

The complaint

Mr C and Mrs C complain that Mattioli Woods Limited failed to progress the closure of an offshore investment bond and caused a capital gains tax (CGT) liability. Funds within the bond were left uninvested and, as a result, Mr C and Mrs C say they lost interest.

What happened

In early 2024, Mattioli Woods provided a report to Mr C and Mrs C recommending the full encashment of their offshore investment bond. The bond was held with a provider I will call company U. The intention was for the bond to be fully surrendered in the current tax year. Mattioli Woods later sent withdrawal forms for Mr C and Mrs C to sign, and they returned the completed forms. Unfortunately, the bond wasn't fully surrendered by the end of the tax year and Mr C and Mrs C complained to Mattioli Woods.

Mattioli Woods said that they weren't responsible for any significant delays during the surrender process but accepted they should have been aware of a negative balance on the cash account of the bond. This resulted in Mattioli Woods providing an incorrect surrender value for the bond in their March 2024 report. Mattioli Woods offered to pay Mr C and Mrs C £250 to resolve the complaint.

Mr C and Mrs C brought the complaint to the Financial Ombudsman Service and one of our Investigators looked into things. Our Investigator didn't think Mattioli Woods had caused significant delays that would make them solely responsible for any CGT liability Mr C and Mrs C may have incurred. And our Investigator thought that their offer to pay Mr C and Mrs C £250, in respect of their failure to ensure the surrender value had been calculated incorrectly by the bond provider, had been a reasonable offer to resolve the complaint.

Mr C and Mrs C asked that an Ombudsman decides the complaint and it has been 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 apologise to Mr C and Mrs C, and Mattioli Woods that they have been waiting for a decision from an Ombudsman. We have received a high number of complaints like this one, but we do work through them based on the date they were sent for decision.

Mr C and Mrs C complain about an investment bond recommended by Mattioli Woods. The provider of the investment bond is company U. I should make it clear that I can only consider the service provided by Mattioli Woods and decide whether it was fair and reasonable in the circumstances.

Shortly after meeting with Mr C and Mrs C in early February 2024, Mattioli Woods emailed company U to request information regarding the potential surrender of the investment bond and for tax calculations should the surrender happen. When Mattioli Woods didn't receive a

response from company U, they sent a follow-up email seven days later. Company U then asked that Mr C and Mrs C provide accountant calculations of their incomes for the 2022/2023 tax year. Mr C and Mrs C emailed this information to Mattioli Woods on 29 February. Mattioli Woods forwarded this information to company U on 4 March, which was two working days later. Mattioli Woods received the information required from company U on 5 March and issued a report on the potential surrender to Mr C and Mrs C on 11 March. Included with the report were surrender forms for the investments held within a platform account, and for the bond with company U.

On 14 March, Mr C and Mrs C specifically raised a query about the surrender value provided in the report. I will address the surrender value in more detail later in my decision, but I'm persuaded that at this time Mattioli Woods reassured Mr C and Mrs C that they had checked the surrender value and that it was correct. The next day, 15 March, Mattioli Woods received the signed withdrawal form for the investments held within the platform Mattioli Woods used, and the bond surrender form for company U. These were signed and dated 14 March. Mattioli Woods' investment team completed the sale of the funds on the platform on 22 March.

Mr C and Mrs C are disappointed and frustrated that it took so long for Mattioli Woods to produce a report regarding the surrender and the potential tax implication. I think it would be unfair and unreasonable for me to decide Mattioli Woods were responsible for any significant delays in this regard. I will now explain why.

I would've expected Mattioli Woods to chase company U for a response to their initial request for information, and they did so in mid-February. When Mattioli Woods received the additional information company U required on 29 February, they didn't cause any significant delay by sending it on to company U.

Mr C and Mrs C provided the necessary bond surrender forms to Mattioli Woods on 15 March, and these were sent to company U by Mattioli Woods on 18 March. This was the next working day and I'm satisfied this didn't cause any significant delay to the surrender process. Mr C and Mrs C strongly believe Mattioli Woods should have begun the surrender process much earlier than they did. However, I don't think it would have been reasonable for them to start a surrender without them first establishing if there was likely to be tax liability. Regardless of this, Mattioli Woods weren't able to sell down any funds held within the investment platform until they held an instruction from Mr C and Mrs C, and they didn't receive this until mid-afternoon on 15 March.

There's no dispute that by 22 March, the funds held within the investment platform had been sold to cash. This was in line with the instructions Mattioli Woods received from Mr C and Mrs C dated 14 March. The cash was held awaiting a request from company U for the funds to be sent to them. Unfortunately, there was a delay before company U requested the funds. Regardless of this, I'm persuaded Mattioli Woods had ensured the funds in the platform had been sold to cash, and I can't reasonably hold them responsible or there being a delay in company U requesting the cash. This ultimately delayed the surrender of the investment bond, but I've not seen any evidence to persuade me Mattioli Woods were responsible for this delay.

Mattioli Woods apologised they had mistakenly told Mr C and Mrs C that company U had confirmed a payment was made to them on 2 April and that funds should have hit their bank account by 3 April. In this regard, Mattioli Woods updated Mr C and Mrs C later the same day to clarify the position. They said, *"we are hopeful that {company U} should receive the funds by {5 April} and then they will be able to make their payment on {5 April} meaning that the payment would still be in this tax year. However, it will all depend on when the funds reach {company U} and how quickly they can make the payment. I have explained to them*

the urgency of making the payment this tax year so they are aware that this will need to be made ASAP.”

It was always likely to be a tight timescale to complete an indicative tax assessment, a recommendation for a surrender of the investment bond and for the surrender to complete before the tax year end. I can't see any evidence that Mattioli Woods provided a guarantee this would happen. Regardless of this, when Mr C and Mrs C agreed to the recommendation, I'm persuaded Mattioli Woods took reasonable steps to ensure the bond could be surrendered before the end of the tax year and did what I would've expected to ensure the cash funds were available for company U to request. Mattioli Woods kept Mr C and Mrs C reasonably informed of what was happening and I've seen no evidence that it was the actions of Mattioli Woods that were responsible for the surrender happening after the tax year end.

There's no dispute that Mr C and Mrs C had taken withdrawals from the bond since March 2022. Mattioli Woods included the withdrawals to date in their March report. However, due to an error, the regular withdrawals being taken were being debited to a cash account with company U. Mattioli Woods have already accepted that as advisers to Mr C and Mrs C, they should have identified this and clarified the surrender value provided. And they missed the opportunity to do so when Mr C and Mrs C queried the surrender value in mid-March. It seems more likely to me that Mattioli Woods only checked their own records and not those of company U. The subsequent reduction in the surrender value would have come as a shock to Mr C and Mrs C. However, I'm satisfied this error, as frustrating as it was, didn't cause a financial loss. The actual surrender value of the bond reflected the value of the investments sold to cash - less the debit amount held in the cash account with company U. Mattioli Woods apologised to Mr C and Mrs C for their poor communication in this regard and offered to pay £250. I'm satisfied this is a reasonable offer and reflects that the impact on Mr C and Mrs C was more than just minimal and that they were frustrated and annoyed that Mattioli Woods didn't spot this earlier.

Mr C and Mrs C have strong views that an income distribution received by Mattioli Woods on 2 April further delayed the surrender of the investment bond. I understand their strength of feeling in this regard and I accept this caused a delay in the full surrender of the bond. However, having received an income distribution, albeit at the very end of the tax year and on the same day that company U had requested funds to be sent to them, it's unfortunate that the distribution was used to purchase units in the balanced fund. It seems to me that this is more likely than not because a mandate or instruction was already in place. In hindsight it would have served Mr C and Mrs C better if Mattioli Woods had simply retained the cash distribution and sent it on to company U, but I can't say they acted unreasonably in dealing with the distribution as they did.

The withdrawal form Mr C and Mrs C signed for the funds held within the investment platform explain, *“Please note payment will not be made immediately at settlement for account closures as {the platform provider} is required to complete the account closure process before full payment. Before closure {the platform provider} will keep the account open to receive any subsequent dividends and interest that may be paid.”* I think it would be unreasonable for me to decide that Mattioli Woods should have stopped the distribution. It seems that the timing of the distribution, which happened on the same day as company U requested funds from the platform provider, was outside of the control of Mattioli Woods.

I've noted that Mr C and Mrs C have concerns about the way in which Mattioli Woods dealt with their complaint. As complaint handling is not a regulated activity, we aren't able to consider this. The Financial Ombudsman Service doesn't regulate Mattioli Woods, that's the role of the Financial Conduct Authority. We are not able to tell Mattioli Woods how they should deal with complaints or investigate their complaints process. However, if a business

has not responded to a consumer after eight weeks or if a consumer is not satisfied with the outcome and their findings, they have the right to refer the complaint to our service.

My final decision

Mattioli Woods Limited has already made an offer to Mr C and Mrs C £250 to settle the complaint and this offer is fair in all the circumstances.

So, my decision is that Mattioli Woods Limited should pay £250.

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 14 May 2025.

Paul Lawton
Ombudsman