DRN-5130156

The complaint

Mr B's complaint is that LIFT-Financial Ltd (LIFT) provided them (Mrs B has also complained and her complaint is dealt with under a separate reference) with mis-leading valuations and didn't address performance in annual reviews. Mr B says he was shown positive valuations and wasn't aware that at certain times his pension was losing money. He says this meant he wasn't able to take action to change things. Mr B was also unhappy with administrative failings on the part of LIFT.

What happened

Our investigator set out a summary of the complaint in her recommendation – I've included an amended copy of this below:

In 2017 Mr B started to receive advice from LIFT Financial. He held a number of investments one of which was a SIPP with AJ Bell. Mr B paid for an ongoing service alongside using its in-house discretionary fund management service (DFM).

Each Financial quarter he received a valuation report along with annual reviews. The reports usually showed a positive growth percentage. However, in 2023 LIFT Financial changed the way its reports looked and now it included its past annual performance, rather than growth since inception. This gave a much lower rate of growth or now showed some loss. This meant the funds had performed worse than he had realised.

In addition to this Mr B was sent significant personal information that was intended for a different consumer. He complained to LIFT Financial and it apologised for the administrative mistakes and offered to waive the notice period of charges. However, Mr B was unhappy with this and referred a complaint to us.

Our investigator didn't uphold the complaint. She said the old reports may not have been as clear as the newer style. But the older reports that Mr B said were misleading, made clear that the values shown and the resulting growth rate was a comparison between the money paid in and the current value. And he'd also received fund factsheets showing annual performance. The investigator felt there was enough information given to Mr B to have been aware of the performance of his portfolio. And that LIFT had met their obligations under the terms agreed.

The investigator agreed administrative errors had been made, such as another person's information being sent to Mr B. And in some of the reports erroneous figures appearing – but LIFT had waived fees of £800 each. The investigator felt this covered any award we would have made for the trouble and upset these errors caused.

Mr B said in summary in response to the investigator:

- Not until 2023 was it clear that the figure was how much the fund had grown since inception rather than growth since the previous year or the previous report.
- A financial advisor should clearly and unambiguously state how the fund is performing in

the present time rather than when the fund started. It should not be left to an amateur to interpret the true position. He had assumed the percentage growth shown was against the previous report.

- In their reports Lift showed the current valuation, but not the previous report's valuation, so it was not easy to see that there had in fact been a drop in value.

- If the fund's drop in value had been clear, he may well have suggested a change in strategy to try to reduce the impact.

- It is the financial advisor's responsibility to monitor performance and communicate if there is a big drop.

- The fund's performance was extremely poor when compared with others due to Lift's poor management. Lift itself admitted it had performed poorly and held the wrong stocks at the wrong time. Mr B believes this confirms that such a serious drop in fund value should have led to discussion about alternatives.

- Lift's meeting notes from 28 March 2022 state that both "*have guaranteed income via DB pensions and also their state pensions*". This is another inaccuracy in their notes (or maybe another administrative mistake) as Mrs B did not have a state pension and still does not have one.

- The annual review of 23 May 2022 stated the value of the fund and made positive comments about its performance against an arbitrary benchmark. And, as always, it said there had been growth, this time of 9.38%. In fact, it had reduced in March 2022 by 7.6% in one quarter and by 9% since September 2021. There was no discussion about this significant reduction.

- The fees waived for the notice period, wasn't compensation as it had been confirmed to them by a senior partner at LIFT that they never charged those fees in any event.

- LIFT made administrative errors such as sending them information regarding another client.

LIFT also responded, it said:

- It provided a comprehensive service to Mr and Mrs B. The portfolios matched their risk profile, and they remained on track to achieve their goals, therefore it did not recommend altering the investment strategy.

- The pre-March 2023 valuations were not misleading. The 'Money In' column unambiguously showed the total amounts invested since inception, which aligns with the actual amounts invested by the clients. It cannot be held accountable that this data has been misinterpreted.

- The valuations explicitly showed the total monetary values invested since inception, not percentages or quarterly performance figures. The factsheets provided the actual percentage returns and yields over various time periods, which clearly illustrated any positive or negative performance.

- The model invested in performed predominantly in line with the formal Benchmark.

- Meeting notes confirm that portfolio performance, and the service provided by the discretionary fund manager, was discussed regularly.

- It rejects claims that it always waive these fees, and this was done so as a gesture of goodwill in an attempt to resolve their concerns.

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.

Firstly I should set out that poor performance or perceived poor performance is not a reason to uphold a complaint. So whether the performance met benchmarks or was bettered by Mr B's new firm isn't something that is relevant to the outcome of this complaint. Funds can go up and down, LIFT made no guarantee about the performance it would offer. But I appreciate the key point Mr B is making is that it didn't provide clear information about its performance. This is what I've looked into. To do so I've also had to consider what LIFT said it would provide for the fee's agreed.

The agreement between Mr B and LIFT was that it would provide:

Review the Client's financial circumstances at every 12 months, it will contact the Client and the review will include:

- *'A face to face meeting/ A telephone meeting*
- *A full portfolio valuation*
- *A review of the ongoing suitability of existing policies and/or investments*
- *Recommendations of Investment changes*
- *ISA funding recommendations annually*
- *Benefit crystallisations recommendations*
- *LFL will provide the Client with telephone and email support basis throughout the year.'*

The evidence suggests that LIFT did provide the services agreed to. Although part of Mr B's complaint is it didn't react at times of poor performance which it could be argued comes under recommendations of investment changes – I'll come back to this point later.

One of Mr B's main issues is that he says LIFT provided misleading figures because in its valuations it provided a headline figure (until more comprehensive figures were shown in 2023) – as shown below.

Executive Summary

SIPP

Account Reference	Money In	Money Out	Value	£ Growth	% Growth
[redacted]	£531,969.71	£123,615.88	£428,271.93	£19,918.10	3.74%

This is the valuation from September 2022, a period when Mr B's funds had suffered losses. He says however the figures provided above shows a misleading picture as it shows growth. The valuation report he received was sent quarterly, so I don't think it would be particularly difficult to compare the previous valuations or in fact roughly remember the figures prior. But in any event, I don't agree this figure is misleading. It is in my view clear that the comparison is the total money in/out versus its current value. I don't think that can be taken to be a snapshot of performance from one quarterly value to the next. I understand this was Mr B's honest belief but I can't hold LIFT responsible for this as I don't think it misled him.

Furthermore, in the same valuation further down the report, it also included commentary about the market and the performance of the portfolio. It said:

‘Moderate Portfolio

The second quarter of 2022 (Apr, May & June) again saw the themes of inflation and monetary policy rhetoric dominate headlines and stock market volatility…

With inflation running rampant across the Western world, and interest rates increasing in response, the macro-economic conditions have proven to be a powerful headwind for the fund this calendar year, though we retain confidence that they will be able to return to a state of outperformance irrespective of short-term volatility.

Overall, the LIFT-Invest Moderate portfolio after discretionary management fees of 0.36% (0.30%+VAT) lagged the Investment Association (IA) Mixed Investment 20-60% shares benchmark for the quarter, with the mandate returning -9.59% vs -6.42% achieved by this peer group on average.

The most recent UK Consumer Price Inflation (CPIH) figure as published by the Office of National Statistics covers the 12-month period to July 2022. CPIH over this period was 8.80%. The LIFT-Invest Moderate portfolio over this 12 month period after LIFT-Invest’s discretionary management charges returned - 8.05% in nominal terms, and on an inflation adjusted basis consequently returned -16.85%.’

So, it clearly explained the performance for the quarter and showed losses had been made. And in relation to the headline figure being misleading and lack of performance information provided, the first page of the valuation said the following:

Each quarter we will share the valuations with you via the LIFT client portal, along with the latest factsheet for the portfolio you are invested in. The factsheets provide information on the performance of the portfolios.

You can also log in to the client portal at any time to see the latest value of the accounts and investments you hold…

The growth figures quoted in the Executive Summary on page 4 are from when the account was established (my emphasis). *If you have any questions about the information in this valuation, please contact a member of your advice team.’*

Even without this clarification I think it was clear what the figure was referring to but with the clarification bolded above, it cannot be said the growth figure was in any way misleading.

Mr B also had access and was directed to the factsheets which provided more information about the performance of the portfolio. The fund factsheet available on the portfolio for September 2022 showed:

5-Year Investment Growth

Currency: Pound Sterling   Source Data: Total Return

Annualised Total Returns (%) to Latest Month End

	3 Years	5 Years
LIFT-Invest Moderate	-1.04	1.06
IA Mixed Investment 20-60% Shares	-0.19	0.80

Cumulative Total Returns (%) to Latest Month End

	3 Months	6 Months	1 Year	3 Years	5 Years
LIFT-Invest Moderate	-6.54	-7.97	-14.70	-3.09	5.39
IA Mixed Investment 20-60% Shares	-4.94	-7.00	-10.65	-0.58	4.08

Discrete Annual Total Returns (%) to Latest Quarter End

	01/10/2021 - 30/09/2022	01/10/2020 - 30/09/2021	01/10/2019 - 30/09/2020	01/10/2018 - 30/09/2019	01/10/2017 - 30/09/2018
LIFT-Invest Moderate	-16.19	14.26	-1.95	4.11	8.28
IA Mixed Investment 20-60% Shares	-10.69	11.25	-1.23	4.13	2.64

Mr B had access to all this information and LIFT has provided evidence showing that Mr B accessed the platform from 2018 through to 2023. So I cannot agree with Mr B that he was provided mis-leading information, nor that he wasn't presented with information showing the performance of his portfolio over periods other than since inception.

Mr B has argued that LIFT didn't react to the poor performance at the time but he was part of a portfolio that was actively managed via the DFM service and I can see there were funds bought and sold. And without the use of hindsight there is no sure way of improving performance.

Another of the key issues for Mr B is that he says the losses/performance wasn't discussed in annual reviews. Obviously as I wasn't present at the annual reviews, I cannot say with any surety what was discussed. But there is some evidence that performance was discussed looking at the reviews (which cover a number of products held by Mr and Mrs B and financial planning). For example in the March 2022 annual review it was recorded, *'Both RTQs were Moderately Cautious. They both wish to maintain a Moderate approach with their investments because they don't feel that their risk profile has changed. SWT explained that lower risk assets have been performing poorly due to the high inflation environment. They both agree and are happy to maintain their current approach.'*

I also think it was reasonable of the adviser to have thought that Mr B would've been well aware of the performance of his portfolio given the information available to him. I don't agree that it was left to Mr B to interpret the position with his funds. I perhaps would've expected more commentary on the performance to be included within the review but at the same time Mr B had the opportunity to bring it up with the adviser if it was important to him – and commentary on performance was provided quarterly in any event.

Mr B says had he known about the poor performance he may have done something else.

But there is no guarantee his something else would’ve been better than where he was invested. LIFT will have been monitoring their portfolios and trying to achieve the best performance possible, as it is in their interests as a business for their portfolios to perform well. Mr B may have since found a better performing portfolio but continued better performance (comparatively) is in no way guaranteed.

The review document in March 2022, says ‘*Both Mrs B and Mr B have guaranteed income via DB pensions and also their state pensions.’* Mr B says this is yet more evidence of administrative errors or mistakes on behalf of LIFT as Mrs B hadn’t yet reached state pension retirement age. This was recorded against the question: ‘*Security: How would the client feel if the amount of income they take might need to be reduced in the future, either temporarily or even permanently, if investment markets don’t perform as expected?’*

I don’t think this is a mistake. Reference to Mrs B having a guaranteed income relates to her income in retirement. This does not mean she is in receipt of it now. It is standard practice to refer to guaranteed income in retirement in relation to risk analysis prior to that income being received. And if Mr B was unsure about this or thought it was a mistake he could’ve asked the adviser to explain this at the time.

I’ve also had a look at the annual review document in May 2022 regarding Mr B’s view that it provided misleading positive performance figure at a time when in fact the portfolio had made a loss. And it had made positive comments about performance against an arbitrary benchmark. The illustration in question is set out below:

Past performance

Below you will find a chart illustrating the past performance of your portfolio versus the benchmark we consider appropriate for the underlying fund(s) since November 2019. Please note, I am unable to generate a longer performance history due to the relatively recent launch date of some funds.

You will note that over the period considered, your existing portfolio has **outperformed** that of the underlying benchmark used.

With regards to the performance the figure shown is 9.38% but its clear this is from a starting point of 0% at November 19 - and that a longer performance history wasn’t possible. It also shows that in more recent times the performance has dipped. So I don’t think this is misleading. And as I’ve said before Mr B had access to more detailed information about the performance of his funds. The benchmark used isn’t set out in the report but Mr B should’ve asked about that as part of the review – if he wasn’t aware then what it referred to.

LIFT did make some errors in that they sent Mr B information for the wrong client, this was down to human error. But it did take the correct steps to put this right and asked Mr B to delete that information which Mr B and Mrs B confirmed they did according to LIFT. Whilst I appreciate this isn’t a nice thing to have happened and may have caused Mr and Mrs B to lose some confidence in LIFT, errors do happen and it took the correct steps to put things right.

I also note there have been errors in the reports sent to Mr and Mrs B and this was discussed with LIFT in the call about their complaint. It had said there were issues with the platform provider's information and it accepted there had been some administrative errors in the reports they'd issued but its offer to waive its fees for the three month notice period of £1,625 across Mr and Mrs B's complaints was in recognition of this. Mr B says that LIFT wouldn't have charged these anyway but LIFT disputes this. I am of the view that it is waiving a charge it would be entitled to under the terms agreed and therefore I've taken this into account when considering whether any additional award should be made for any trouble and upset caused due to these administrative errors. And having considered our awards and the circumstances apparent here, I think the waiving of three months fees is worth more than any award we would've recommended had there not been an offer. I appreciate Mr B found there to be inaccuracies in data but from what I've seen once this was raised with LIFT it looked into this and provided explanations. Awards of £800+ for trouble and upset are for incidences more significant than what Mr B has set out and so I don't think any further compensation is due.

So in conclusion, LIFT doesn't have to do anything further to put things right.

My final decision

For the reasons explained, I do not uphold this complaint and make no award.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 9 May 2025.

Simon Hollingshead
Ombudsman