

The complaint

Mr W complains that Capital Risk Management Limited (CRM) failed to intervene when investments held within his stock and shares ISA incurred losses.

What happened

Mr W first became involved with CRM in late 2014 when he met with it to discuss his existing investments. Part of CRM's recommendation was that Mr W transfer his existing stocks and shares ISA into CRM's management, reinvest in different funds and agree to receive ongoing advice from the firm. Following Mr W's acceptance, those recommendations were implemented. The changes recommended to his ISA holdings were to replace his existing investment funds with the following in equal proportions:

- ASI Global Absolute Return Strategies
- L&G Multi-Index 4
- Invesco Distribution (UK)
- Vanguard LifeStrategy 40% Equity

The portfolio largely remained the same until early 2022 when CRM advised Mr W to switch from the ASI fund to the BMO Universal MAP Cautious fund due to concerns about performance and outflows from that fund.

Having seen the value of his investments fall around £20,000 between November 2021 and October 2022, Mr W grew concerned about the advice CRM had been providing him with. He complained to the firm, in summary, saying:

- CRM had poorly advised him, in particular during the period between November 2021 and October 2022.
- He hadn't received any communication or been given any alternative options during that time, which given the fees he'd paid he expected such a service.
- His investments had lost more than can be attributed to market conditions alone.
- His partner had been compensated, who he said had invested in a similar way.
- He thought CRM was preoccupied with selling its client book to another firm and in the course of that it hadn't given his investments the attention they deserved.

Mr W, dissatisfied with CRM's response, referred his complaint to our service to consider. One of our Investigators looked into what happened but didn't think his complaint should be upheld. She explained this was because:

- The advice CRM had given Mr W from the outset and since had been suitable.
- The fund selection recommended matched Mr W's needs and attitude to risk.
- Mr W's investments were reviewed annually as agreed.
- It wasn't unreasonable CRM didn't recommend changes or alternatives.
- She hadn't seen evidence that CRM had been distracted by other factors, with performance being impacted by economic factors outside of CRM's control.

As an agreement wasn't reached Mr W's complaint 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.

In reaching my decision about the advice CRM gave to Mr W I've considered its obligations to him when doing so. Those are in summary that it takes sufficient information from him about his objectives, knowledge, experience and circumstances, and use that information to make a suitable recommendation for his investment needs.

When CRM met with Mr W it likely would've completed a fact-find with him, which is a record of questions it asked Mr W when gathering the information needed to advise him, and the answers he gave. CRM hasn't been able to provide that document but given the passage of time since the advice, it isn't unreasonable it hasn't been able to. Looking at the other information that is available, which includes the suitability report, I'm satisfied CRM understood that Mr W's objectives were to review his existing ISA investment arrangements. The documentation sent to Mr W after the advice in particular notes that he wanted to ensure his investments were providing him with growth, taking some risk to do so, over the long term and was receiving good value for money in how he did that.

CRM having assessed Mr W's attitude to risk considered that he was a 'moderate' risk investor, which it explained meant he was:

“...Prepared to take a moderate amount of investment risk in order to increase the chance of achieving a positive return. Capital protection is less important to you than achieving a better return on the investment. A typical Moderate investor will usually invest in a variety of assets to obtain diversification and therefore reduce risk...”

The suitability report refers to an income and expenditure assessment being carried out, which concluded that Mr W could afford to invest the value of his ISA and to take the proposed level of risk. I've not seen the underneath detail of that assessment, but given Mr W was going to be investing already invested money at what appears to be a lower risk level than he had been, I think it's likely that conclusion was reasonable. I'm also satisfied CRM fairly concluded his risk level to be in line with its 'moderate' class given his answers to the risk assessment would fit that definition of investor.

I've seen copies of documents showing the contents of Mr W's ISA holding before and after the transfer. This shows before CRM's advice Mr W was heavily exposed to shares, including through funds, making up around 95% of his portfolio. Such a level of share exposure would usually be considered higher risk, whereas CRM's recommendation was more balanced with over half in fixed interest and money market assets – typically considered lower risk – against a remainder of higher risk assets including, equities, property and some 'other' assets.

By investing Mr W's money in this way, CRM would be exposing Mr W to asset classes he had sufficient prior experience to invest in, at a lower level of risk. CRM said these changes to his portfolio would meet his objectives, albeit at a slightly higher price than he was already paying. But this higher price included actively managed funds and ongoing advice which would be of overall benefit to him.

In my view such a portfolio was suitable for someone with Mr W's objectives and risk tolerance. I say this because it could achieve the capital growth over the longer term he was looking for within his risk tolerance, and was affordable for him to do so, in line with his

previous experience. While the fees were slightly higher, I'm satisfied CRM explained this to him and was providing services he wasn't receiving under his previous and similarly priced arrangements, and so was something he wanted and saw value in.

It follows then I'm satisfied the advice CRM gave him in 2014 was suitable.

In January 2022 when CRM met Mr W through its ongoing advice arrangements with him, it recommended he switch the ASI fund for the BMO fund I've mentioned above. The evidence demonstrates CRM explained to Mr W this was because the ASI fund had been underperforming as well as concerns it had about the amount of outflows from the fund. In its view that fund was unlikely to improve over the required term and the BMO fund had better prospects of meeting Mr W's objectives, taking some risk to achieve capital growth over the long term. The fund provided a similar balance of fixed interest and equities to his other holdings keeping, in my view, the overall portfolio within Mr W's requirements.

Looking at the fact-find and risk assessment carried out at the time, I'm satisfied this fund switch was suitable for Mr W. I say this because the amended portfolio continued to meet his objectives, circumstances and was also in line with his previous knowledge and experience given the assets he was exposed to. Having carefully considered the evidence available around this, I've not seen anything which leads me to a different conclusion.

It follows then I haven't seen that the advice given in 2022 around the fund switch, or the balance of Mr W's portfolio at the time, was unsuitable either.

Mr W says he feels he's incurred losses above what should be expected for a low risk investor. I would reiterate here that Mr W was advising taking a higher level of risk than a traditional low risk investor would, and that he was suitably advised around that. When Mr W experienced the losses he complains of now there were significant economic factors that would likely impact his investments in the way they were. I say this because the investment funds Mr W was investing in mostly exposed him to shares and bonds.

Broadly speaking funds and portfolios at Mr W's risk level are designed to generate most of the capital growth from the shares and soften any falls in share value with the less volatile growth and income from the bonds. Unfortunately for Mr W between November 2021 and October 2022 the combination of factors such as the pandemic recovery, outbreak of war and increases in interest rates and inflation significantly impacted both shares and bonds. This caused shares to trade at lower values given the troubles companies were experiencing in light of those events, with existing bond values being affected by newer bonds being issued at improved rates which made it more difficult to sell those existing bonds causing them to be less valuable than they had previously been.

Given Mr W's portfolio was exposed to both shares and bonds during those difficult markets, in my opinion it's more likely the falls in value he's experienced are due to those market factors. As opposed to anything CRM did or failed to do in advising or administering his portfolio.

Mr W says CRM ought to have advised him in the period between November 2021 and October 2022 in order to mitigate the losses he incurred. But I've not seen it acted unfairly towards him by not doing so. In my view this is because his agreement with the firm was that it would provide him with advice "*at least annually*". It had advised him in February 2022 and so wasn't obligated under its agreement with him to do so for at least another year. In any event I also note Mr W was investing for long term growth and the issues which likely affected the value of his investment were affecting the global economy. That would mean CRM's options to Mr W would be limited and changes to his portfolio could risk worsening his position and crystallising the losses he incurred. I think it's unlikely given Mr W's

objectives and the global economic factors at the time that CRM would've advised that he do anything differently given the risks involved if it did.

I understand Mr W's thoughts on this point also include that CRM was focused on the sale of its business at the time, rather than attending to him and his investments. But I've not seen evidence that is the case. As I've said above, I'm satisfied it complied with its agreement with him and wasn't obligated to do anything more in this situation. I can see why Mr W may feel that way, but I can't fairly say CRM fell below its obligations to him here for the reasons I've given.

I'd like to assure Mr W I've understood his concerns, and his strength of feeling about them, and I don't mean by saying what I have to undermine his feelings about what's happened. But when considering the evidence and circumstances before me, I've not seen evidence to uphold his complaint here.

My final decision

For the reasons explained above, I don't uphold Mr W's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 16 October 2025.

Ken Roberts
Ombudsman