DRN-5467403

The complaint

The estate of Mr B's complaint against Sky Wealth Management Limited ("Sky Wealth") is about the investments Mr B made and the fees he was charged.

What happened

The late Mr B received financial advice from an adviser (Mr J) between 2009 and 2023. Over that period Mr J worked for different businesses and Mr B transferred to be a client of those businesses with Mr J remaining his adviser. As a result of that, different businesses were responsible at different times for the advice given to Mr B and the management of his investments.

Mr B sadly died in October 2023. On reviewing his estate, Mr B's daughter (Mrs C) was concerned about her father's investments. It is Mrs C who has brought this complaint on behalf of the estate of Mr B.

Mrs C complains that:

- Mr B was risk averse so why was he advised to make investments that he lost money on.
- His investments were not reviewed every year as they should have been.
- Mr B was vulnerable. His family had noticed that he was confused for a long time before he received a diagnosis of a degenerative condition in 2021.

Mrs C is unhappy about the original advice given to Mr B in 2009 and is pursuing a complaint against the responsible business through our service. She has already complained to the business that managed Mr B's investments for some years up to 2019 and has accepted a settlement from that company.

In response to Mrs C's complaint to them, Sky Wealth said:

- Mr B and his partner met with Mr J on 19 June 2023, and it was agreed to transfer the servicing of Mr B's investment plans to Sky Wealth.
- They had an obligation to review Mr B's investments at least annually. They did not provide an annual review to Mr B as an opportunity did not occur in the period between June 2023 and Mr B passing away in October 2023.
- They therefore offered to refund all the fees taken from Mr B's True Potential ISA from July 2023 to January 2024 (£63 based on an average fee of £9 a month).
- In relation to Mr B's vulnerability, they said that any meeting with him was also conducted with his partner present. They were not made aware of any power of attorney being in place for Mr B.

Our investigator looked into Mrs C's complaint and didn't think Sky Wealth needed to do anything further. She said:

- She was only reviewing the services provided to Mr B by Sky Wealth. Mrs C's concerns about earlier advice given to Mr B by other businesses would need to be directed to the relevant businesses.

- She thought Sky Wealth's offer to refund the True Potential ISA fees paid between June 2023 and January 2024, when probate was completed, was fair. Mr B was only a client of Sky Wealth for a short period of time, and no review meeting was held with him.

- Mr J was receiving trail commission, but no ongoing advice fees, from the Sterling investment bond. Advisers could continue to receive trail commission for products sold prior to the Retail Distribution Review (RDR), which came into effect from the start of 2013. The transfer of servicing for the Sterling bond didn't complete until September 2023 and so only one commission payment of £22.21 was paid to Sky Wealth.

- She didn't think that Mr B had been treated unreasonably or unfairly while he was a client of Sky Wealth. She noted that Sky Wealth's vulnerable consumer policy stated that clients over the age of 75 "should be offered the opportunity to have a relative or friend accompany the client to a meeting". It appears that Mr B was accompanied by his partner during the meeting held on 19 June 2023.

Mrs C didn't accept our investigator's findings and asked for an ombudsman 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.

I appreciate that Mrs C is concerned about the advice given to Mr B and how his investments were managed over a long period. I should make clear however that in this decision I am only looking at the actions of Sky Wealth, who Mr B was a customer of for a short period in 2023.

I've seen a copy of the form that Mr B signed to agree the transfer of his investments to Sky Wealth. Although the form was dated 2 May 2023 it appears from a later email between them that it was not signed until Mr B met with Mr J on 19 June 2023.

That appears to have been the one meeting that Mr B had with Mr J as a customer of Sky Wealth and so I've considered Mrs C's concerns that Mr B was a vulnerable client in relation to that meeting. I note that Sky Wealth's vulnerable consumer policy made provision for clients to have someone accompany them to meetings and that in this case Mr B was accompanied by his partner, whose investments were also transferred to Sky Wealth.
I note also that Mr B had in the past opted to retain Mr J as his adviser, even when Mr J had moved businesses. Taking all this into account, on balance I've not seen enough evidence to say that Sky Wealth did anything wrong by meeting with Mr B and accepting his agreement to transfer.

Under the terms of Sky Wealth's service, Mr B was entitled to an annual review of his investments. No review was conducted in the period between Mr B agreeing to transfer his investments in June 2023 and when he passed away in October 2023. I note that the transfer of one of Mr B's investments was not completed until September 2023. In view of this, and that Mr B was only a customer of Sky Wealth for a short period, I don't think it was unreasonable that Sky Wealth didn't conduct an annual review of Mr B's investments. Neither have I seen evidence to persuade me that Mr B lost out financially as a result of no review being held in that period.

I've looked next at the fees that Mr B was charged in the months his investments were being managed by Sky Wealth. Based on the evidence I've seen two types of fees were charged in that period.

First, it seems that one commission payment of £22.21 was paid to Sky Wealth in relation to Mr B's Sterling investment bond. Mr B first invested in that bond in 2009 and as our investigator explained, for investments arranged before 2013, advisers could receive a regular commission known as trail commission. That was a yearly commission (generally around 0.5%). Businesses did not have to provide an ongoing service in order to earn this commission, nor did they have to review existing arrangements with their customers when new rules were implemented following the RDR. In view of this, and based on the information I've seen, I don't think I can fairly say that Sky Wealth did anything wrong by taking the charge they did in relation to Mr B's Sterling bond.

In relation to Mr B's True Potential bond, Sky Wealth have offered to refund the ongoing advice fees they received from when the bond was transferred in June 2023 until probate for Mr B's estate was completed in January 2024. I think they should add 8% simple interest a year from the date the fees were paid to the date of settlement. I'm satisfied that is fair and reasonable in the circumstances.

The other investment listed in Mr B's valuation report from Sky Wealth was a Scottish Widows tax free savings plan and I've not seen any evidence they received fees in relation to that plan.

I recognise that Mrs C feels strongly about this matter, but I think the offer Sky Wealth have made is fair and reasonable and I won't be asking them to do anything further.

My final decision

Sky Wealth have already made an offer to settle the complaint and I think that offer is fair in all the circumstances.

So my decision is that Sky Wealth Management Limited should pay redress as set out above, if they have not done so already.

Under the rules of the Financial Ombudsman Service, I'm required to ask the estate of Mr B to accept or reject my decision before 6 May 2025.

Matthew Young
Ombudsman