DRN-5160936

Financial Ombudsman Service

The complaint

Mr J complains about Hargreaves Lansdown Asset Management Limited's ('HL') promotion and monitoring of the Woodford Equity Income Fund ('WEIF') as well as the costs he's incurred from the wind up of WEIF.

What happened

The WEIF was managed by Neil Woodford, who left Invesco Perpetual in 2013 to set up Woodford Investment Management ("WIM"). The WEIF was launched in May 2014, with a £1 per unit fixed offer price until 18 June 2014. The Authorised Corporate Director ('ACD') of WEIF was Capita Financial Managers, later known as Link Fund Solutions.

The WEIF broadly tracked the benchmarks (albeit whilst providing a greater return and experiencing some more volatility) until the second half of 2017, when there was a significant fall which was not experienced by the benchmarks. It began to significantly underperform benchmarks from early 2018 and the performance followed a very different pattern to the benchmarks from early 2019 to the date of suspension.

Alongside this, the fund began to see significant outflows from mid-2017, falling from around £10bn of assets under management to around £3bn in two years. In June 2019 the extent of those outflows – and the portion of the WEIF's assets which were not liquid – led Link to decide to suspend trading in the fund. Link removed WIM as the investment manager around this time.

The fund did not trade again. Later in 2019, Link decided to liquidate the fund. Investors have since received payments as and when the fund's assets have been sold. A small amount remains invested in assets which are not liquid i.e. cannot currently be sold. A scheme of arrangement between investors and Link has since been sanctioned by the Court and will conclude the wind up of the fund with further distributions being made to investors who held units in the fund at suspension.

HL's communications relating to the WEIF

HL's relationship with WIM and the WEIF began prior to the fund's launch. HL met with WIM in early 2014 and decided to promote the WEIF to its customers and visitors to its website ahead of the fund's launch.

The WEIF was the subject of, or featured in, many communications from HL over the period from the fund's launch.

HL's communications relating to the WEIF can be categorised broadly as follows:

- Promotion of the WEIF at its launch by letter and through website articles and emails.

- Ongoing promotion of the WEIF through website articles (and, in some instances, emails alerting the recipient to the article).

- Updates on the WEIF through website articles (and emails alerting the recipient to the article).
- The inclusion of the WEIF in “best buy” lists – called the Wealth 150 (which had a subset of discounted funds called the Wealth 150+) and, later, the Wealth 50 – both of which were shared on its website, through emails and via Wealth Reports, which were included in the Investment Times sent to its clients by post.

The Wealth List

HL published a list of what it considered, in its view, to be the “best” or “favourite” funds. This was initially called the Wealth 150 (and a subset of this, featuring discounted management charges for HL clients, the Wealth 150+) then later the Wealth 50 – I’ll refer to these generally as the Wealth List. The WEIF featured on the Wealth List from its launch until its suspension.

I understand the list was available on HL’s website to any visitor and also sent to all customers on its general mailing list who had elected to receive communications, alongside the bi-annual Wealth Reports published by HL. HL says the list was updated from time to time with funds being added or removed as a result of the ongoing cycle of review, monitoring and analysis of funds by its investment team. As part of its ongoing research HL met with WIM to discuss the WEIF on a number of occasions.

Mr J’s dealings in the WEIF

Mr J was advised, by another firm in HL’s group, to invest in a diversified portfolio which included holdings in WEIF through an ISA and a SIPP in November 2016, and later in July 2018 an onshore investment bond. Since the advice in 2016, Mr J carried out several further purchases of WEIF in his ISA and SIPP himself outside of the advice HL gave him. The last being in March 2019.

When the WEIF was suspended, Mr J still held units in it. As part of the WEIF’s liquidation, capital distribution payments were paid to consumers and calculated based on the number of units consumers held. Mr J received a number of these payments.

Although not the subject of this complaint, a Scheme of Arrangement is now in place with the WEIF’s ACD which will likely make, if it hasn’t already made, additional payments to investors in the WEIF who, like Mr J, retained units in it at suspension.

Mr J’s complaint to HL and its response

In January 2020 Mr J complained to HL. In short he complained about HL’s continued inclusion of the WEIF on its Wealth Lists. Mr J says he relied on both the advice he received to invest in WEIF and its continued presence on the Wealth List when deciding to retain and invest further in WEIF.

HL looked into Mr J’s complaint but didn’t agree it had done anything wrong.

It agreed it had advised Mr J to invest in an investment portfolio which included shares in WEIF, and that this was suitable for him. HL set out that this advice only included the setting up the portfolios, with Mr J having the ongoing responsibility for managing the investments afterwards. A complaint about the suitability of this advice doesn’t form part of this complaint against HL.

HL acknowledged the “*difficult periods of performance”* that WEIF had experienced but said that its convictions in the long term prospects of WEIF remained until it’s suspension. HL said most fund managers would have periods of time when their funds underperformed and explained how it considered Woodford’s investment approach and why it believed, at the time, that his track record and his approach to investment would mean that WEIF would outperform its respective benchmark in the long term.

Around HL including WEIF on its Wealth Lists, it said that its investment team chose the WEIF for its Wealth List on the basis of Woodford’s track record as a “*talented stock picker*” and this did not involve personalised investment advice or managing his investments outside of the initial advice HL gave Mr J. It said that as part of the services it provided, it made information available to its customers (compiled by its investment research team) to help them decide where to invest. Whenever it provided its views on an investment, including the WEIF, it was obliged to ensure this information was clear, fair and not misleading. HL said that its opinions on the WEIF had always been properly held and based on the research and due diligence it carried out. It said that there could be no guarantees when investing and ultimately, the decision to invest and to remain invested in a particular fund rested with Mr J.

Mr J remained unhappy and the complaint was referred to this service.

One of our investigators looked into the complaint but didn’t consider it should be upheld. In short, he concluded that HL’s communications met its regulatory obligations including being clear, fair and not misleading.

Mr J didn’t agree and asked for an Ombudsman to decide the complaint and has since provided additional statements in support of his complaint. Those were in summary:

- As HL advised him to invest in WEIF, our Investigator was incorrect to say Mr J’s circumstances were similar to those in one of our published Final Decisions about HL and WEIF.

- That HL hadn’t complied with, and our Investigator hadn’t considered, all relevant FCA General Principles – including the recently added Consumer Duty principle – because HL:

    - Didn’t accurately communicate the concerns it had around the level of unquoted holdings in WEIF, including around shares being listed on exchanges without active trading.

    - Ought to have given consideration to potential outflows considering the illiquid and unquoted proportions of WEIF.

    - Didn’t compensate him despite saying in an article on January 2019 that if HL was found to be incorrect in its predictions around the future performance of WEIF that it would, *‘put [its] hands up’*.

    - Failed in its initial due diligence and ongoing monitoring of WEIF and it putting too much weight on Woodford’s historical performance.

    - Didn’t properly manage conflicts of interest relating to its own investment in WEIF.

- Restating that he only bought additional holdings in WEIF, and remained invested despite WEIF’s poor performance, due to HL’s advice and its decision to retain WEIF on the Wealth List.

Our Investigator considered those further points and told Mr J he didn't have anything to add to what had already been said. Mr J provided further additional comments having been provided with extracts of the meeting notes HL had provided us with. Mr J's further comments were largely supplemented and provided further detail to his arguments above. Our Investigator provided Mr J in the course of his complaint with copies of published decisions our service issues which set out detailed commentary around many aspects of the issues and evidence Mr J has referred to.

As agreement couldn't be reached, the case was 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 should start by saying that I understand and fully accept Mr J's strength of feeling on his complaint. He has provided comprehensive comments in response to our Investigator's assessment. I don't mean Mr J any discourtesy if I don't specifically refer to every detailed point he's made but I'll comment on what I think is key in reaching my decision.

Firstly, I've set out what I consider the relevant regulatory obligations that HL needed to meet in this complaint.

<u>What are the relevant regulatory obligations?</u>

The Principles for Businesses, which are set out in the FCA's handbook "are a general statement of the fundamental obligations of firms under the regulatory system" (*PRIN 1.1.2G*).

The principles themselves are set out at *PRIN 2.1.1R* and at the time of the events Mr J complains of, there were 11, as Principle 12 – Consumer Duty – which Mr J refers to is his submissions wasn't added until 31 July 2023, and only applies to events since that date. As what Mr J complains of predates Principle 12 coming into effect, I won't comment on what Mr J has said in relation to this.

For the avoidance of doubt, I've considered all 11 Principles *PRIN 2.1.1R*, as it was at the time, set out, and like the Investigator I find that the <u>*most*</u> relevant of these given his complaint centres around HL's promotion of WEIF, and his reliance on HL's continued promotion of WEIF on the Wealth List and the initial advice, to be:

- Principle 6 – Customers' interests – A firm must pay due regard to the interests of its customers and treat them fairly.
- Principle 7 – Communications with clients – A firm must pay due regard to the information needs of its clients, and communicate information to them in a way which is clear, fair and not misleading.

That by no means is to say that the other principles in *PRIN 2.1.1R*, as it was at the time of the events Mr J complains of, don't apply or haven't been considered here.

I have also taken into account the FCA rules for firms carrying on investment related business set out in the Conduct of Business Sourcebook (COBS). In particular, COBS 4.2.1R, which sets out the requirements on authorised firms, like HL, when communicating with clients. COBS 4.2.1R(1) says:

> "A firm must ensure that a communication or a financial promotion is fair, clear and not misleading."

COBS 2.1.1R (1) (the client's best interests rule) is also relevant to this complaint. It says:

> "A firm must act honestly, fairly and professionally in accordance with the best interests of its client (the client's best interests rule)."

<u>My findings</u>

I think it is helpful here to set out HL's role in the events around WEIF. HL is a platform provider which provides dealing and execution services on an execution-only basis. That means Mr J is responsible for the investment decisions on his HL accounts and awareness of any issues affecting his holdings. HL wasn't WEIF's fund manager, administrator or ACD and so wasn't responsible for the make-up, administration or management of the fund.

When making communications about the WEIF, whether through its Wealth List or other commentary, HL needed to ensure those communications were clear, fair and not misleading. This means that as long as HL's communications during the relevant period were factual and gave a balanced view of its assessment of the WEIF, then it didn't do anything wrong.

In relation to the WEIF, it's clear that HL provided significant positive commentary about Woodford and the WEIF when Mr J invested in 2016 and it clearly believed that Woodford's track record, as well as the objective and performance of the WEIF since inception in 2014 were such that it continued to be a fund that it believed deserved inclusion on its Wealth Lists.

The evidence I've seen shows that whilst HL met numerous times between 2014 and 2019 with Woodford and had frank conversations about his management of the fund, its views were largely consistent with what it was telling its customers.

In December 2016, HL said on its website that the WEIF was "*not a typical equity income fund"* and said that unlike most equity income funds which were exposed to large high-yielding companies, "*only around 50%"* of the WEIF was invested in this area. The remainder was "*invested in small and medium sized companies, or those not listed on the stock market"*.

So I think it's fair to say that at this point in time, Mr J ought to have known that the WEIF had certain risks associated with its investment strategy.

HL was explicit that the fund had *a "significant bias to smaller companies relative to the FTSE All Share Index which adds risk, and also has more invested in medium sized companies than the index"*. Ultimately HL's view was that this approach would "*add significant value for investors able to withstand the additional risk and volatility that comes from investing in smaller and unquoted companies."*

Having reviewed the evidence of HL's meetings with WIM in 2016, I can see that in summary it was aware that the WEIF was no longer a typical equity income fund.

I can also see that it knew there had been a shift towards small cap and growth stocks which it had not expected – and it recognised that in the event of significant outflows, that proportion would increase and potentially affect WIM's ability to invest further. HL was also aware that its customers might not know how the fund had changed – and it agreed to take steps to address this. It's clear to me that the update above was designed to draw these concerns to its customer's attention.

But HL also continued to hold the view that the WEIF was still an investment that would add value for investors – and I'm satisfied it held that view internally and so it was clear, fair and not misleading to have continued to say that in its updates. It was for Mr J to decide for himself whether the risks and the features of the WEIF which HL was describing to him were right for his circumstances, particularly given that HL was telling him that the WEIF, which it had previously recommended, had now changed in its makeup. It was for Mr J to take these updates into account and decide for himself whether the fund continued to be right for him in the circumstances – or seek advice if he wasn't sure.

I acknowledge that in 2017 the WEIF began to underperform its benchmark, but I'm satisfied that HL's continuing communications about the fund remained balanced. It was clear that it viewed the WEIF as a long-term investment and explained in its June 2017 update that Woodford had "*a long history of making big stock or sector bets, and while these decisions have at times taken time to come to fruition, they have added significant value for investors over the long term"*.

In an article it published in September 2017 on its website, it explained that "*judging a fund manager over a time period of a few months is folly, especially one with such a long and distinguished track record"*. This article explained that Woodford had experienced poor performance in the past, and that it was *"quite right to question any fund manager on their performance"* which HL said it had done. But it explained that his approach involved seeking out undervalued companies and this strategy had "*seen his investors well-rewarded over the long term"*. HL's expectations were then that this wasn't an underperforming relatively unknown manager, but a fund manager who had been in this position several times in his past and come out the other side to outperform the markets. HL clearly had confidence from that history that this performance wasn't unusual when it came to Woodford, a position that wasn't unreasonable for HL to have given it had experienced this history and discussed the future prospects of the fund with WIM.

In its November 2017 Wealth Report HL said that performance "*over the past year has been disappointing relative to the FTSE All Share Index"* and that some of Woodford's stock selections had under-performed. But HL continued to have "*faith in his abilities to deliver for investors".* In my view HL was entitled to continue to believe in the long term prospects of the WEIF – and I'm not persuaded it was misleading for it to communicate its view that over the long term, the WEIF would still be a good investment. I'm not persuaded that this belief, and its communication of it, was inconsistent with the obligations I've set out above.

In December 2017 HL said on its website that the WEIF wasn't "*a typical equity income fund"* and highlighted that around 9.5% of the fund was in unquoted companies. HL explained clearly that *"small and unquoted businesses are typically considered higher-risk because their shares are difficult to sell"*. And it concluded that Woodford's approach would *"result in periods of poor performance"* but it was *"premature to write Neil Woodford off"*. In my view this update gave Mr J sufficient knowledge to decide for himself whether he was comfortable with the risks the WEIF represented and crucially, whether as an investment it remained consistent with his aims and objectives.

The key issue here is that none of these updates differed markedly from the concerns HL was expressing to Woodford throughout the year and from its internally held view that whilst the fund was suffering from a period of poor performance, HL remained of the view that over the long term the investment would come good.

The evidence shows that HL was aware of the WEIF nearing the 10% limit and was clearly aware of the poor performance of the fund. HL robustly challenged WIM when necessary, but it was also reassured by WIM's responses to those concerns – in particular in relation to the levels of unquoted stock. Ultimately, HL continued to believe that periods of poor performance were temporary, and that whilst it was important to ensure it was open about the nature of the WEIF and how it had changed, it continued to believe it was a good investment for the long term. Given there was no concerns about there being enough interested long term investors, which included HL itself, it isn't unreasonable HL didn't at this time have concerns of the impact of outflows from WEIF – which is a risk of any fund investment, particularly so in times of poorer performance.

It's clear to me that Mr J had sufficient information from these updates to know that the WEIF was not a typical equity investment – and that there were specific risks in the way the WEIF was managed that he needed to be comfortable with. If Mr J considered these risks to be unacceptable or unsuitable for his circumstances, he had opportunities at this stage to sell his holdings in the WEIF. Instead, as I've said above, Mr J continued to invest in the WEIF – and so I'm satisfied this means at the time he was happy to accept the additional risks that the WEIF now represented, in order to pursue the potentially higher rewards that Woodford's strategy might bring.

In that context, I don't agree the communications that HL continued to believe the fund would improve its performance over the long term was misleading, because HL believed that to be the case – and was entitled to that reasonably held belief.

And I'm satisfied that HL's communications in 2018 and 2019 were equally clear, fair and not misleading. In March 2018, for example, HL published an update following WEIF's change of sector. It clearly explained how almost *"40% of the fund is invested in small and mid-sized lower-yielding companies"* with *"an additional 10% invested in companies not yet listed on the stock market"*. And the same update was clear that HL accepted Woodford's approach would *"lead to tough periods of performance"* but that it remained *"comfortable with the inclusion of unquoted companies"* although it did not "*want to see them increase as a proportion of the fund from here"*. It reminded investors to *"ensure they are comfortable with the investment approach and risks".*

The evidence I've seen of HL's internal views and the meetings it had with WIM during 2018 show that HL was largely reassured that WIM had taken onboard its feedback, particularly in relation to continued investment in unquoted stock. And this is clearly reflected in the communication above. Internally it continued to believe that the fund would come good in the long term, but it acknowledged that it needed to ensure clients were aware of the nature of the fund, the need to diversify and the strategy WIM was following. In my view, the updates I've quoted above achieve this in a clear, fair and not misleading way.

In 2019 HL issued an update in January in which it explained its recent catch-up with Woodford. It said that although it had been a long-term supporter of Woodford, *"his funds have recently performed poorly"* and so it had been "*an uncomfortable time to hold the fund and our own conviction has been tested"*. The update then went on to explain why it continued to keep the fund on the Wealth List and provided a detailed explanation of how the WEIF had changed since its launch, and some of the inherent risks of Woodford's approach to investing.

And it said it was clear that some of Woodford's investments hadn't *"paid off"* and importantly highlighted to investors *"the importance of having a diversified portfolio, spreading your investments amongst managers that invest differently"*.

It concluded by saying that it was *"understandable that some investors are getting impatient with Woodford"* and that it had also *"been disappointed with recent performance"*. But it said that its approach was to back proven managers for the long-term and *"as part of a diversified portfolio, we still think Woodford has a place"*.

Crucially, it said:

"We could be wrong. If we are we'll put our hands up. It might be tempting to change our opinion now to be rid of the current discomfort, but we don't think it would be the right thing to do".

Mr J has specifically referred to what HL said here as a reason why he feels it ought to compensate him for his loss. But I don't agree. HL wasn't accepting to compensate customers for any losses resulting from the WEIF. After all, it couldn't predict how the WEIF would perform and at no point did it guarantee or promise the WEIF would be profitable. It was simply acknowledging that it believed Woodford could turn the WEIF around, but that this belief might be wrong – if it was, it would admit that it got it wrong.

Further updates in March highlighted that Woodford was experiencing *"his worst spell of performance"* and the fact that HL had been urging Woodford to *"address the weighting [of unquoted] stocks in his portfolio"* – and overall it said that Woodford had *"shown an ability to make the big calls right, and when he does, investors profit"*. During this period, the evidence shows that HL was in regular contact with Woodford in a bid to understand the challenges he was facing in managing the fund and to ensure that its faith in his ability to turn things around wasn't mis-placed. The suspension of three stocks on the Guernsey exchange was a significant cause for concern – but this suspension was only temporary.

Furthermore, although it discussed whether the time had now come to remove the WEIF from its Wealth List, it's clear that internally it also considered the likelihood that the WEIF would recover. It had been reassured by WIM that it would deal with the level of unquoted stock in the portfolio – and HL told its clients this. I'm satisfied at this point, HL was clearly finding a way to balance communicating the risks and its concerns to consumers, while at the same time being open that it continued to believe that the WEIF would recover in the longer term.

When looking at the updates it provided, I think it's clear that there were risks in remaining invested in the WEIF, and the performance had now been disappointing for some time. But it was entitled to tell its clients that it believed the fund would recover – because that is what it believed internally at the time, for reasons which it gave in its updates.

Overall there were periods between 2016 and 2019 when HL raised concerns with Woodford, for example around the level of unquoted stock in the WEIF, but it explained these concerns in its public updates or Wealth Lists – at the same time, it held the view that whilst there were some concerns in the short term, over the long term the WEIF would end up being a good investment for its clients. HL was entitled to hold that view, and I've seen insufficient evidence that it came to that conclusion unreasonably, capriciously or in a way that was not genuinely based on its assessment of the WEIF and its future prospects.

Whilst I appreciate HL's view has turned out to be wrong, largely as a result of the liquidation of the fund which was not something it had anticipated, I don't consider that means its communications were not clear, fair and not misleading, nor that it wasn't acting in its customers best interests or any of its other regulatory obligations.

In my view HL clearly explained the risks of the fund, the areas where it had concerns and the reasons why it thought it was still worthwhile to hold it as part of a diversified portfolio. It was then for individual investors to decide, for themselves, whether in light of that information, the risks as described as well as the ongoing period of under-performance, holding the WEIF remained suitable for them.

I understand the reasons Mr J has given around his reliance on the advice received and the continued presence of WEIF on the Wealth List for investing further and retaining his WEIF holdings. But I'm not persuaded Mr J was unfairly led to this reliance by any unfair communication or treatment by HL towards Mr J in how it communicated its views on WEIF and its decisions to continue to include the fund on the Wealth List. I say this because HL had consistently provided communication that set out its concerns in a clear, fair and not misleading manner which included aspects of the fund which had changed since Mr J received the earlier advice to invest. Given HL only gave the initial advice for each wrapper, it was for Mr J to decide from the overall information he had – i.e. the initial advice reasons and HL's subsequent updates on WEIF – whether to continue, increase or reduce his WEIF holdings.

I acknowledge Mr J has raised concern around the ongoing monitoring by HL of WEIF, particularly around the level of unquoted holdings. Mr J's opinion is HL ought to have identified WEIF exceeded the 10% limit on unquoted holdings which would've caused it to remove WEIF from the Wealth List long before it did. He says this would've caused him to reduce his WEIF holdings rather than increase them. I've considered what Mr J has said about this, but I don't agree HL hasn't met its regulatory obligations here. As set out above, HL isn't involved in the management decisions of WEIF and fairly communicated what it knew and learned about its concerns around WEIF, including the level of unquoted funds, in a balanced way with Mr J. While holdings included those on smaller exchanges where shares may be less frequently traded, they were listed on a public exchange and so I'm not persuaded it was unreasonable for HL to be satisfied that WEIF hadn't breached the 10% limit. Again, its communications around this were clear, fair and not misleading providing Mr J a fair picture to take into account when making his investment decisions.

Mr J has commented that the changing composition of WEIF left it vulnerable to significant outflows, which risked the unquoted proportion of WEIF exceeding the 10% limit. As mentioned above the evidence shows HL did raise concerns of the impact of significant outflows and discussed smaller listed companies with WIM. Those meeting notes show HL's view of the fund was still positive expecting future performance despite the issues and concerns it raised with WM, which either addressed or allayed HL's concerns and persuading it the positives of the fund outweighed HL's concerns. I'm not persuaded HL's obligations required it to remove WEIF from its Wealth Lists at times when it still considered the investment had potential. Its role was to ensure it was clear, fair and not misleading when describing the risks of the investments and the reasons it continued to keep it on its Wealth Lists.

Mr J has said that too much of HL's confidence in WEIF and its potential recovery was placed on the historic performance of Woodford as a fund manager – and, furthermore, that the size of HL's position in the WEIF through its other fund offerings led to a conflict of interest in deciding to keep the WEIF on its Wealth List.

As I've said above, I'm satisfied that the evidence shows HL's decision to keep the fund on its Wealth List was driven by its belief that the investment would come good in the future, and that Woodford needed time. Whilst Woodford's track record was taken into account, it wasn't the only factor it considered – his investment ethos and the explanations he was giving during the years were also part of this consideration. And whilst I understand why Mr J considers there was a conflict between HL's investments in the WEIF and what it was saying about it, I'm not persuaded by his comments. In my view, the various fund's managed by HL made their own decisions about whether to invest in the WEIF and wouldn't have continued to do so if HL considered the WEIF was no longer a worthwhile investment.

Key to all this, in my view, is that HL was not only disclosing the reasons why it believed the fund should stay on its Wealth Lists. As I've said above, it was also clearly disclosing the concerns that it had, the changes to its makeup and the additional risks some of Woodford's investment decisions represented. I don't consider it was reasonable for Mr J to make decisions on whether to remain invested in the WEIF (or whether to continue investing in the WEIF) purely based on the fact that the fund remained on the Wealth List, disregarding all the information HL was telling him about it. Overall, HL communicated the outcomes of its decisions about all the issues above in a clear, fair and not misleading manner for Mr J to be able to decide for himself whether to increase or reduce his holdings. While HL didn't share all the concerns or the full details of what it discussed internally and with WIM, it did in my view share enough and it wouldn't be reasonable to say it needed to share the full details, only the overall conclusions it reached. Given HL's role here was promoting WEIF on its Wealth List, the level of information it provided was proportionate to that.

Lastly Mr J feels it's unfair that he would be charged for the costs of the winding up of WEIF. I appreciate his frustrations those costs are being passed onto individual investors such as himself, however those are set and carried out by the fund administrator, which HL isn't responsible for. It follows then that HL can't be responsible separately to the issues above for the deductions for windup costs that have been applied to the money received through the liquidation of the fund.

I appreciate my conclusions will be disappointing to Mr J and I understand why he feels HL ought to be responsible for the losses to his investments. But I'm satisfied that the financial loss he has experienced was not caused by something HL did or didn't do or because it misled him in anyway. I'm satisfied those losses were caused by the performance of the underlying investments in the WEIF, the initial suspension and subsequent liquidation of the fund clearly exacerbated those losses and his ability to exit the fund.

My final decision

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

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

Ken Roberts
Ombudsman