DRN-5093652

The complaint

Mr S complains that Odey Wealth Management (UK) Limited ("OWM") hasn't kept him informed about an investment he held in a portfolio with it. He says he's concerned he may not be able to receive future payments or distributions from the fund.

What happened

Mr S had a portfolio held with OWM. It included a holding in a fund I'll call F. Initially, F was managed by a related (but separate) entity to OWM, which I'll call A. In 2023, A decided to close F, and wrote to investors in the fund in March 2023 to tell them that. Most of the assets in the fund were sold, and proceeds distributed to investors in mid-2023.

While the fund was for all intents and purposes closed, F had residual holdings which couldn't be redeemed (as they were in assets subject to international sanctions restricting their sale). So F technically remained in existence, holding these illiquid assets.

In 2023, OWM and its wider group went through significant change resulting in the intention to wind down both OWM and A. In October 2023 A wrote to investors in F to say that management of the umbrella fund which included F and its residual holdings was being transferred to another manager, a company I'll call L.

In 2024 Mr S corresponded with OWM, A, and the fund administrator for F, a company I'll call U. He eventually complained to OWM, saying that investors in F hadn't been told about what was happening with the winding up of the fund, or the change of fund manager. He said investors didn't know what was going to happen with the residual illiquid holdings, and hadn't been given a point of contact to ask about the fund's status going forward.

OWM didn't uphold Mr S's complaint. It said it had written to him in March and October 2023 to inform him of the winding up of the fund and change of fund manager. It said the March 2023 letter also explained that any value redeemed from the illiquid holdings would be distributed if and when those holdings were able to be sold.

With regard to the position going forward, OWM said it was itself soon to be wound up, with a firm I'll call E appointed as the administrators. It said the custody of Mr S's holding in F was (as it always had been) with another firm, which I'll call P. OWM explained P would remain the holder of the units in F and that it had the details of how proceeds should be distributed if the illiquid holdings could be sold.

Mr S wasn't satisfied and came to our service. One of our investigators looked into things, but didn't think OWM had treated Mr S unfairly. In summary, she said that she couldn't be certain if OWM had in fact sent the March and October 2023 letters to Mr S. But she noted that at the time he had been employed at A. And she'd seen emails from the relevant time that persuaded her that, even if he hadn't been sent the formal notices from OWM, Mr S was more likely than not aware of both the wind down of the fund and the change of manager.

Mr S still wasn't happy, and asked for an ombudsman to decide the matter. In summary, he said:

- He wanted OWM to confirm why they hadn't passed on the March and October 2023 communications to all investors.

- He wanted OWM to confirm that after it was liquidated, the details of all investors in F would be passed to L, the new fund manager, or to U, the administrator of F.

- That L would treat the illiquid holdings in F in the same way it deals with similar holdings impacted by sanctions across the funds it manages – specifically that they won't be sold at a discount just to clear the positions off the books.

While the complaint was waiting to be allocated to me to decide, Mr S also received correspondence from E. In this letter E told Mr S:

- If the illiquid assets in F are sold before the liquidation of OWM, E said it would notify Mr S and other investors and work with P to facilitate payments.

- If the assets remain illiquid at the conclusion of the liquidation of OWM, E will write to investors to confirm the process by which they'll be notified of future changes to the position.

- E has been liaising with both U and P to set up a process in the event OWM is dissolved before the illiquid assets become tradeable, and E will provide more information once it has any.

- E confirmed it had no involvement with the current management of F, and so it couldn't comment or provide assurances about the strategy for the sale of the illiquid assets if and when an opportunity to do so arises.

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'll first turn to the more historic events – namely the communication with Mr S and other investors about the wind down of F and what would happen going forward. At this point I think it would be helpful to emphasise two things. Firstly, our service considers individual disputes. So while I've taken account of Mr S's submissions regarding other investors (who may not have the contacts or relationship with OWM he has by virtue of his previous employment with A) I'm not considering the impact of OWM's actions on anyone but Mr S. Related to this, our service isn't the regulator – if Mr S thinks OWM's actions have impacted other investors then he can raise that with the FCA, but it isn't my role to punish a business, only to consider what's fair and reasonable in the particular circumstances of this complaint.

That all being said, there's some dispute about whether the relevant communications in 2023 were passed on by OWM to investors like Mr S. OWM (through E) now say that investors had access to a portal which contained correspondence like this. But it isn't now able to show us evidence of that, as it is now inaccessible due to the ongoing liquidation of OWM. Mr S says he never received anything from OWM, or notification he had correspondence waiting for him. I don't think I need to firmly decide whether OWM sent these letters or emails or not, and I say this for two reasons.

Firstly, as our investigator explained, I think it's extremely likely Mr S was aware of the material contents of these letters whether or not he received them. I've seen emails between Mr S and OWM/A both around March 2023 and September 2023 where it is clear Mr S knows about the wind down of F and then about the identity of the new fund managers. So

whether or not he received those other letters, I can't see that he's been disadvantaged.

I'm also mindful that, while this was of course useful information about F for investors, there was and is no different action investors could take. They had no say in the decision to close the fund or who would be appointed the new fund manager. They don't directly have a say in how the residual assets are to be managed, and so I'm not persuaded on balance that any financial loss or material distress or inconvenience is likely to have been caused to Mr S (or any other investor) by not receiving those two letters in 2023 – which again, I make no finding either way on whether they were indeed sent.

I note that Mr S has corresponded with OWM, and latterly with E. In my view both have answered questions when put to them, particularly about the parties involved and who else Mr S could contact (be that at L, or U, etc.). So I'm satisfied that if Mr S – or any other investor – wanted to know what was happening with the F assets, it's more likely than not that by contacting OWM (or now E) they would have been provided the information they needed.

So overall I don't find any harm caused to Mr S by anything OWM did or didn't do regarding the 2023 correspondence which would mean it is fair and reasonable for me to make an award or direction for compensation.

I'll now turn briefly to Mr S's concerns about the future strategy for selling F's assets, and his concerns about them being sold for less than they're worth. As OWM and E have both said, decisions about the disposal of those assets now rest solely with L. I'm not persuaded there's anything OWM could or should say to reassure Mr S here – this is a matter he, as a unit holder in F, ought to take up with L, the manager of the fund.

Finally Mr S has said he's worried about he and other investors effectively falling through the cracks if OWM is liquidated before F is able to realise its assets. I can of course understand his worry here, but I'm not persuaded it's a result of failings on OWM's part or that it would be fair or reasonable for me to require something of OWM or E which hasn't already been proposed.

The matter isn't a straightforward one – as is apparent from the number of firms referred to in this decision there are many parties with a hand in the winding up of F, and the uncertainty about the timings of both when F's assets may be able to be realised, and the finalisation of OWM's own liquidation, add to the layers of complexity.

I don't think it's unreasonable given the circumstances that OWM or E aren't able to give Mr S a definitive step by step process for what will happen. But I think it's fair and reasonable that it is alive to the potential of issues for investors and to be taking steps to address that.

I'm satisfied E did so in its recent letter to Mr S. E has clearly been in contact with the main relevant parties U, L and P. And it has committed to a clearer plan for investors when it is able to, and has committed to further communication at relevant times. I'm not persuaded there's anything more I could reasonably expect E to do at this stage.

I also note that Mr S is free to contact any of L, U and P himself – and that given as part of his agreement with OWM he was to become a client of P, it seems more likely than not that P (which is the ultimate custodian of his holdings) is aware of his and other investors' identities and details. But even if it isn't, I remain of the view that E is taking reasonable steps to ensure its clients like Mr S are protected and informed of developments. It follows that I don't think it would be fair to tell OWM or E to do anything more.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 18 April 2025.

Luke Gordon
Ombudsman