

The complaint

Mr C has complained about the decision made by Threadneedle Investment Services Limited trading as Columbia Threadneedle Investments ("Columbia") to close a fund he held investments in – the CT American Extended Alpha fund ("the fund"). He's said he doesn't agree that the fund should have been closed. He's also complained that he was notified too late about this decision and feels that as a platform investor rather than a direct investor he has been disadvantaged and has incurred unreasonable charges as a result of Columbia's actions.

What happened

In 2023 following an annual Assessment of Value (AoV) of the fund the decision was made to close it down because the AoV revealed that the fund wasn't providing sufficient value to its shareholders across a range of criteria required by the regulator, the Financial Conduct Authority (FCA). This decision was communicated to direct investors with Columbia on 27 November 2023. Columbia also notified platform providers of this decision at the same time so that they could inform their investors in line with the platforms' standard procedures in this situation.

Mr C has said he was told about the closure of the fund in December 2023 via his platform provider, around a month after direct investors were told. He's said he was shocked by this decision because in his view the fund had been performing very well over the years. He sent evidence of this to Columbia in an attempt to reverse the decision.

Mr C has also said that as a platform investor he has been treated unfavourably compared to those who were directly invested with Columbia. He's said it's unfair that direct investors were given more notice about the closure of the fund and as a result were able to buy and/or sell the assets for a more favourable price and for a longer time and without any charge. He also thinks the price of the fund should have been fixed from the date of the announcement so that the process was fair for all investors of the fund.

As a result of the decision to close the fund and the timings of the communications to him Mr C has said he's incurred selling and purchasing costs on replacing the investment. He's also said that due to the poor handling of the issue by Columbia he's had to make several phone calls and generally spend a lot of time trying to discuss the matter with Columbia and has experienced much distress and inconvenience because of this.

He wants Columbia to reimburse his costs of around £1,200 for the charges incurred and he also wants to be paid £5,000 for the poor manner in which Columbia tried to resolve the matter.

Upon investigating Mr C's complaint Columbia felt that the decision to close down the fund was justified and ratified by its Boards and the FCA. It also stated that the timings of the communications Mr C had received were down to his platform provider and Columbia didn't have anything to do with platform investors.

Unhappy with this answer Mr C brought his complaint to this Service where it was assessed by one of our investigators. She felt that the complaint couldn't be upheld for much the same reasons as Columbia.

Mr C didn't agree with the assessment and so as no agreement could be reached the complaint has been passed 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.

I've taken into account relevant: law and regulations; regulatory rules; guidance and standards; codes of practice; and (where appropriate) what I consider to have been good industry practice at the relevant time.

Where the evidence is incomplete or inconclusive I've reached my decision based on the balance of probabilities – in other words, on what I think is more likely than not to have happened given the available evidence and wider circumstances.

Mr C raised a number of complaint points initially and in response to the assessment made by the investigator. I want to assure Mr C that I have considered everything he's said and all the supporting materials he's referred to. However, our rules don't require me to address or respond to each and every point raised. We're an alternative to the court not a substitute for it. As such my role is to decide how a complaint should be resolved with minimal formality. And I aim to present my conclusions in as clear and as concise a manner as I can. In doing so I focus on the key issues and the reasons that are crucial to my decision making. So, if there's something I haven't mentioned, it isn't because I've ignored it. It's because I'm satisfied I don't need to comment on it to be able to reach what I think is a fair and reasonable outcome in the circumstances of this complaint

I appreciate Mr C feels strongly that the decision to close the fund was the wrong one and asserts that the fund was a good performing one and I know he has tried to engage with Columbia on this matter. However, the process of closing a fund along with the FCA involvement and requirements is not something this Service can involve itself in or comment on. All I can say is that I know that investment funds are reviewed and monitored on a regular basis by teams of product specialists, the aim of which is always to ensure the fund is correctly placed in terms of risk and is, overall, still providing sufficient value to investors, all measured in line with FCA's criteria and requirements.

The actual results of the AoV is not for me to review. Ultimately the decision to close the fund was made following thorough reviews of the fund and was approved by Columbia's Boards and the FCA. So I am satisfied that Columbia conducted the correct processes and legitimately closed down the fund.

So while Mr C doesn't agree with the decision this isn't something neither he or this Service has any influence over and as an investor the decision is something he must accept.

In terms of the timings of the communications about this decision its clear direct investors with Columbia were notified earlier. But I know Columbia notified the various platform providers involved of the decision at the same time it told its investors and the responsibility of telling Mr C about the decision in a timely manner lay with his specific platform provider and not Columbia. And while this may well have disadvantaged Mr C in terms of the time he was able to sell down his investments in the fund and the price he received for them this isn't something Columbia can be held responsible for. The same applies to the charges Mr C

incurred as a result of having to sell down his assets from the fund and acquire new ones – again that is something that is down to his platform provider. And I think anyone investing via a platform would be aware that charges would be incurred when carrying out most transactions.

In terms of Mr C thinking that the price of the fund should have been fixed from the date of the announcement, this isn't normal business practice in situations such as this one. The fund and its assets remain active until the final date (which in this case was 26 January 2024) and therefore would always be subject to fluctuations in the market by virtue of the funds still being invested. Furthermore, it was made clear in the communications from Columbia to its direct investors and to the relevant platform providers that the fund would continue to trade until the closure date. It stands to reason that there would be a notice period before the closure during which time the fund would still trade. This would be to allow shareholders time to make arrangement to either switch to a different fund, sell the shares or await automatic sale of shares. So, while Mr C thinks it would have been the fairest way to handle this I can't agree this is something Columbia should have done.

Ultimately Columbia made the decision to close the fund – a decision it is entitled to do. And it made this following robust reviews of the fund and its efficacy and ultimately the decision was made to protect the fund's investors. And while I can appreciate Mr C's frustration with the situation the timing of the communications he received from his platform provider this is not the responsibility of Columbia. Mr C isn't a customer of Columbia in relation to this specific fund - he was the customer of the platform provider.

In terms of Columbia's responsibilities, I am satisfied that the decision was made in a robust way and received the necessary sign off from the regulator. I am also satisfied that Columbia notified Mr C's platform provider in good time. And in terms of the poor handling of the situation that Mr C has raised, having reviewed all of the information provided to me I cannot agree that what Columbia did or may not have done is enough to warrant a payment in recognition of it.

I therefore don't uphold this complaint, and I don't think Columbia need do anything further.

My final decision

For the reasons set out above, my final decision is that I don't uphold this complaint and I make no award.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 13 June 2025.

Ayshea Khan
Ombudsman