

The complaint

Mr and Mrs C complain about the service they received from Argentis Wealth Management Ltd (“Argentis”) who managed their investments.

What happened

Mr and Mrs C employed a financial adviser business to manage their investment portfolios for many years. When that business stopped operating in 2016, Mr and Mrs C transferred to Compass Wealth Management Consultants (“Compass”) who had been recommended to them by their previous adviser. In 2021 Compass became part of Argentis, who are the responsible business for this complaint.

Mr and Mrs C paid an ongoing annual advice fee of 0.5% to Argentis (and previously Compass). From 2018 until early 2023 Mr and Mrs C received advice from one of Argentis’ advisers, Ms G. In February 2023, Ms G told Mr and Mrs C that she would be leaving the business and Argentis formally told them of that in May 2023. When Ms G left Argentis Mr and Mrs C were initially assigned to a new adviser but did not think that relationship would work. Argentis therefore assigned another adviser, Mr P, to work with Mr and Mrs C.

Following some discussions between the two parties, Mr P wrote to Mr and Mrs C in October 2023 to inform them that the service they received was no longer commercially viable at a fee of 0.5%. Mr P said that to continue a relationship with Argentis, the ongoing annual charge would need to be 1%, although a discount to 0.75% might be available. Mr P said that the alternative was for Mr and Mrs C to disengage from Argentis. Mr P explained that there was an increase of costs and the fees had changed to ensure fairness to all customers. Mr and Mrs C ended their relationship with Argentis soon after that.

In November 2023, Mr and Mrs C complained to Argentis. They said, in summary:

- They were happy with the service they received from Ms G.
- After Ms G’s departure, they no longer received personal contact and regular detailed reports as they had previously on a quarterly basis. Instead, they received two very simple valuation schedules and they both contained errors.
- They were unhappy about the decline in the value of their investments whilst under the management of Argentis. They would have achieved higher returns on ‘safer’ investment options and expected better returns when their investments were overseen by a ‘specialist adviser’.
- Adviser fees were deducted from their bond holdings between July 2021 and July 2023. The adviser had provided nothing by way of any service to justify the charges.
- To resolve their complaint, they said they would like a refund of their ongoing adviser fees during the whole period that their portfolios were managed by Compass and

Argentis. They also sought compensation for the stress they had felt due to the decline in value of their investments.

Argentis did not uphold Mr and Mrs C's complaint. They said:

- Ms G provided a level of service above what had been contractually agreed with Mr and Mrs C, which entitled them to an annual review. Partly because of legacy arrangements following the acquisition of their previous adviser, both the level of fees charged and the level of service that Mr and Mrs C had previously enjoyed was honoured. That was intended to be for an interim period, and it was never intended for that service to be provided on a permanent basis. Ms G provided quarterly investment valuations in a bespoke format that Mr and Mrs C were used to. She followed up her detailed reports and commentary with calls and discussions to speak about Mr and Mrs C's investments and market conditions.
- Ms G put together the reports for Mr and Mrs C using a back-office system and it was very time consuming for her. When Argentis introduced a new system in March 2023 however it was no longer practical to do so. They informed Mr and Mrs C when Ms G left that they could not continue to provide the quarterly valuations for the level of fees they were prepared to pay.

Unhappy with Argentis' response, Mr and Mrs C brought their complaint to the ombudsman service. Our investigator looked into what had happened and decided to uphold in part Mr and Mrs C's complaint. She said, in summary:

- Mr and Mrs C had become accustomed to the way they received information from Argentis. Although Argentis said they hadn't intended the bespoke service to be permanent, they provided the service for five years. Argentis had set an expectation with the service they provided that was above what they had contractually agreed to provide.
- She could understand that Mr and Mrs C were confused by the decline in the service they received after Ms G left Argentis. It wasn't until October 2023 that Argentis sought to clarify its new fee structure, but Mr and Mrs C had not agreed to a reduction in the level of service they received. Even when Mr P sought to clarify the new fees, there was the potential for confusion when he suggested a reduced fee for the service.
- She didn't think it was fair and reasonable for Argentis to change the level of service without Mr and Mrs C's agreement.
- In order for Argentis to provide appropriate redress, she proposed that the fees that Mr and Mrs C paid from the time that Ms G left to the time that they moved their accounts to another provider should be refunded. Argentis should also calculate and pay simple interest at 8% on the amounts refunded. She also proposed that Mr and Mrs C be paid £150 each for the distress and inconvenience that was caused by changing their service without providing clear information about it.
- In relation to Mr and Mrs C's complaint about the performance of their investments, particularly between July 2021 and July 2023, there were several global events that impacted market conditions at the time. Although Mr and Mrs C did not receive the same level of service after Ms G left, our investigator thought their investments remained suitable to their circumstances until they left Argentis. She was not

persuaded that a failure by Argentis led to the poor performance of Mr and Mrs C's investments. She decided not to uphold that element of the complaint.

Argentis disagreed with our investigator's findings and asked for an ombudsman to make a final decision. They said, in summary:

- Mr and Mrs C received a service far beyond what they were actually paying for and were not prepared to increase the levels of fees to support any ongoing work undertaken in excess of their standard service agreement.
- Like any other business they are entitled to withdraw services provided to clients upon giving them notice of this. Mr and Mrs C were told that Argentis could no longer support the service that had been provided which was well above what they were paying for. No precedent was set and there was no formal agreement with Argentis to provide any services in addition to those set out in their service propositions. Any additional work was undertaken as a gesture of goodwill, but that did not mean that it could be supported indefinitely.
- Mr and Mrs C's service agreement provided access to an adviser by telephone and the option of a face to face review on an annual basis. They actually received much more than that so should not be refunded any fees.
- Mr and Mrs C were told the reasons why the service would change which they refused to accept, nor were they prepared to increase their fees. Mr and Mrs C chose to take their business elsewhere.
- All fees were taken in accordance with the agreements in place with Mr and Mrs C, there were no hidden charges. Some of the income received was trail based commission which Argentis were entitled to receive.

Mr and Mrs C also made further submissions following our investigator's findings, restating their complaint and refuting what Argentis had said. They also said that their investments had performed better since they moved to another provider.

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'd like to reassure both parties that I have looked at all the information they have provided. I have concentrated my findings on what I consider to be the key factors in reaching a fair and reasonable outcome to this complaint. I'm satisfied that I don't need to comment on every individual argument to be able to reach what I think is the right outcome. No discourtesy is intended by this; our rules allow me to do it and it simply reflects the informal nature of our service as a free alternative to the courts.

I should also make clear that our service has no regulatory or disciplinary powers, which means we can't direct a business how to operate and we can't impose any penalties. We have a duty to resolve complaints based on what we think is fair and reasonable in all the circumstances of the case.

The key issue I need to determine is whether Mr and Mrs C received the service they were entitled to. I've looked first at what was agreed with them.

I've seen copies of two fee agreements that Mr and Mrs C signed with Compass, dated January 2017 and January 2019. In both agreements, the 'choice' service was selected and the standard fee of 0.75% was amended to 0.5%. The 'choice' service was also referred to in the annual advice letters that were sent to Mr and Mrs C.

From the documents I've seen, it seems the 'choice' service entitled Mr and Mrs C to:

- collection of provider correspondence,
- access to innovative client tools and calculators designed to help with financial planning,
- access by telephone to administration support, 24/7 online access to view all financial holdings which included real time valuations and document storage,
- access to a financial adviser by phone,
- aggregated costs and charges disclosure, continuing suitability assessments,
- annual financial planning reviews by telephone or face-to-face and six monthly newsletters.

Both parties agree however that from the time Mr and Mrs C moved to Compass they received additional services, in line with what their previous advisers had provided, at no extra cost. That agreement was referred to in the annual review letter that Ms G sent to Mr and Mrs C in January 2019, which said:

"Under our terms of service, you pay a discounted rate of 0.5% p.a. for the Choice level of service. This includes administration of your portfolio, a formal annual review meeting and ad-hoc meetings where agreed/required. We have also agreed with yourselves to send you quarterly rather than annual statements of your investments. As discussed, I will contact you on a quarterly basis to discuss your investment statements and am available to assist you Monday to Friday 9-5pm should you wish to contact me."

Argentis have said their intention was for the additional services to be provided to Mr and Mrs C for an interim period and not on a permanent basis. I've not seen however that this was ever made clear to Mr and Mrs C and the additional services were provided for some years. I'm therefore satisfied that Argentis had agreed to provide both the 'choice' service and a discussion of quarterly statements to Mr and Mrs C for the discounted rate of 0.5%. And I think it was reasonable for Mr and Mrs C to expect that service to continue.

Mr and Mrs C's agreement with Argentis provided for the possibility that amendments might need to be made to the terms. And I don't think it was unreasonable for Argentis to propose amendments to the service they provided because of a change they needed to make to their systems, or potentially for other reasons. But they should have communicated such changes clearly to Mr and Mrs C. That would include explaining the reasons for the changes and giving fair advance notice of when they would take effect so that Mr and Mrs C could make an informed decision.

Mr and Mrs C have said they were happy with the service provided up until early 2023 by Ms G. The last annual review Ms G conducted with Mr and Mrs C was in January 2023 and she sent a letter confirming the outcome of that meeting. The letter said it had been agreed that the service Mr and Mrs C currently received remained suitable for their needs. The standard cost of that service was 1% but due to Mr and Mrs C's "individual needs" a discount to 0.5% had already been agreed. There was no reference in the letter to any changes in the level of service Mr and Mrs C should expect.

Following their annual review meeting in January 2023 it seems Mr and Mrs C received two much simplified valuation reports, in May and July 2023. In their covering letter to the July report, Argentis apologised for missing some information in their previous valuation.

Argentis have said that prior to this Ms G had put together the quarterly reports for Mr and Mrs C using a back-office system and it was very time consuming for her. When Argentis introduced a new system in March 2023 however it was no longer practical to provide the same reports and the quarterly information that was provided was late due to a backlog of work.

I've seen no evidence that Argentis explained this clearly to Mr and Mrs C prior to, or at the time, their new system was introduced. I think it was therefore reasonable for Mr and Mrs C to expect that they would continue to receive quarterly reports in broadly the same format as before and that they would have the opportunity to discuss them with their adviser. The valuations they did receive however were less detailed than previous versions and provided late. I've also seen no evidence that they were contacted by an adviser to discuss the valuations. I find therefore that Argentis failed to provide part of the service that Mr and Mrs C were entitled to and didn't explain clearly to them at the time why that was the case.

From an email exchange I've seen between Mr C and Mr P in September/October 2023 it seems there were some discussions later in 2023 about Argentis' ongoing service levels and fees. In an email to Mr and Mrs C on 13 October 2023, Mr P said:

"The current service proposition you are on no longer exists. To continue a relationship with Argentis, our ongoing annual advice would need to be 1% of the value of funds we advise suitability for (which I can request authorisation to discount to 0.75%)..... The alternative is to disengage from Argentis...."

"I hope that provides clear information on both the service and cost of that service Argentis is able to offer moving forward, for you to make an informed decision."

That email was more than six months after Argentis had introduced their new system, with the resultant reduction in the level of service they offered to Mr and Mrs C. Soon after Mr and Mrs C decided to disengage from Argentis and moved to another provider.

In deciding how Argentis should put things right I've taken account of the following:

- It would have been clear to Argentis from at least March 2023, when their new system was introduced, that they would no longer be able to provide quarterly reports of the same standard to Mr and Mrs C.
- That was not explained to Mr and Mrs C at the time, and they continued to pay the same fees for a reduced level of service.
- The quarterly reports and discussions of them were important to Mr and Mrs C. When it became clear that Argentis would no longer be providing them, Mr and Mrs C decided to move their investments to another provider. I think it's most likely they would have done that sooner if Argentis had communicated with them clearly and promptly.
- During 2023 Mr and Mrs C still benefited from some aspects of the service they were paying for. They had received an annual review of their investments in January from Ms G, they did receive some quarterly reports - albeit not to the standard they were used to - and had access to other elements of the 'choice' service.

Our investigator said that Argentis should refund the fees that Mr and Mrs C paid from the time Ms G left to the time they moved their accounts to another provider. I understand Ms G left Argentis on 23 July 2023, Mrs C closed her account around November 2023 and Mr C around January 2024.

Taking account of the points above, I think that the redress proposed by our investigator would be fair and reasonable compensation for the failings in service that Mr and Mrs C experienced during 2023. Argentis should therefore refund all the ongoing advice fees charged for the period from 23 July 2023 up to when Mr and Mrs C's accounts were closed. They should add 8% simple interest a year on the amounts refunded to compensate Mr and Mrs C for the fact that they have subsequently been deprived of the use of that money.

Mr and Mrs C also raised concerns about other fees they had been charged in relation to their investments. As our investigator explained, Argentis have provided information in relation to the operating costs of funds that were paid to the different fund platforms. Mr and Mrs C have said they received detailed performance reports from each investment provider on a six-monthly basis and there doesn't appear to be a dispute in relation to those fees. Based on all the information I've seen, I think Argentis provided clear information to Mr and Mrs C on the fees they were being charged – both Argentis' own advice fee as well as other product and platform charges – and so I don't think Argentis have done anything wrong on this point.

Mr and Mrs C have also complained about the performance of their investments under the management of Argentis. They say they could have achieved higher returns on safer investment options without incurring the fees they had to pay. While I appreciate that Mr and Mrs C are disappointed with the performance of their investments, I agree with our investigator's findings on this point. I've not seen evidence that the investments recommended by Argentis were unsuitable for their needs. It appears the performance of those investments was affected by global events and the markets over the period Mr and Mrs C referred to. I'm not persuaded that the performance of Mr and Mrs C's investments was due to any failings on the part of Argentis and so I won't be asking them to do anything further in relation to this point.

I can see that Argentis' failure to communicate clearly about changes in their level of service caused distress and inconvenience to Mr and Mrs C. Our investigator proposed that Argentis should pay Mr and Mrs C £150 each in recognition of that. I think that is fair and reasonable in view of the avoidable distress and inconvenience that was caused to Mr and Mrs C.

Putting things right

In summary, I have decided to uphold in part Mr and Mrs C's complaint. To put things right, Argentis should:

- Refund to Mr and Mrs C the advice fees they paid on their accounts from 23 July 2023 up to the date their accounts closed. They should add 8% simple interest a year from the date the fees were paid to the date of settlement.
- Pay Mr and Mrs C £300 (£150 each) for the distress and inconvenience caused to them.

My final decision

For the reasons I've explained, my final decision is that I uphold in part Mr and Mrs C's complaint against Argentis Wealth Management Ltd.

Argentis should compensate Mr and Mrs C as I have set out above.

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

Matthew Young
Ombudsman