

The complaint

Ms L complains that Alan Steel (Asset Management) Limited denied her the opportunity to withdraw £10,000 from the Woodford Equity Income Fund (WEIF) in 2018. If the withdrawal had taken place, this would've mitigated the losses she suffered after the fund was liquidated.

What happened

Ms L had a portfolio of investments under Alan Steel's management. In August 2018 she intended to make a withdrawal from her portfolio and says that she had initially wanted to withdraw the money from her investment in the WEIF.

The notes of the conversation with her adviser at Alan Steel indicate that she'd initially wanted to withdraw £30,000 from her portfolio but had agreed to limit the withdrawal to £10,000 – this was the sum she needed for the purchase of a garage. The notes of the conversation suggest that Ms L was concerned about the overall performance of the portfolio which, it appears, was largely driven by losses from her investment in the WEIF. The adviser agreed to send her the relevant forms for the withdrawal from the non-ISA portion of her portfolio and for Ms L to give the investments with Alan Steel a bit longer in the hope that the WEIF would recover – given that this was supposed to be a medium to long term investment.

The same day Alan Steel sent out the relevant forms to Ms L. This form indicated that the £10,000 withdrawal would be from the Invesco Perpetual Global Equity Income Fund. The letter explained that this would give rise to a small gain of around £790 – as this was within her allowance no tax would be payable. A couple of days later Ms L returned the form, signed and completed, and the payment was made to her shortly after.

In May 2024 Ms L complained to Alan Steel about the WEIF. Her complaint was more broadly about the advice to invest in the WEIF, how risky it was, its suspension, the losses she was facing as well as her request to withdraw money from the fund in August 2018. Alan Steel looked into her complaint and didn't uphold it, so Ms L referred her complaint to this service.

One of our investigators looked into the complaint. She concluded that a number of matters that Ms L had complained about had been brought to the service too late and couldn't be considered. However, the complaint about the withdrawal had happened within 6 years of the complaint and so this was in time.

The investigator said the evidence available showed that Ms L had contacted Alan Steel to discuss the withdrawal. However, she could find no evidence that Ms L had specifically said she wanted to withdraw from the WEIF. The investigator said that when Ms L received the withdrawal form, it clearly showed Alan Steel's recommendations to withdraw from another fund. Ms L could've decided not to go ahead with the withdrawal from that fund and call-back, but she chose to go ahead. So the investigator didn't think Alan Steel had done anything wrong or was responsible for any additional losses caused to Ms L as a result of that decision.

Ms L didn't agree with the investigator. She said that when she spoke to Alan Steel over the phone she requested the withdrawal to come from the WEIF. She said that she recalled clearly saying this at the start of the telephone conversation – but by the end, she felt like she didn't have a choice to choose where to withdraw the money from. She felt the adviser was unnecessarily “pushy”. She also didn't recall receiving any signed paperwork about the withdrawal.

As an 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.

Having done so, I'm sorry to say that I don't have much to add to what the investigator has already said.

I don't disbelieve Ms L when she says she mentioned WEIF on the phone with the adviser – and she may have even discussed withdrawing her money from that particular investment. However, the notes of the conversation which I have don't suggest this is what she said. They show that Ms L had contacted Alan Steel with the intent of withdrawing more than £10,000 on the back of a recent valuation of the portfolio which had shown some losses – as I understand matters, those losses were largely driven by the investment in the WEIF. By the time of the call, the notes show that the portfolio had increased in value and “was now at least in positive territory”.

There was clearly some discussion about the WEIF and an agreement that she'd only withdraw £10,000 in order to fund a purchase. By the end of the call, the notes suggest that Ms L had agreed to give the investments “a bit longer in the hope that the Woodford fund will recover and look again at this time next year”.

So I can't see from these notes that Ms L was specifically discouraged from removing funds out of the WEIF, although it may be so. However, following this conversation, I can see a letter sent to Ms L dated 1 August 2018 which said that her adviser recommended her withdrawal be taken from “the Invesco Perpetual Global Equity Income Fund”. In my view, if Ms L remained adamant that she wanted to withdraw her money from the WEIF, she could've got back in touch with her adviser to explain this.

I can then see that on 3 August 2018, Ms L signed the relevant withdrawal form that very clearly explained which fund the money would be withdrawn from – and this issue was not raised again.

From my perspective, I think part of this complaint has been driven by the WEIF's well known problems from June 2019 onwards – including the initial suspension and then liquidation of the fund. I know this caused many consumers significant losses – and it may be that Ms L, with the benefit of hindsight, now considers that this withdrawal request was an opportunity for her to have mitigated her losses.

But at the time of the withdrawal, neither Alan Steel nor her knew that the fund would be suspended in future.

Withdrawing money from a poorly performing investment in the short term is not usually recommended, as investments are typically intended to be kept for the medium to long term – as was discussed with Ms L when she initially called Alan Steel. The reason being that short term volatility for equity funds is not atypical.

So I can't say that it was inherently wrong for Alan Steel to have recommended she withdraw the money from a different fund. In my view, it would've been for Ms L to call back and explain that her desire was for the money to be withdrawn from the WEIF and to give a clear instruction to that effect. I can't see that this happened.

For these reasons, although I sympathise with her situation, I don't think it would be fair and reasonable to uphold her complaint and ask Alan Steel to pay compensation.

My final decision

For the reasons I've given I don't uphold Ms L's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms L to accept or reject my decision before 31 March 2025.

Alessandro Pulzone
Ombudsman