

The complaint

Mrs G is unhappy with the service she's been provided with by Leabold Financial Management Ltd (LFM) since 2019, in particular the review in 2023. And Mrs G has said that she's felt like the reviews have been more of a tick box exercise.

What happened

Mrs G had an ongoing relationship with LFM when, following her annual review in 2019 her allocated adviser stepped away from an advisory role. So, Mrs G was allocated a new adviser.

I have been provided with a number of customer agreements that Mrs G signed annually. At section 16 the contract sets out LFM's charges. The charge for the additional investments service is set at £400 per £50,000 of investment. At 16.3 the customer agreement says that the 'Ongoing services' charge is 0.5% per annum of the investment value. The ongoing service is set out as:

- Forwarding and monitoring (important communications received from product providers relevant to financial products held by Mrs G)
- Periodic review – annual reviews of the original advice covering changes in:
 - o Mrs G's goals, objectives and needs.
 - o Mrs G's personal circumstances and financial situation.
 - o Suitability of the financial planning, investment strategies and product types held and undertaken by Mrs G.
 - o Relevant legislation and taxation matters.
 - o LFM will provide a report to Mrs G setting out LFM's opinion on any advice that needs to be updated. The reason why any recommendation is made. The charges paid by Mrs G over the last 12 months. And the risks Mrs G may be exposed to by following, or not following the recommendation made.
- Periodic investment portfolio valuation (three monthly valuations of Mrs G's relevant investments)
- Assistance with annual HMRC reporting on relevant tax matters
- Advice and transactions arising from
 - o Switching investments between tax accounts
 - o Changes to regular capital withdrawals
 - o Ad-hoc capital withdrawals
 - o Changes in the clients attitude to investment risk

On 19 May 2020 LFM sent Mrs G a portfolio report which provided its current valuation. LFM have provided this service with quarterly valuations that were sent to Mrs G up to February 2024.

Mrs G was sent a written report of her annual reviews on the following dates:

- 24 July 2020
- 9 July 2021
- 27 June 2022

- 25 July 2023

I've also been provided with an internal note from the adviser following the review meeting each year. Each review set out that Mrs G had completed an attitude to risk questionnaire, customer questionnaire and set out her objectives and needs. It commented on Mrs G's personal circumstances and financial situation. All of the reviews made a recommendation for Mrs G to remain invested as she was.

On 6 September 2021 Mrs G contacted LFM as she wanted to withdraw some tax-free cash. She was advised that she had already received her tax-free allowance. So, she didn't go ahead with any withdrawal.

In the 2022 review Mrs G wanted to withdraw some monies – the review incorporated a recommendation as to how to withdraw those funds.

Mrs G answered positively to all of the questions in the customer questionnaire until her annual review of 2023. Some of the questions were:

- Was the information clear, fair and not misleading?
- Were you provided with sufficient information to enable you to understand our advice?
- Were our staff polite, helpful and friendly to you?

Mrs G raised a complaint in July 2023 about the service she had received. She wanted LFM to refund her all the fees they had received from her since the deterioration of the service in 2019.

On 17 August 2023 LFM acknowledged Mrs G's complaint and sought to clarify their understanding of it. On 21 August 2023 Mrs G explained her complaint to LFM, in summary she said:

- In 2022 during a telephone review Mrs G asked the adviser for guidance on how to invest some money she had. LFM didn't look into any options they just suggested premium bonds, there would have been investment opportunities that weren't explored.
- The reviews feel like a tick box exercise.

About the 2023 annual review:

- The review said that Mrs G didn't know that LFM were charging her for the advice – but she did, it was only raised during the review because of the way that the adviser highlighted he didn't receive commission.
- Mrs G was not in receipt of the review documents before the visit. And the adviser wasn't aware Mrs G no longer received the pension monthly performance updates that had been sent to her previously.
- The review was written over a month after the meeting and it doesn't represent the facts that took place in the meeting.
- It incorrectly states Mrs G was happy with the service received over the last 12 months – she didn't make this statement.
- The adviser started by saying an annual review should be three hours long. Mrs G was worried that her previous reviews, only having been an hour, meant that there had been less time to review the full market.
- It said that Mrs G was unhappy about paying tax – she doesn't appreciate this statement – she pays the correct level of tax.

I can't see that a final response was issued to Mrs G by LFM. Mrs G remained unhappy so she referred her complaint to this service.

When providing their file LFM apologised for a comment made during the 2023 review – that the length of time needed for a review was two to three hours. They said they appreciated this may have caused unnecessary anxiety. And offered £100 compensation, which they later increased to £250.

An Investigator provided their assessment. They didn't ask LFM to do anymore. In summary they said that Mrs G had received the ongoing service that she had paid for so they wouldn't ask LFM to reimburse the ongoing fee. And they thought the offer of £250 from LFM was fair and reasonable.

Mrs G responded to the Investigator's assessment; she didn't agree with it and asked for an Ombudsman to review her complaint.

I provided Mrs G with my provisional thoughts on her complaint. I said that she had received the ongoing advice service she had been paying for as described in the customer agreement. And so, I wasn't intending to ask LFM to reimburse their fee. And that the £250 compensation offer was fair and reasonable.

Mrs G responded to my provisional findings, she said she accepted that she received annual reviews. But said they were unprofessional in nature. Mrs G reiterated the example of an adviser suggesting premium bonds without letting her know that further consideration would need to be given if she required advice. And she said she never received a final response letter from LFM – which added to the distress of the situation.

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.

Having done so I am not asking LFM to increase the offer they have already made of £250 compensation. I appreciate this will come as a disappointment to Mrs G so I will go on to explain why below.

When considering what's fair and reasonable in the circumstances, I need to take account of relevant law and regulations, regulator's rules, guidance and standards, codes of practice and, where appropriate, what I consider to have been good industry practice at the relevant time.

Ongoing advice fee

In order to be able to suggest LFM reimburse Mrs G the fee that she has been charged, I need to be satisfied that they were not providing her with the service she was paying for.

I have looked at what LFM have said they would provide in exchange for the ongoing advice fee that Mrs G agreed to within the customer agreements that she signed. And, I have considered the ongoing service that was received from 2020 onwards.

LFM forwarded information to Mrs G, she received annual reviews and quarterly investment portfolio valuations. I can also see that Mrs G received guidance and assistance when she wanted to withdraw some funds in September 2021 – though she didn't go ahead at that point. And LFM aided Mrs G to withdraw funds in September 2022.

I have had sight of all the annual reviews and I have considered the contents of them along with the internal memo's written by the advisers following those meetings. Each year Mrs G's attitude to risk, personal and financial circumstances were considered and then the adviser followed their consideration up with a recommendation. The recommendations within the reviews had clear reasoning. I've not seen anything within these reviews that suggests to me the recommendations were unsuitable for Mrs G based on the performance of her pension along with her aims, objectives, and her risk appetite. On each occasion LFM provided Mrs G with an opportunity to give feedback on the service they had provided to her. And she could have raised an issue following any of the annual reviews had she felt they were inaccurate based on the conversations she had during the meetings. But she didn't until after her review in 2023.

So, I'm satisfied that LFM have provided Mrs G with the service they said they would, for the ongoing service fee Mrs G agreed to pay. For that reason, I'm not going to ask LFM to refund the ongoing service fee.

Service provided

I can see from the details of Mrs G's complaint that she had a trusting, ongoing relationship with an adviser at LFM. But that adviser stepped back, so a new adviser carried out the reviews from 2020. I appreciate Mrs G doesn't feel the service she received following that adviser's departure was as good. I've considered the points Mrs G raised – about the additional investment she says she asked about in 2022 and the 2023 review, in particular the comment made about the length of time annual reviews '*should*' take. And that LFM didn't provide Mrs G with a final response to her complaint.

There is no evidence of the comment made in 2022 in respect of premium bonds being suggested when Mrs G asked how to invest some other funds she had. In the 2022 annual review there is no mention of Mrs G asking about how to invest other monies. And Mrs G doesn't appear to have contacted LFM after receipt of the review to let them know this issue had been missed off the paperwork. Mrs G did mention it in 2023 when she became unhappy with the service she had received. I think it's likely that advice about what to do with additional funds, that LFM were not already reviewing for Mrs G annually, would have incurred an additional fee. As was set out within the customer agreement she had signed.

Without evidence that Mrs G was given advice to make an investment into premium bonds, it's hard for me to agree that she was. LFM have said it may have been an 'off the cuff' comment from their adviser in 2022. But I don't agree with them that an adviser should have dealt with Mrs G asking about how to make an investment with funds she had in that way. The adviser Mrs G spoke to in 2023 offered a separate meeting to discuss Mrs G's objectives and provide her with a recommendation. If Mrs G had asked for advice in 2022 this is what should have happened then too.

But in any event, it doesn't appear that Mrs G acted on the comment she said the adviser made in 2022 – it doesn't appear that she made the investment. So, she hasn't suffered a loss as a result of this comment. Instead, she has used the comment to demonstrate why she felt the behaviour of the adviser was unprofessional. So, I have considered this when thinking about the level of compensation to award.

During the 2023 review it is clear that Mrs G's recollection of the discussion differs to the internal note that the adviser wrote after the meeting. As set out above I've not seen any evidence to suggest the review was not carried out professionally. However, I have considered here if the service Mrs G received whilst the adviser was carrying out the review fell short. It's not possible for me to know exactly what was discussed. But it is clear that at this point the relationship between Mrs G and LFM broke down.

The adviser made a comment about how long it usually takes for them to carry out an annual review. LFM have explained that there is no set time for a review. Their advisers should spend however long it takes to carry out each review. LFM have apologised for this comment – and I think they were right to do so. I can see how this caused Mrs G distress, as she had always only had an annual review which lasted an hour. I'm satisfied that Mrs G's previous reviews were not subpar due to the length of time they had taken. I say that because Mrs G was very happy with the service she had received prior to 2020. She felt that she was listened to during those reviews and they were only ever an hour long. And as set out above I've not seen anything to suggest the annual reviews were unsuitable for Mrs G. I appreciate the unnecessary distress this comment created for Mrs G. There are some other comments within the 2023 review that Mrs G was unhappy about too. For example the adviser mentioned income tax had been discussed and Mrs G's knowledge of the fees being charged was questioned. I appreciate Mrs G was unhappy about those comments too. I have considered the impact of these alongside the comment about how long reviews should take.

Putting things right

Based on everything I have seen, I agree that there were instances where the service Mrs G received from LFM could have been better. I have thought about the distress that Mrs G has described she felt. I think LFM's apology for their adviser's comment in 2023 and an award of £250 compensation is a fair and reasonable way for LFM to address the distress and inconvenience Mrs G has suffered. And so, whilst I appreciate it will come as a disappointment to Mrs G, I'm not asking LFM to award anymore.

My final decision

I uphold Mrs G's complaint and direct Leabold Financial Management Ltd to award £250 compensation in total in order to resolve this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs G to accept or reject my decision before 10 February 2025.

Cassie Lauder
Ombudsman