

## **The complaint**

Mr E has complained about how Prosperity (GB) Ltd (PGBL) managed his portfolio. In particular, he is unhappy that they didn't do more to mitigate losses he suffered.

## **What happened**

Mr E has an investment portfolio, which PGBL provided a managed advisory service on for several years.

PGBL have said that following a review of objectives in 2019, a new Services and Payment agreement was entered into.

Mr E says he suffered substantial losses following market volatility at the start of 2022. He queried in 2024 whether PGBL should have done more to mitigate these. He pointed to part of his agreement, in which he said PGBL had agreed to a 'stop loss procedure' if the value of his portfolio fell 10%. A complaint was logged.

PGBL responded to say that none of Mr E's investments had fallen more than 10% below the baseline figures used for the calculations. So, they maintained they couldn't have been expected to have done anything differently. The portfolio later came under a discretionary arrangement in 2023.

The complaint was brought to our Service for an independent review. Our Investigator looked into it, she agreed with PGBL that they had done enough and had acted the only time that losses had gone above 10% (March 2020).

Mr E didn't agree. Amongst his points in reply, he maintained the value had fallen more than 10%. He also complained that the agreement to have a baseline and review was unworkable, which he said caused him loss.

As no agreement was reached, the case has been 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 agree with the outcome reached by the Investigator. Let me explain why.

Mr E contacted his advisor in September 2019, to query whether, *“if the overall value of the portfolio fell by more than 10% you would act to stop the loss without my intervention”*.

Despite concerns from the advisor as to how this would work without a discretionary agreement in place, it was agreed to following written instruction from Mr E, received in November 2019. Mr E confirmed his instruction for the trigger point to be *“when the total portfolio value falls 10% below that baseline value”*.

PGBL say that the initial baseline value was set at the end of 2019 and I haven't seen anything on file to say this wasn't the case. Mr E was correctly given notice in March 2020 that the portfolio value had fallen more than 10% from the baseline value and assets were moved into cash, with Mr E's agreement. I think this was fair and PGBL did nothing wrong here. Mr E started reinvesting from April 2020.

The stop loss procedure wasn't written into any formal agreement until November 2020, when the following was added at the request of Mr E, *“We will also operate a process whereby should the value of your overall portfolio fall by 10%, or it appears that it may do so, we will immediately advise you, and take your instruction”*.

PGBL say they reset the baseline at the end of October 2020 (following a further cash injection). Following market volatility and a fall in value, Mr E requested to switch into cash again in February 2022. Whilst I can see this came after a considerable loss in value (which Mr E is understandably still unhappy about). I can't see any evidence to show that the value had fallen more than 10% from the baseline valuation and so can't say PGBL should have done anything more. Mr E has provided comparison values from late 2021 (showing losses of over 16%) but hasn't provided anything to show a new baseline was set at that time.

In summary, PGBL put a process in place against what they usually provided and at the request of Mr E. It was ambiguous and as both later admitted, wasn't working. However, I haven't seen any evidence that PGBL didn't do what they agreed to. Whilst the evidence shows the value of the portfolio fell by more than 10% at times, I have not seen anything to show it fell this much from a baseline valuation.

### **My final decision**

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr E to accept or reject my decision before 15 May 2025.

Yoni Smith  
**Ombudsman**