

The complaint

Mr G complains about the service (and advice) he received from BlacklerSnelling Financial Planning Limited, referred to as “BS”.

In summary, Mr G is unhappy about the drop in value of his investments and fees paid. He says BS mismanaged his investments.

To put things right, he’d like compensation for losses claimed.

What happened

In 2018, Mr G received advice from BS relating to his pension and investments – he did so on a ‘transactional basis’.

It seems he was content, until recently when his investment value dropped. That’s when he raised questions about performance and fees paid. In 2023, due to having these concerns, Mr G moved his investment out.

One of our investigators considered the complaint but didn’t think it should be upheld. In summary, she said:

- She’s unable to say that BS behaved unfairly.
- She can’t consider a complaint about performance on its own because it’s not a regulated activity.
- In 2018, Mr G signed a document entitled “*Client Agreement for Investment & Insurances*” – ‘the fee agreement’ – which confirmed that he was aware of the associated costs for the financial review and recommendation(s). Amongst other agreements he also agreed that the fees would be deducted from the policy.
- The initial meeting took place on 25 May 2018. The following was recorded in the fact find (dated July 2018):
 - Mr G was unhappy with his adviser, the service provided and the performance of the investment. It was noted “*Future growth potential is important as well as reduced costs if possible without compromising performance*”.
 - Mr G was retired, with an annual income over £75,000 made up of his work pension, state pension, investment income and some work income.
 - He had assets worth over £1.3M comprised of properties, personal effects, cash deposits and other investments including £100,000 in stocks and shares ISA which Mr G managed himself on another platform. He had property that was jointly owned and worth around £5M.
 - He agreed he had a reasonable knowledge and experience of investments. He understood the principles including associated fluctuations in value.
 - He discussed his attitude to risk (ATR) at length, including the relationship between risk and reward. The answers provided in the Distribution Technology Risk Questionnaire – designed to assess knowledge, experience, ATR and capacity for loss – found Mr G has a ‘High Medium’ risk and ‘medium’ capacity for loss.

- In the circumstances the advice to transfer his stocks and shares ISA to the Old Mutual Wealth (now Quilter) platform wasn't unreasonable. It provided access to the investment strategy agreed – including potential for capital growth, no penalty on encashment and reduced platform fees.
- The funds would limit Mr G's risk to particular company's share price fluctuations. Although the funds were a mixture of equity and bonds (mainly from developed economies) she's not seen any evidence to suggest they were too risky, or that too much of her investments had been exposed to risk. In the circumstances she can't say the advice was unsuitable.
- Between 2019 and 2020, there's no evidence that annual reviews took place. However, there were ISA transfers and investment portfolio rebalancing.
- In 2021, Mr G agreed to an ongoing service agreement as he'd intended to invest more money from the sale of a recent house. The fact find recorded an annual income just under £80,000 and assets worth over £1.8M – with joint property worth £5M. He wished to invest for capital growth above inflation and bank deposit returns. The risk profile (completed in August 2021) confirmed that Mr G still had a High Medium ATR, and medium capacity for loss. It also noted that he was content investing for the long term and prepared to take on volatility risk against an opportunity for higher returns, as his investment would have more time to recover if it fell in value.
- Based on the above, the following advice – to top up his existing ISA with £23,000, along with £247,000 into a Quilter Collective Investment Account (CIA) and £30,000 into a Quilter Collective Investment Bond (CIB) was suitable.
- It was made clear that if using a diversified portfolio it's likely it will have different risk profiles but that overall the risk will match Mr G's.
- Mr G's portfolio included a number of different funds, but largely they were bonds and equities from developed economies. There were some higher risk funds, but considering his overall ATR she can't say that the risk was any more than he was willing to take at the time.
- Mr G's personal circumstances and objectives showed a need (and comfort) for taking this level of risk – this would allow him to achieve growth and income generating investments.
- Mr G had a financial review in 2022, the fact find (dated August 2022) stated that he wished to review his investment portfolio to ensure it was invested in line with his ATR and capacity for loss.
- The Investment Progress Review (dated 12 August 2022) confirmed that the adviser having reviewed his investments – based on his personal circumstances, financial situation, objective, ATR and capacity for loss – confirmed his portfolio asset allocation matched his selected risk profile and he was forecast to be on track to meet his objectives.
- The review confirmed that there'd been no significant changes to his financial or family life – which is why the adviser recommended that no changes were required.
- She's seen nothing to suggest that the advice was unsuitable, and she's satisfied that the investment remained in line with his investment objectives.
- In January 2023 Mr G notified BS of the sad news of his wife's passing. In March 2023 he received an interim review – a bed and ISA was completed to take advantage of the new tax year's allowance.
- Although an annual review was due in August 2023 and the business tried to contact Mr G it received a letter from the investment platform stating that Mr G had removed BS's servicing rights and moved to a new adviser.
- Since 2018 BS has arranged to invest in line with the recommendations made to Mr G. The asset breakdown of his portfolio is in line with his aims and objectives. His portfolio had the potential to meet his objectives – given the type of investments invested in – and was a suitable way to achieve his objectives.

- Whilst Mr G feels there was an opportunity to do better – for example as compared to his wife’s investment – this doesn’t mean the advice was unsuitable.
- The fee structure was set out in the fee agreement that Mr G signed in May 2018 and August 2021. It stated:
 - *“... Our charge for this service is based on a percentage of the amount you invest and/or transfer. These charges are applied as follows:*
 - *The first £250,000 – 3%*
 - *The next £250,000 – 2%*
 - *The amount over £500,000 – 1%”*
- A confirmation letter from the platform provider (signed by Mr G dated August 2021) confirmed the adviser fees as 0.75% of the value of his investment each year – the fees were calculated daily and paid every month. This matches with what he agreed with BS.
- The ‘Service Proposition Engagement’ letter– in a table marked as *“Our fees for our ongoing management services as well as the services we provide...”* – displayed the service levels it provides.
- Mr G became a Premier Plus Client in 2021, after which time annual reviews were carried out on the investment, advice was given, and changes made when needed.
- Whilst Mr G might think he was paying too much it’s not for us to tell a business how much it should charge.
- The documentation made clear that the fees were a fixed percentage of the value of Mr G’s portfolio. The fees (based on the agreement with BS) were due no matter how the investment performed.
- It’s unfortunate that the portfolio didn’t perform better, but that’s not something that BS can be blamed for. There’s been many significant events – one after another – since 2020 that have impacted the financial market. This has resulted in Mr G’s investments not performing as well.

Mr G disagreed with the investigator’s view and asked for an ombudsman’s decision. There’s been much correspondence between the Mr G and the investigator, but in summary he made the following key points:

- He doesn’t accept that he’s ‘an experienced investor’.
- He trusted the BS to give him expert advice and it let him down. There’s clear incompetence on its part.
- He understands the investigator can’t comment on performance.
- He was told the standard commission was 1.5%, but in view of the large sums he’d be charged 0.75%, but later discovered the rate should’ve been 0.45% - in line with the rates used by platforms such as Hargreaves Lansdown and St James’ Place.
- He didn’t start the complaints process just because he lost money over a two year period, even though he’s upset about this.
- He was told by BS that the huge losses were down to ‘world circumstances’ operating at the time, but this didn’t appear to be the case.
- BS should’ve intervened to ameliorate the loss. He was paying £900 a month but it never intervened – this worried him. He’s paid the fees for nothing, and that’s not what he agreed to.
- The interviews with BS were infrequent and at his request. Whenever he raised concerns, he was told that things would get better and that it was a difficult time.
- His queries with the platform provider revealed only two interventions.
- It’s only after his wife passed away that he realised that BS mismanaged his investment.
- Even if there had been no errors of judgement by BS the service was very poor and ‘unreasonable remuneration’. It hasn’t delivered what it should have and has charged an extortionate amount for this.

- It's incompetent and devious.
- Given its behavior, it shouldn't be a member of the Financial Conduct Authority.

The investigator having considered the additional points wasn't persuaded to change her mind. In summary, she said:

- Despite what Mr G says, what was recorded on the fact find suggest that he had reasonable investment experience.
- Our service doesn't have the power to tell a business how much it should charge. BS made clear the fees and delivered on those undertakings, so Mr G got what he paid for.
- She can't comment on how other investments performed. But there were global events which had an impact on the value of Mr G's investments. She can't say BS was responsible for a decrease in value of Mr G's portfolio.
- She's seen nothing to suggest that the advice was unsuitable for Mr G.

As no agreement has been reached, the matter has been passed to me for review.

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 agree with the investigator's conclusion for much the reasons. I'm not going to uphold this complaint.

On the face of the evidence, and on balance, despite what Mr G says, I'm unable to safely say that the business behaved in such a way that this complaint should be upheld. In other words, I'm satisfied that BS provided a reasonable service based on its agreement with Mr G and the advice was suitable. In the circumstances and on balance, I can't say that the investments were mismanaged.

But before I explain why this is the case, I'd like to thank the parties for their considerable patience whilst this matter has awaited review by an ombudsman, given the current demand for our service.

I also think it's important for me to note I very much recognise Mr G's strength of feeling about this matter. He has provided detailed submissions to support the complaint, which I've read and considered carefully. However, I hope he won't take the fact my findings focus on what I consider to be the central issues, and not in as much detail, as a discourtesy.

The purpose of my decision isn't to address every single point raised. My role is to consider the evidence presented by Mr G and BS, and reach what I think is an independent, fair, and reasonable decision based on the facts of the case.

I don't uphold this complaint, in summary, for the following reasons:

- I'm mindful that prior to BS in 2018 Mr G was unhappy with his adviser. He wanted a leaner service that cost less whilst not compromising on investment performance. I'm satisfied that this is what he got.
- I note he became concerned when his (long term) investment – only a year or two in – didn't perform as he expected it to. But that's not something that I can blame BS for, as no guarantees were given as to what he might get back.
- Despite what Mr G says, on balance I'm persuaded that he was an experienced

investor. He certainly wasn't without meaningful investment experience. He was prepared to take a risk-based investment with his money. In response to risk based questions his ATR was recorded as 'High Medium', which I don't think was unreasonable in the circumstances.

- I note it was described in the suitability report as follows:
"A portfolio for this risk is most likely to contain mainly medium- and high risk investments, including UK corporate bonds and other higher-income types of global bonds as well as UK commercial property and shares. The shares are expected to be held mainly in the UK and other developed markets, but there is also likely to be some in higher- risk emerging markets."
- Based on his circumstances, I'm persuaded that Mr G was in a good position to invest – as evidenced by his willingness to do so – he had a medium capacity for loss and access to large sum of cash in case of emergency. His income from various sources was enough to allow him to maintain a standard of living that wouldn't be affected by his investing.
- I note it was recorded that *"Although you could tolerate the loss of a significant portion of your investment, you should consider this against your expected timeframe for the investment"*.
- In the circumstances I don't think the recommendation to transfer his existing stocks and shares ISA – and pension, which is not the subject of complaint therefore not part of my consideration – to the Old Mutual Wealth (now Quilter) platform is unreasonable.
- The above notwithstanding, I don't think the complaint is about the advice to invest but more the service he received from BS in terms of its management of his portfolio.
- I note there's no direct (documentary) evidence that an annual review took place in 2019 and 2020 – that's probably because BS wasn't obliged to provide one given Mr G's agreement with it at the time. So, in the circumstances it hasn't done anything wrong by not doing so.
- I'm mindful that Mr G at the time (between 2018 to 2020) was a 'transactional only' customer which only allowed him to access BS's support team, who (more likely than not) would've assisted him with any queries he had, but didn't entitle him to an annual financial review.
- In any event, it's likely that consideration would've been given to Mr G's wishes to transfer and rebalancing.
- In 2021 I note that Mr G wanted to invest money that came from a property sale – he didn't necessarily have any issues with BS at the time, otherwise he might've thought better of investing again with it. Consequently, a financial review took place in which it was agreed that his ATR, capacity for loss and objective remained the same. I also note that his assets had grown somewhat and his financial position was better than it had been.
- This is the same time that Mr G opted to become a Premier Plus client which gave him access to range of services including *"on-going access to your adviser"*, *"Annual Review Meetings including: Review of Objectives, Review of Risk Profile and Review of Asset Allocation (if required)"* – which he didn't have before.
- It's likely that Mr G expected much more from BS going forward, including more intervention and better performance from his investments, but that's not of course how things worked.
- I note 2023, barely two years later after his wife sadly passed away – between an interim review and the formal annual review (that didn't take place) – Mr G moved his investments and changed advisers. He did so of his own accord and without any financial advice or consultation from BS.
- It seems Mr G decided that BS wasn't doing what it was supposed to and took matters into his own hands which is something he's entitled to do. But that doesn't of itself mean that BS is at fault. I'm mindful that this was a longer-term investment that

he moved only after two years in therefore not allowing it to reach its full potential.

- I'm aware of Mr G's concerns about BS, involving the fees paid, the interventions made, and investment performance – but these concerns are mutually exclusive. In other words, they're not dependent on each other.
- For example, the number of interventions isn't dependent on how much was paid in fees – just because an investor paid higher fees didn't mean a larger number of changes would be made, that's not how it works. Instead, it's dependent on whether or not it's a suitable course of action to take, taking into account Mr G's circumstances which I note didn't change in this case. Therefore, I can't say that BS was wrong by not making a larger number of interventions, just because it was being paid 0.75% of the value of Mr G's investments.
- Similarly, the performance of the investment also wasn't dependent on the number of interventions or fees.
- The fees weren't dependent on how many changes the adviser will make, or how much gain he expects to make. This was made reasonably clear to Mr G at the outset.
- Just because the portfolio wasn't managed as Mr G would've liked, and just because the investments didn't do better, doesn't mean that his investments were mismanaged.
- I note Mr G is specifically unhappy that BS made two interventions, and this was on his request. But I can't blame BS for not effecting changes for the sake of change. It's likely BS didn't instigate change because it didn't (given its strategy) think it was necessary, so it only did so because of requests from Mr G. So, in effect, BS did what it was paid to do.
- I appreciate that there are different approaches that could've been advised, but without the benefit of hindsight there's no way of knowing which approach would've done better. On balance, I think the issues (in the main) raised by Mr G are done so with the benefit of hindsight – this doesn't demonstrate any unreasonableness on the part of BS.
- On the face of the evidence, and on balance, despite what Mr G says, I'm satisfied that the fees were made reasonably clear to him.
- I agree with the investigator that a business is entitled to set its own fees and as long as it has made the fees clear – which it has done in this case, even on Mr G's account – it's not something our service would get involved in.
- Even if other businesses charged a lower fee for a similar service, I can't say that BS has done anything wrong by charging what it has. I don't agree with Mr G that the fees ought to have been 0.45% as suggested by him, just because it's what other businesses have charged. It's also arguable that the two scenarios aren't comparable, given the different operating models and running costs, so it's not something I can comment upon in any case.
- Regardless of how the investment performed the fees would be due. In other words, the fees weren't performance dependent therefore I can't say that they were high given the returns made because this isn't a fair comparison.
- Just because Mr G discovered that (after the sad passing of his wife) his investments didn't do as well as hers had done, doesn't mean that BS did anything wrong.
- Given that there were no guarantees as to what Mr G might get back – and it was made reasonably clear that he might get back less than he put in – BS can't be held responsible for the performance of the investment, which is dependent on numerous other factors such as the global geopolitical situation, the global Covid-19 pandemic, and the financial market – these aren't made up factors. In general terms, it's not something that BS could predict or control, therefore isn't something that it's directly responsible for.
- In short, I can't say that the business didn't work to Mr G's recorded objective of future growth potential as well as reduced costs (if possible) without compromising

performance which I believe it did.

My final decision

For the reasons set out above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 23 December 2024.

Dara Islam
Ombudsman