;

> 'to hold investment that will pay out money and increase in value through a portfolio comprising approximately 20% shares and 80% bonds.'

The reduction in equities and additional exposure to bonds/fixed income investments was to reduce Miss B's exposure equity investment and the risk associated with that.

There's nothing to suggest that the funds' objectives did not match Miss B's investment objectives or attitude to risk. While I can understand why Miss B may not be happy with the performance of the portfolio during the period in question, but if the portfolio in a certain period poorly performed that's because the adviser had made recommendations that hadn't paid off. That's disappointing, of course, but if the investment recommendations made are suitable for Miss B's investment objectives and risk profile it doesn't mean the adviser had been negligent or failed in his duty of care by making those recommendations and it doesn't mean the adviser's decisions wouldn't pay off over the longer term. And in this case the adviser's initial recommendations needed to be altered because of the change in Miss B's attitude to risk so hadn't had the medium to longer term exposure. But overall, I can't agree that SW has done anything wrong. It provided investment recommendations to Miss B in line with her investment objectives and attitude to risk.

Miss B has referred to the 'wraps' of her investments. She held a general investment account, ISA, personal pension and onshore investment bonds. The latter three all offered tax advantages for Miss B. There's nothing to suggest that Miss B's investment choices were limited or prohibited because of the use of the product types or 'wraps' and she would have benefited from their tax efficiencies. So, I don't see that SW has done anything wrong here.

Miss B wants the fees returned to her as she doesn't consider she's received the service promised. Under the regulations SW had an obligation to provide information to customers that's clear, fair and not misleading and that would include information about fees.

When each investment recommendation was made, I can see the report included a section entitled ‘Fees and Charges’ and provided a comparison of costs and charges where necessary. It also provided a document of ‘Our Services & Fees’ which details all of the type of charges that a customer could incur. So, I think it provided information to Miss B that was transparent. And it doesn’t follow that because the performance of the recommended investment wasn’t as Miss B had hoped then the fees should be returned to her. SW provided its service in the usual way – by offering investment advice – but because the performance of those investments didn’t perform as well as hoped it doesn’t take away from the fact that SW provided the service that it did.

And I’m also satisfied that SW responded to any queries and questions raised by Miss B and reacted when she raised concerns about the performance of her investments. It’s clear from the documents provided by SW that it carried out annual reviews and was available for further ad hoc investment advice or other issues Miss B raised.

Miss B isn’t happy with the product choices offered by SW and has referred to there being no option to invest in individual blue-chip shares or metal investment as examples. But SW didn’t offer the type of service Miss B has referred to. Miss B has commented on SW not offering a brokerage service however, SW is an advisory only advice firm and is not a stockbroker. Its Terms of Business which Miss B agreed to outlines its position about share trading or stockbroking said;

> ‘In accordance with our regulatory permissions, we do not provide advice in relation to individual share holdings, if this is something you need assistance with, we can refer you to a stockbroker. We also do not provide advice on options, futures and other derivative contracts as we believe that these are unlikely to be suitable for our clients.’

So, while Miss B may not have been satisfied that she couldn’t have access to a brokerage service, SW’s terms make clear this wasn’t ever a possibility. My understanding is that SW offers an investment platform providing access to over 4,000 funds rather than direct equity investment or similar, and so Miss B could have opted for a different financial adviser if that was the type of service she wanted.

Miss B has referred to there not being an ‘exit strategy’. I can’t see that such a need was ever put forward by Miss B. The investments being made were for the medium to long term so at the outset there was no suggestion that Miss B was looking for an alternative or would be moving away from stock market investment. However, I can see that in 2023 the subject of annuities was mentioned, and this was discussed during the May 2023 meeting and followed up by SW with rates and returns for annuities. So, when alternatives to stock market investment was broached, its clear that SW responded.

However, I do appreciate that there were other options available to Miss B at the time of the advice that could have potentially offered her better returns than she achieved. But my role isn’t to re-visit the advice that she was given and what other options were potentially available to her. Rather it’s to consider whether the advice that was given to Miss B was suitable for her at the time and as identified prior to the investment and whether it was sufficiently explained to her.

Overall, and taking all of the above into account I’m satisfied that SW appropriately considered Miss B’s investment knowledge and experience, financial circumstances, investment objectives and capacity for loss and in light of that information, provided suitable investment advice to Miss B. Those investment recommendations were clearly explained to Miss B as were the risks involved and the charges that would be incurred. In the individual circumstances of this complaint, I don’t find that the advice given to Miss B was unsuitable for her bearing in mind her personal and financial circumstances, her attitude to risk, ability to bear losses and her investment requirements. It follows that I don’t uphold Miss B’s complaint.

I appreciate Miss B will be disappointed with the outcome to her complaint. It’s clear she feels strongly about it, and I thank her for the time and effort she has made in bringing her submissions. But I hope I have been able to explain how and why I reached the decision that I have.

My final decision

For the reasons given, I don’t uphold Miss B’s complaint about Succession Wealth Management Ltd, trading as Succession Wealth.

Under the rules of the Financial Ombudsman Service, I’m required to ask Miss B to accept or reject my decision before 6 December 2024.

Catherine Langley
Ombudsman