

## The complaint

Mr C says Chevening Financial Ltd (Chevening) advised him to invest in an unregulated collective investment scheme (UCIS). Mr C says he did not meet the criteria for such an investment and that it should not have been recommended to him. The investment has not been successful, and Mr C wants Chevening to compensate him for his losses.

## What happened

On 24 June 2013 Chevening wrote to Mr C, as an existing client, to promote an investment opportunity to him. The letter explained that the opportunity related to high risk, sophisticated and complex investments. It said it could therefore only discuss the opportunities with:

*“individuals who have the necessary investment knowledge, business experience or level of assets that would allow them to adequately review and make informed decisions as to the appropriateness of the investment for them.”*

The letter went on to say that Chevening considered Mr C to fulfil these requirements as a sophisticated investor and high net worth individual. It went on to say that the point about sophistication ought to relate to recent experience and so although Mr C had spent 21 years in financial services (in a role it specified but which I do not repeat here) it was his wealth that allowed Chevening to designate Mr C as a suitable individual.

Chevening then went on to list Mr C's assets, which I set out in anonymised form as follows:

- Main residence - £1.1 million (with a £250,000 mortgage)
- Property company shares - £200,000
- Shares in an investment advice company - £50,000
- Cash - £100,000
- Share portfolio - £30,000
- Pension funds - £260,000.

The letter asked Mr C to confirm that the details listed were correct by signing the bottom of the letter and by signing a Statement of Certified High Net Worth.

Mr C counter-signed the letter and signed the Statement of Certified High Net Worth as requested.

Shortly after there was a meeting between Mr C and Chevening and a fact find document was partially completed. The fact find is dated 8 July 2013. Also dated 8 July 2013 is a declaration prepared by Chevening relating to the UCIS which was also signed by Mr C.

On 22 July 2013 Chevening wrote a further letter to Mr C. This letter set out that Chevening had made Mr C aware of an unregulated investment – the UCIS, which it named. The letter does not contain a recommendation to invest in the UCIS as such. It went on to

recommend a self-invested personal pension (SIPP) to which Mr C could transfer funds from his existing SIPP to make an investment in his pension in the UCIS.

This letter mentioned Mr C's existing occupation which was not in financial services. Mr C's new profession, in which he was not yet fully qualified, was named but I will not repeat it here.

The letter then went on to list the same assets as in the previous letter which I have set out above.

The letter also set out a description of the UCIS investment and gave a number of risk warnings.

The UCIS is an investment relating to land where it was hoped planning permission for the development of the land would be obtained. But planning permission has not been obtained and the investment has not therefore been a success.

Mr C holds Chevening responsible for the losses he is suffering. Essentially he says he did not meet the criteria for such investments and so it should not have been recommended to him.

Chevening did not uphold Mr C's complaint. It made a number of points including:

- It understands Mr C's dissatisfaction with the zero return on the investment to date, but the risks including the risk of total loss were made clear and understood by Mr C.
- Mr C understood the investment was a long term, illiquid, high risk investment.
- The declaration he signed in July 2013 included two separate mentions of the risk of total loss.
- There is still some possibility of a return on the investment depending on whether planning permission is ever granted.
- It correctly identified Mr C as a client with whom it could share information about the UCIS based on the adviser's knowledge of Mr C, his assets at the time and that he had made other similar investments previously.
- The investment was around 20% of Mr C's pension fund to which he was still contributing £7,500 a year.
- Mr C was in his mid-40s at the time and had time to accumulate additional funds before retirement.
- Mr C had other assets totalling around £380,000 including two previous higher risk investments.

Mr C referred his complaint to the Financial Ombudsman Service where it was considered by one of our investigators. He set out his view of things in a letter in August 2024. He also thought the complaint should not be upheld. He made a number of points including:

- Mr C had signed the declaration agreeing to the details included in the letter of 24 June 2013 (which the investigator repeated in his letter).
- In the fact find document in July 2013 Chevening recorded that Mr C's current salary was £21,000 a year (plus bonus) as a trainee and that he expected his earnings to go up to £50,000 on qualification. And that Mr C had additional earnings of £30,000.
- The letter from Chevening dated 22 July said the adviser was not carrying out a full

review but was making Mr C aware of an unregulated investment opportunity.

- Chevening did not advise Mr C to invest in the UCIS. It made him aware of the investment having assessed him to be a sophisticated investor and a high net worth individual. Mr C had agreed with that assessment and there is no reason to consider the assessment incorrect.
- The investment was made from funds in Mr C's existing pension fund and did not affect his level of income. Also, Mr C was expecting his income to rise.
- And Mr C's age was not an issue.
- In all the circumstances there was no reason to say Chevening had acted incorrectly.

Mr C told the investigator on the phone that he did not agree. He made a number of points including:

- Mr C's income and assets were not as set out by the investigator.
- His income was £21,000 a year but he did not expect it to rise to £50,000 a year on qualification. He did not have the £30,000 additional income mentioned.
- Mr C did not have shares in a property company. He had owned a property overseas but that had been sold.
- The shares in the investment advice company were worthless.
- He does not know what the £30,000 share portfolio is.
- Mr C did not have a cash reserve of £100,000. He had not worked for a number of years as he had been at university retraining for his new job. He had sold his overseas property at the bottom of the market and would not have sold it at that point if he'd had £100,000 in the bank.
- Chevening did advise him. He only made the investment because the adviser said he was doing so. And he had made earlier investments for the same reasons – that Chevening had advised him to.
- Chevening had advised him to invest over 20% of his available funds in the UCIS which he now knows to be unsuitable, and that the regulator suggests no more than 3-5% should be invested in such investments.
- His experience in financial services did not make him a sophisticated investor and did not relate to investments like the UCIS.
- He may have signed documents at the time, but he will have done so without reading them because he trusted Chevening.

The investigator explained that he had reviewed the case in light of the evidence he had. Mr C said he would confirm his points by email and asked for more time to do so. Mr C was asked to provide any further points or information he wanted an ombudsman to consider. No further points or information were provided.

### **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.

Your text here It is not disputed that Chevening wrote to Mr C in June 2013 to say it had investment opportunities that were high risk and should only be considered by limited categories of investor. Mr C does not dispute signing a copy of that letter to confirm its contents as correct.

So far as I am aware Mr C does not dispute that on 8 July 2013 there was some kind of meeting when a fact find was completed – but not fully, not in depth. Or that he signed a declaration relating to the UCIS investment prepared by Chevening and referred to in its response to his complaint.

Nor did Mr C dispute receiving Chevening's letter of 22 July 2013 when the investigator referred to it in his opinion letter.

These documents help to show the dealings between Mr C and Chevening in the summer of 2013 when the disputed UCIS investment was made.

At that time Mr C had had a past career in financial services. And was presently a trainee in a profession for which Mr C had been training for a number of years.

I accept that Mr C's past role is unlikely to have related to investments such as the UCIS. I also accept that his new role is unlikely to have involved him working with investments such as the UCIS.

However, Mr C's past and present professional training and experience would have made him aware of some important points such as investing in investments referred to as high risk *will* involve high risk – including the risk of total loss – and that it is important to pay attention to what you are doing.

Mr C says his wealth was not as set out in the two letters I have referred to above. If that is so, he should not have signed to say he agreed with the figures Chevening had given. I cannot see how it would be fair and reasonable in the circumstances to judge things now on the basis that Mr C's financial position was materially different to what he agreed it to be in 2013. In the circumstances I do not consider Chevening to have been at fault in promoting the possible investment in the UCIS to Mr C in 2013.

The letter of 24 June 2013 was not a recommendation, or advice, to Mr C that he invest in the UCIS as such. But things moved on from that letter and Mr C says Chevening did advise him to invest in the UCIS. There was some form of meeting on 8 July 2013 when the fact find was completed and the declaration relating to the UCIS was signed. There may have been other conversations. And then there was the letter of 22 July 2013.

Chevening's position is that it did not advise Mr C to make the investment in the UCIS. It provided information about it and Mr C made his own decision without it making a recommendation.

The letter of 24 June 2013 does indicate that is the likely process that was to be followed. The declaration for the UCIS signed on 8 July 2013 also includes the following:

*“Suitable investor profile – Knowledgeable, experienced investors with highly aggressive risk capacity who meet the regulatory definition of a high net worth investor...*

*10. We have brought the scheme to your attention as we believe the balance between risk and reward might be viewed as favourable, as long as the risk of total loss is acceptable.*

*11. As a unique investment with a single purpose, it is impossible for us to predict the outcome and so we are waiving all initial advice charges on this scheme in favour of a performance related advice charge in order to align our interests with the investors;*

*we do not feel we should be paid unless the investor makes a substantial profit (see performance agreement for more details...*

*I confirm that I am aware of the risks and other factors noted above. I also confirm I am aware of the risk factor section within the full Information memorandum.*

*I also confirm that I meet the "suitable investor" profile noted above and that if appropriate I have taken advice from other suitably qualified tax and legal professionals."*

This also tends to indicate that advice had not been given to invest in the UCIS. However, I accept the reference to an advice charge – albeit on a performance related basis – seems to at least raise the possibility that Chevening thought it might be right for it to receive payment for something that seems to be referred to as advice.

The letter of 22 July 2013 was written on the basis that Chevening made Mr C aware of the UCIS investment, that having been made aware Mr C had decided to invest and that it had limited its advice to the pension arrangements for the investment Mr C had decided to make. But I do note that Chevening did also say the following in its letter:

*"Advice charges*

*We have waived our advice charges for the [UCIS] and have instead proposed a performance based advice charge to you with which you are happy. This is in order to align our interests with yours in respect of this scheme.*

*The details of this are within the performance agreement that you have seen and effectively mean that on the basis of your pension fund has received payments of twice the initial investment within 5 years, we will then be entitled to 20% of any ongoing amounts due to your pension fund, which will be payable to us directly from the scheme itself.*

*We will however need to charge a £500 flat fee for the research and implementation of the [new, additional] SIPP as the vehicle to enable investment in the [UCIS]..."*

In its response to Mr C's complaint, Chevening said the following about its fees:

*"Our fees*

*Given the nature of the investment, we decided at the time it was inappropriate for us to charge a fee for "recommending" the scheme, as we did not feel it was a conventional advice scenario that would justify a fee.*

*It was highly speculative and there were no guarantees of returns and so we felt the only fair approach was that our fee would be linked to the client returns from the scheme within a certain time period, which has now ended. We wanted to make clear that this was not a scheme we were "marketing" with a view to earning fees or commission, but because we felt that it may be of interest to some of our higher risk taking clients."*

On balance, like the investigator, I think Chevening did not advise Mr C to make the UCIS investment. It presented it to him as something worthy of his thinking about. I think Mr C may well have thought that Chevening would not have told him about the investment if it did not think it was likely to be suitable for him. And he may have thought the adviser liked the investment. But I also think Mr C knew and understood that advising on the suitability of the investment for him personally should involve detailed consideration of his financial position,

his attitude to risk, his investment objectives and other personal circumstances and plans. And he knew and understood that such a process was not taking place. I think he knew, or should have known, that he was being told about the investment, how it was only for limited classes of investor and that he was thought to be such an investor and as such capable of making his own decision without advice and that that was the process he was involved in.

I do not think it was unreasonable in the circumstances for Chevening to assess Mr C as a person who could reasonably participate in such a process. It was open to Mr C to make it clear that he disagreed that he was a sophisticated investor and/or a high net worth investor, but he did not do so.

I do not consider that Chevening seeking a fee for the introduction to the investment if it was successful, but referring to that fee as a performance related advice charge, establishes that advice was given or otherwise changes the nature of the dealings between Mr C and Chevening in relation to the UCIS.

Given Mr C's professional experience and training he will have known and understood what his financial position was and how much of his wealth he was investing in the UCIS. And he was willing to proceed on that basis even if he did not read the documents that set out what Chevening had said his wealth was.

Mr C decided to invest around £60,000 from existing pension funds (which were recorded to be around £260,000) in what he will have understood to be a high risk investment. I think Mr C will have understood the risks involved in doing so, and I do not consider it fair and reasonable in the circumstances to require Chevening to compensate Mr C for any losses he has suffered as a result of that decision.

### **My final decision**

I do not uphold Mr C's complaint against Chevening Financial Ltd.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 12 August 2025.

Philip Roberts  
**Ombudsman**