

The complaint

Mrs C complains that Charteris Treasury Portfolio Managers Limited (“Charteris”) has continued to collect its fees from her investments after its discretionary permissions were revoked.

What happened

Mrs C held investments that were managed by Charteris under a discretionary agreement. Essentially that allowed Charteris a relatively wide latitude to make changes to Mrs C’s investments without the need to refer individual changes to her for permission. Mrs C’s husband also had a similar arrangement with Charteris and has made a similar complaint that I am dealing with separately about how it managed his investments. As I will go on to explain, I think some failings in relation to that account have had a direct impact on Mrs C. I am sure that Mrs C, and her husband, will understand that the similar nature of their complaints means the decisions I am issuing on this complaint, and that of Mrs C’s husband, are also similar.

Mrs C agreed to use the services of Charteris in May 2013 when she signed its Portfolio Management Agreement. It appears that the advisor that Mrs C used later left the employment of Charteris. In April 2024 Mrs C wrote to Charteris to inform the firm that she wished to cancel her authority for Charteris to have discretionary management of her investments.

But, in May 2024 whilst Mrs C and her husband were abroad on holiday, Charteris sent an email to them to explain that it had sold some of Mrs C’s husband’s investments in order to provide cash to pay the regular income that he received. Mrs C’s husband complained to Charteris about what had happened.

Charteris explained to Mrs C’s husband that it had made an error in not correctly following the change in its permissions. But it later told Mrs C’s husband that it wouldn’t have been able to contact him for his instructions whilst he was on holiday and that it was concerned the income payment would be required to meet expenditure commitments.

In July 2024 Mrs C told Charteris that she was looking to move her investments to a new advisor. She said that she was unwilling to pay any annual management charges (“AMCs”) from the date at which she revoked the discretionary permissions. Charteris didn’t agree with that complaint. It told Mrs C that it was still providing her with the agreed service, albeit that it would now need to contact her for her permission to make any investment changes. Unhappy with that response Mrs C asked us to look at her complaint.

Mrs C’s complaint has been assessed by one of our investigators. He thought that the AMCs would remain reasonably due until Mrs C had appointed a new advisor. He said that it was likely that the work Charteris needed to do on Mrs C’s investments had increased following the removal of the discretionary permissions. The investigator thought that the error made on the sale of Mrs C’s husband’s investments would have also caused Mrs C some distress and inconvenience. So he asked Charteris to pay Mrs C £150 compensation in that regard.

Charteris said it accepted the investigators findings and would be willing to pay the compensation to Mrs C. But Mrs C didn't agree with that assessment. So, as the complaint hasn't been resolved informally, it has been passed to me, an ombudsman, to decide. This is the last stage of our process. If Mrs C accepts my decision it is legally binding on both parties.

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 deciding this complaint I've taken into account the law, any relevant regulatory rules and good industry practice at the time. I have also carefully considered the submissions that have been made by Mrs C and by Charteris. Where the evidence is unclear, or there are conflicts, I have made my decision based on the balance of probabilities. In other words I have looked at what evidence we do have, and the surrounding circumstances, to help me decide what I think is more likely to, or should, have happened.

It doesn't seem the basic facts that started this complaint are in dispute. Charteris accepts that it received an instruction from Mrs C, in April 2024, revoking its discretionary permissions on her investments. And it accepts that it acted outside of its permissions in selling some of Mrs C's husband's investments in May 2024. So in this decision I need to consider the impact of that error on Mrs C.

Before I do that I think it is useful to reflect on the role of this service. This service isn't intended to regulate or punish businesses for their conduct – that is the role of the Financial Conduct Authority. Instead this service looks to resolve individual complaints between a consumer and a business. Should we decide that something has gone wrong we would ask the business to put things right by placing the consumer, as far as is possible, in the position they would have been if the problem hadn't occurred.

The changes that Charteris made to Mrs C's husband's investments were for a very specific purpose. Mrs C's husband received regular income payments from his investments. By May 2024 Mrs C's husband did not hold sufficient cash within his investments to make the scheduled income payment. The actions Charteris took were exactly in line with how it had dealt with that situation in the past. And in fact its actions were also the same as those it took on Mrs C's account in September 2024, but after seeking the permission of Mrs C and her husband to make that sale.

I don't think there is any excuse for the error Charteris made in May 2024. I haven't seen anything to persuade me that Charteris knew Mrs C's husband was abroad at that time or that it thought he couldn't be contacted for any instructions. In fact it seems that Mrs C's husband was still monitoring any emails that were sent. Instead I think Charteris had simply failed to correctly update its records about the permissions it no longer held on Mrs C's husband's investments.

The error that Charteris made didn't directly affect the investments held by Mrs C – at that time she had sufficient cash to meet her regular income payments. But it does seem that Mrs C and her husband mirrored much of the investment approach on their accounts. So it would be understandable that what had happened to Mrs C's husband might lead her to worry that the same error might occur on her account.

So I think it likely that the error Charteris made on Mrs C's husband's account also caused some distress and inconvenience to Mrs C. The sale of the investments was notified to them whilst they were abroad on holiday. So it was something they needed to deal with at a time when they should have been relaxing. So I do think it appropriate that Mrs C should be paid some compensation to reflect the concerns she was caused.

I've thought carefully about what I would normally award in circumstances such as these. Our investigator thought that an award of £150 would be appropriate – and that is something that Charteris has agreed to pay. On balance I think a payment at that level would be fair and reasonable in the circumstances here.

As I have set out above, Mrs C terminated the discretionary permissions she'd given Charteris in April 2024. But I don't think that means Mrs C thought her entire relationship with Charteris has been ended. In May 2024, after complaining about the sale of the investments made without Mrs C's husband's permission, Mrs C and her husband wrote to Charteris to set out how they thought their accounts should be handled in the future. Specifically they said;

"In the future, and until we can make other arrangements, someone needs to contact us to ask for instructions if the need for further cash raises are needed."

And it seems that is exactly what happened when further cash was needed by Mrs C in September 2024. Charteris wrote to her to ask for permission to sell some investments. Mrs C responded providing that permission, but being clear the agreement was for a one off transaction, and new authority would need to be sought if changes were required in the future.

So I am satisfied that Mrs C expected that her arrangement with Charteris, for the management of her investments, would continue despite it no longer having discretionary authority. So I don't think it unreasonable that Charteris should continue to collect a management charge for that work.

I have considered whether the removal of the discretionary permissions should be reflected in a reduction of the fees that Mrs C had previously agreed to pay. But I'm sorry to tell Mrs C that I don't think that would be appropriate. It seems to me that the work Charteris is performing is broadly similar to what was done before, albeit a further administrative step has now been introduced by the need to seek Mrs C's agreement to each change.

I appreciate that this decision will be disappointing for Mrs C. I don't think the servicing that Charteris has continued to provide to Mrs C has been degraded to such an extent by the removal of the discretionary permissions that it would be unreasonable for it to continue collecting the fees previously agreed with her.

Putting things right

Charteris should pay Mrs C £150 to reflect the distress and inconvenience she was caused by its failure to seek permission for the investment sale on her husband's account that was completed in May 2024.

My final decision

My final decision is that I uphold a part of Mrs C's complaint and direct Charteris Treasury Portfolio Managers Limited to put things right as detailed above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs C to accept or

reject my decision before 4 June 2025.

Paul Reilly
Ombudsman