

The complaint

Mr A complained about the service Brewin Dolphin Limited (Brewin Dolphin) provided in relation to the management and performance of his Self-Invested Personal Pension (SIPP) portfolio.

He believes that Brewin Dolphin failed to manage his SIPP investments appropriately, resulting in an avoidable financial loss. He also complained about the charges Brewin Dolphin made in respect to its management of his SIPP.

What happened

In March 2019, on advice from his independent financial adviser (IFA), Mr A engaged Brewin Dolphin to manage the investments within his SIPP on a discretionary fund manager (DFM) basis. The IFA confirmed to Brewin Dolphin that Mr A's attitude to risk should be considered as two on a scale of one to seven where seven was the highest risk. This was described by Brewin Dolphin as '*cautious with risk*'.

In September 2021, the IFA instructed Brewin Dolphin that Mr A's attitude to risk should be changed to five out of seven, before providing a further instruction to reduce the attitude to risk to four out of seven on 15 August 2022, following concerns about the performance of the investments held in the SIPP.

Mr A expressed further concerns both to his IFA and to Brewin Dolphin over the following months. In May 2023, Brewin Dolphin invested a proportion of Mr A's funds into a 'gilt ladder strategy' to provide an income of c£30k per annum until 2030.

On August 17 2023 Mr A contacted Brewin Dolphin directly. Concerned about the fall in value of his SIPP investments, he instructed Brewin Dolphin to encash all his funds and invest the proceeds into a cash based fund.

Unhappy with the management and performance of his SIPP investments Mr A complained to Brewin Dolphin on 29 August 2023.

In his complaint, Mr A made a number of complaint points which I have summarised below:

- Overall he was unhappy with the service provided by Brewin Dolphin and its understanding of his attitude towards risk.
- Mr A felt Brewin Dolphin had not been proactive enough in managing his investments. He raised the example of purchasing individual shares, for example, Rolls Royce shares.
- Overall, Mr A felt that the performance of his SIPP relative to the relevant benchmark was poor over a prolonged period.
- Brewin Dolphin charged significant fees despite a decline in the value of his investments.
- The gilt ladder strategy implanted in May 2023 did not arrest the decline in the value of his SIPP.
- The cash fund strategy that had been discussed in 2022 was not implemented.

Mr A asked for compensation in the region of £20,000 as a result of what he perceived to be poor management of his investments.

Brewin Dolphin responded to Mr A's complaint on 24 October 2023. It did not uphold his complaint. In this letter, Brewin Dolphin explained that it did not provide Mr A financial advice but acted purely as his investment manager. It said:

This means we receive information regarding your investment objectives, time horizon and attitude towards risk from [IFA], and use the information to construct and maintain a suitable and bespoke portfolio of investments in line with your requirements.

It went on to say:

In respect of the overall performance of your portfolio, I would clarify Brewin Dolphin invest over the long-term. Unfortunately, performance isn't something we can guarantee, as this is influenced by external factors, and we're unable to uphold a complaint on the basis of poor performance because there are so many influencing factors and as with any investment there is always some element of risk, whether it be minimal or high.

In terms of the performance of Mr A's investments, Brewin Dolphin reviewed the performance of Mr A's SIPP versus the relevant benchmarks and concluded that it had produced an overall return of c11% versus c13% for the benchmarks, so did not uphold this element of the complaint.

Brewin Dolphin also explained that it had made changes and adjustments to the underlying investments each time Mr A's IFA had changed his attitude to risk and so considered that it had acted appropriately in this aspect as well.

In terms of the charges it had made for its services, Brewin Dolphin said:

Brewin Dolphin charge fees for our management services, and although the level of fee charged is correlated to the valuation of the portfolio at periodic times, we do not have to ensure positive growth before a fee is charged. This is because we are responsible for the management and administration of your portfolio on an ongoing basis

Brewin Dolphin also made the following comments about Mr A's complaint points relating to the Gilt Ladder strategy and the cash fund approach that was not implemented. It said:

I would comment that the performance of these investments is still subject to market volatility, albeit on a lesser scale than equities. On maturity, the bonds will provide you with your initial capital amount and interest, as long as the Government remains solvent. In respect of the cash fund strategy discussed in your meeting in October 2022. You asked why this was not recommended at the time the Gilt ladder was put in place. Given your income requirements, it was deemed more suitable to lock-in a return from the bonds rather than add risk of a floating rate cash product, as there was no way to tell what the cash rates would be in the future.

Mr A was unhappy with this response so brought his complaint to this service.

Our investigator reviewed the evidence provided by both Mr A and Brewin Dolphin. They formed the view that the complaint should not be upheld. Mr M was unhappy with this view and so the complaint has been passed to me to make a final decision.

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 agree with our investigator and do not uphold this complaint. Having said that, I can appreciate that Mr A will be disappointed by my decision, so I'll explain my reasoning.

Firstly, I think it's important to reflect upon the role of this service. Our role is to impartially review the circumstances of a complaint and make a decision on whether a business has made errors or treated a customer unfairly. Where it has, we expect a business to fairly compensate the customer for any financial loss they may have suffered.

It is not the role of this service to investigate complaints about investment performance, except in the case where an organisation has made errors in how the investments were managed. In this case, this means that I would need to find it fair and reasonable that Brewin Dolphin had not complied with the terms and conditions of its agreement with Mr A before I could consider whether any such errors had caused him a financial loss.

Consequently, although I can see that Mr A was disappointed with the investment performance of his investments, I must first investigate how it acted in fulfilling its responsibilities to Mr A as his DFM.

Looking at the agreement between Mr A and Brewin Dolphin, I can see that it was described as being:

designed for clients requiring professional investment management who wish to delegate the day-to-day management of their investments.

If you select a discretionary service, we will manage your investments on a discretionary basis, having regard to your Risk Category, investment restrictions and relevant information as notified to us.

The terms and conditions document also stated:

We shall have full authority to manage the composition of your account and to enter into any kind of transaction or arrangement in respect of investments as agent on your behalf, subject to our Agreement, at our discretion and without reference to you.

As it noted in its response to his complaint, Brewin Dolphin provided Mr A with no financial advice, relying instead upon instructions received from Mr A's IFA relating to his attitude toward risk.

To decide if I think it's fair and reasonable to conclude that Brewin Dolphin fulfilled the terms of the agreement correctly, I've carefully considered the evidence. I can see that Mr A's IFA gave Brewin Dolphin instructions on a number of occasions to change his attitude to risk. I would expect that when a DFM receive such an instruction that it should review and, where appropriate, make changes to the investments held to ensure that the portfolio matches the new attitude to risk. I can see that Brewin Dolphin did this on each occasion the risk level was changed so I can't see that it has done anything wrong here.

I can appreciate that Mr A feels that Brewin Dolphin should have made some different decisions than the ones it did, and indeed different to ones he believes he would have taken. Having said that, however, it's important to note that having entered into a DFM agreement,

Mr A had given Brewin Dolphin the authorisation to make the decisions that it did. In particular, Mr A explained that when market volatility caused the value of his investments to fall, he would have moved his assets into less risky investments, with the aim of reinvesting once values stabilised at a lower level. Brewin Dolphin explained in its response to his complaint that:

The discretionary risk mandate under which RBC Brewin Dolphin review your portfolio is to manage your investments over the longer term, against an agreed asset allocation approach. While scope does exist for investment managers to have a degree of discretion around this strategic allocation, the general level of exposure to different asset classes must remain closely aligned to the agreed portfolio structure.

Brewin Dolphin has also explained to Mr A in an email conversation why it did not hold Rolls Royce shares in his SIPP, stating:

we do not cover these shares with our internal research. We dropped them a few years ago on concerns for their business model and levels of debt and pension fund liabilities.

I've also considered Brewin Dolphin's explanation as to why the income strategy discussed in 2022 was not implemented and find that Brewin Dolphin was acting correctly within the DFM agreement when it made this decision.

Overall, I find Brewin Dolphin's management of Mr A's SIPP to be a fair and reasonable approach for an organisation that was providing DFM services but not investment advice as Brewin Dolphin was doing. I conclude, therefore, that Brewin Dolphin did nothing wrong in this respect either.

Turning now to the complaint point relating to the charges Mr A paid to Brewin Dolphin while the underlying value of his SIPP assets was falling. Again, I can appreciate Mr A's position on this but can see that the original agreement he entered into with Brewin Dolphin made clear that the charges were not directly related to fund performance. I've looked carefully at the terms and conditions of the agreement and agree with Brewin Dolphin that there is:

no provision for a reduction in charges if the fund value fell due to difficult trading conditions.

The charges are levied as a percentage of the overall fund value so will increase and decrease as the fund increases and decreases in value. As I mentioned previously, I can't see that Brewin Dolphin has failed to manage Mr A's SIPP investments appropriately, so I can't see that it has done anything wrong in applying the charges laid out in the DFM agreement.

In conclusion although I can fully appreciate that Mr A is disappointed in the performance of his SIPP, it is not the role of this service to review complaints about his fund performance, but to look at whether it has done anything wrong in the way it managed the investments which may have led to a financial loss. As I can't see that Brewin Dolphin has made any mistakes or treated Mr A unfairly, I can't uphold his complaint.

My final decision

For the reasons explained above, I do not uphold Mr A's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 5 June 2025.

Bill Catchpole
Ombudsman