

The complaint

Mr and Mrs S complain about the service they received from Chase de Vere Independent Financial Advisers limited, referred to as “CDV”.

In summary, they say:

- They paid for services that they didn’t receive. Including no reviews, since March 2022, despite CDV being aware of changes to their circumstances.
- CDV mismanaged their portfolio.
 - Majority of their investments were in low-risk bonds – despite them having greater appetite for risk since March 2022.
- The compensation offered by CDV doesn’t accurately reflect the financial losses they’ve suffered.

So, to put things right they’d like (greater) compensation paid that is commensurate with the level of risk they were prepared to take, along with a refund of the relevant fees paid.

What happened

In a Final Response Letter (FRL) – dated 15 December 2023 – CDV partly upheld the complaint. It accepted that a formal review hadn’t taken place in March 2023, so by way of compensation, it offered to refund the fees paid from 1 April 2023 to the date of its FRL – amounting to £2,478.51 – plus 8% simple interest, rounding the figure off to £2,700. It didn’t agree that Mr and Mrs S were entitled to any additional redress.

Unhappy with CDV’s response, Mr and Mrs S referred the complaint to our service. They maintain that they were high(er) risk investors, but this wasn’t known because CDV missed the March 2023 review.

One of our investigators considered the complaint and thought it should be upheld. In summary, he said:

- Mr and Mrs S weren’t provided with an annual review, despite paying CDV an ongoing fee.
- Despite partially upholding the complaint, CDV’s offer of redress wasn’t in line with our service’s approach.
- Fees for the March 2023 review would’ve been taken in advance – to cover the period from 1 April 2022 to 31 March 2023 - so there’s additional money that needs to be paid.
- To put things right, CDV should refund the OAC Mr and Mrs S paid from 1 April 2022 to 31 March 2023. It should also add 8% simple interest from the date each payment was taken, to the date of settlement.
- As Mr and Mrs S are in the process of moving away (or have moved away) from CDV, to avoid any complications CDV should pay this amount directly to Mr and Mrs S.
- The above notwithstanding, he’s unable to uphold the remainder of the complaint.

- Although Mr and Mrs S believe that if the March 2023 review had taken place, CDV would've found that their risk profile had increased – so would've switched them to a high(er) risk portfolio – this isn't a conclusion that he can reach.
- Mr and Mrs S feel that their risk profile changed because they were transitioning into retirement, and two of their three children had since married. However, these changes described by them were unlikely to have increased their risk profile.
- Transitioning into retirement isn't a life event that usually means greater risk, and neither is children being married off, which doesn't have a bearing on risk either.

Mr and Mrs S disagreed with the investigator's view and asked for an ombudsman's decision. In summary, they made the following key points:

- Whilst they fully accept that statistical evidence may suggest that retirement and children's marriages don't typically alter risk appetite, it did for them in this case for the following reasons:
 - Their attitude to risk has been cautious for many years. Their savings and their children's financial futures have been a priority for them.
 - Mr S retired in 2017, with reduced income creating uncertainty. But Mrs S continued to work until her (employer's) pension. She continued to work with decreasing commitment until March 2023. Their income was unpredictable until that time.
 - They'd always been committed to supporting their two children (in relation to their respective marriages) and that was now done.
 - With no contact from CDV, they approached a new business – after reviewing their situation (using information that was known to CDV) – they were told that they had no reason to be cautious.
 - In other words, as they didn't require the funds, and their children would have significant inheritance in any case, should loss occur they could take greater risk.
 - In due course, they requested to be moved to the new business (with an increased risk) and took steps to reduce their potential IHT liability.
- They maintain that their change in circumstances has changed their attitude to risk when it comes to investing, and a competent adviser should've been able to identify this.

CDV accepted the investigator's general findings to partially uphold the case but didn't agree with the redress. It didn't agree with the following statement: *"It's important to note this service takes the view that, where there is an agreement to provide annual reviews, the ongoing advice charges, if taken monthly from the outset, pay for the review in advance."*

The CDV Terms of Business, which Mr and Mrs S agreed with, clearly states that the ongoing charges are paid in arrears. This is standard practice for many advisory firms and has been appropriately recognised in all ombudsman decisions.

The "*Premier Service*", which Mr and Mrs S had, provided a range of additional benefits and services which included but not limited to annual review meetings. The ongoing services began as soon as the investors agreed to the service. It encompassed many things, including regular valuations, online access, and secure client portal access. So, the Premier Service extended beyond annual review meetings.

To conclude that the ongoing charges were paid solely in relation to, or in advance of an annual review, would be inaccurate and oversimplified. In other words, an annual meeting doesn't constitute the entire ongoing charge for the Premier Service. It asked that the investigator reconsidered his redress, in light of its submissions.

The investigator having considered the additional submissions, wasn't persuaded to change his mind. In summary, he said:

- The reason why he considers them to have been paid in advance is because an initial fee was paid upfront, covering only the initial advice, and the work done to set up the products recommended.
- Thereafter, an ongoing charge was paid in the first year, prior to the first annual review taking place. So, in the circumstances it's fair to conclude that the ongoing charges were paid in advance of each review taking place.
- If he was to find that ongoing charges were paid in arrears, then the customers would've effectively double paid for the initial advice – which isn't right in any event.
- Despite what CDV says about other services forming part of the Premier Service, he's not persuaded to change his view because virtually all the other add-ons are included as part of the standard service.
- Also, the annual review (the meeting and assessment of suitability) is the most valuable and integral part of the ongoing service. This must happen once a year where an investor pays the requisite fee, and this didn't happen in this case.
- So, given the above, his view remains unchanged.

As no agreement was reached, the matter was passed to me for review.

In early February 2025 I issued my provisional decision, a copy of which is stated below and forms part of my final decision. In the decision I said:

"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, subject to any further submissions, provisionally I'm going to uphold this complaint.

On the face of the evidence, and on balance, I'm not persuaded that CDV behaved reasonably.

Because CDV has partially upheld this complaint – on the basis that it didn't conduct the March 2023 annual review (which I agree with) – I must also consider redress. Having done so, I'm unable to safely say that CDV's offer to refund fees – from 1 April 2023 to the date of the FRL – is reasonable because I can't say that this coincides with when the relevant fees were taken.

To put things right, I think CDV should refund all fees taken since 1 April 2022, until Mr and Mrs S left CDV, along with 8% simple interest from the date of payment to the date of settlement – as offered by CDV.

This is because there were no more reviews after 1 April 2022, which Mr and Mrs S continued to pay for. It also covers the cost of the missed annual review in March 2023.

Before I explain why this is the case, I think it's important for me to note I very much recognise Mr and Mrs S's strength of feeling about this matter. They have provided submissions to support the complaint, which I've read and considered carefully. However, I hope that they and CDV won't take the fact my findings focus on what I consider to be the central issues, and not in as much detail, as a discourtesy.

The purpose of my decision isn't to address every single point raised under a separate

subject heading, it's not what I'm required to do in order to reach a decision in this case. My role is to consider the evidence presented by Mr and Mrs S and CDV, and reach what I think is an independent, fair, and reasonable decision based on the facts of the case.

On the face of the evidence, I'm not persuaded that in this instance it was reasonable to charge a fee but not provide an annual suitability review for March 2023, even though other services were provided (which were in the main available outside of the Premier Service in any case).

I appreciate Mr and Mrs S probably had 'access' to advice as well as other services – so it's arguable that they could've sought a meeting with CDV and/or notified it about their (purported) thoughts on taking greater risk if that's what they wanted. But I don't think the onus was on them to seek something they'd paid for and consequently should've received as standard.

In any case, they didn't receive an ongoing annual suitability review in March 2023, despite paying for it, which is something CDV ought reasonably to have done. In the circumstances I don't think it's fair that Mr and Mrs S had access to a service they paid for but didn't receive. In my opinion, it's crucial that the service was provided, and not just offered, for the fee charged.

In the circumstances, and on balance, I think it's more likely than not the relevant fees were taken in advance of the March 2023 review, for the reasons set out by the investigator. In other words, following the initial advice/setup fees, ongoing fees were collected in advance of the annual review. In this case fees were taken in advance – from April 2022 – to cover the (missed) annual review in March 2023. I note fees continued to be collected although there was no further review.

In this instance I'm not recommending a reduction in fees as I'm satisfied that based on the investigator's findings the key features are included as part of the standard service. In other words, other than access to advice and the annual review, I'm unable to say that the other aspects of the Premier Service in this instance justifies a reduction in the redress. I also note this wasn't reflected in CDV's initial offer of redress.

The above notwithstanding, I don't think missing the 2023 financial review means that CDV is responsible for the losses claimed by Mr and Mrs S. On balance, I'm not persuaded that even if the missed review had taken place, they would've been assessed as high(er) risk investors – leading to a restructuring of their portfolio – on the basis that they were transitioning to retirement and two of their children were now married off.

I'm not persuaded that their existing risk profile was likely to change even if a review had taken place. I agree with the investigator that transitioning into retirement isn't a life event that usually means greater risk, and neither is offspring being married off. It's arguable that this doesn't really have a material bearing on risk and is unlikely to have increased their risk profile.

I'm also mindful that in March/April 2022 their circumstances were not materially different to those in 2023/4 when they met their new adviser. In 2022 Mr S's risk profile description noted that he didn't generally like to take a risk with his money, but he may be willing to make investments with a portion of his available capital. I'm also aware that Mrs S's risk profile description noted that she understands that she will have to take some investment risk. On balance this doesn't suggest that they were considering increasing their risk profile in the future.

I've also considered Mr and Mrs S's comments about the mismanagement of the portfolio, and I can see their concerns around the level of risk are tied to the perceived poor performance. I note Mr and Mrs S haven't complained about the advice they were given in 2022 or prior to that – simply that if they had been given advice in 2023 that they would've changed their investments. So, I won't comment on the suitability of the advice given in 2022 or prior to that. Generally, performance of the investments – and of the funds in particular that Mr and Mrs S held – is not something that I can blame CDV for, because it's not something that it could predict or control. Performance is down to a multitude of factors, including the global geopolitical climate, that CDV has no control over.

I appreciate Mr and Mrs S were hoping for greater growth, but the portfolio growth not meeting their expectation doesn't mean that CDV did something wrong or that the portfolio was mismanaged. These were long term investments, and poor performance isn't always a reason to change an investment especially when it has dipped in line with the rest of the market. It's not uncommon that advisers recommend investors remain invested when this happens, in the hope that the fund(s) will recover with the rest of the market. Despite what Mr and Mrs S say, I'm unable to safely say (for the reasons set out above) that this was linked to the missed review.

I appreciate that Mr and Mrs S will be unhappy I haven't agreed with their entire argument that CDV should repay all fees since April 2022 as well as any investment loss based on a higher risk portfolio.

Furthermore, I realise my decision isn't what they want to hear. But on the face of the available evidence, and on balance, I think the conclusion I have reached and the redress I have awarded is fair and reasonable in all the circumstances."

I gave the parties an opportunity to respond to my provisional decision and provide any further submissions they wished me to consider before I considered my final decision, if appropriate to do so.

CDV didn't respond and didn't provide any additional submissions for my consideration.

Mr and Mrs S responded and accepted my provisional decision. In summary they said they were naturally disappointed that their arguments regarding change in risk attitude weren't upheld. However, they're pleased the other element of their complaint has been upheld. They don't have any additional submissions to make.

They understand that the fees will be returned from April 2022 with 8% simple interest until they moved (which they estimate to be 20 months).

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, considering no new submissions from CDV and Mr and Mrs S having accepted my provisional decision, my decision to uphold this complaint remains the same, principally for the same reasons as set out in my provisional decision.

In other words, despite being given the time and opportunity to respond to my provisional decision, I'm satisfied that no new material points have been made that persuade me I should change my decision.

I'm still satisfied that the key points remain the same, and have been considered by me, in my provisional decision, so I don't need to go over material again.

For the reasons set out in my provisional decision, on the face of the evidence, and on balance, I'm still not persuaded that CDV behaved reasonably.

So, to put things right, I still think CDV should refund all fees taken since 1 April 2022, until Mr and Mrs S left CDV, along with 8% simple interest from the date of payment to the date of settlement – as offered by CDV.

This is because there were no more reviews after 1 April 2022, which Mr and Mrs S continued to pay for. It also covers the cost of the missed annual review in March 2023.

Putting things right

To put things right, Chase de Vere Independent Financial Advisers limited should do the following:

- Refund all fees taken since 1 April 2022, until Mr and Mrs S left Chase de Vere Independent Financial Advisers limited, along with 8% simple interest from the date of payment to the date of settlement.

My final decision

For the reasons set out above, and in my provisional decision, I'm going to uphold this complaint.

Chase de Vere Independent Financial Advisers limited should pay the redress set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs S to accept or reject my decision before 25 March 2025.

Dara Islam
Ombudsman