DRN-5488193

The complaint

Mr G's complaint against True Potential Investments LLP ("True Potential") is about how his funds have been invested and the losses he says he has incurred.

What happened

Mr G received financial advice in 2013 and was advised to open an ISA and a general investment account (GIA) with True Potential. Mr G was classified as a "cautious investor" and his financial adviser recommended that both accounts be invested in the Close Diversified Income Portfolio Fund.

It appears that Mr G received further investment advice in December 2018 and following that both his ISA and GIA funds were moved into the True Potential Cautious Portfolio.

In December 2023 Mr G complained to True Potential that his investments had lost value and not significantly recovered. He said that in November 2021 his investments were valued at around £108,000, but since then they had been on a downward trajectory. When he withdrew his funds, his investments had fallen in value by about £10,000. Mr G also complained that the performance of his investments seemed at odds with the positive narrative put forward by True Potential in their magazine showing the performance of their portfolios.

True Potential did not uphold Mr G's complaint. They said:

- Mr G was invested in the True Potential Cautious Portfolio which was in line with his risk categorisation. It is a discretionary managed portfolio and as such True Potential had authority to buy and sell shares at their discretion. That was made clear in the Discretionary Management Agreement which Mr G agreed to. It was also made clear to Mr G in the terms of his agreement that his capital was at risk and there could be no guarantees of future performance.

- The performance of Mr G's investments was impacted by market volatility caused by wider economic uncertainty and other global factors, such as the war in Ukraine.

Our investigator decided not to uphold Mr G's complaint. In her assessments of this case she said, in summary:

- She was unable to conclude that the performance of Mr G's investments meant they had been mismanaged. True Potential had authority to buy and sell investments held within Mr G's portfolio at their discretion, provided they remained within the agreed objectives. She hadn't seen sufficient evidence to say that True Potential had failed to manage Mr G's portfolio within the agreed parameters.

- She was unable to agree that the portfolio hadn't been actively managed as there was frequent trading activity showing on his accounts.

- The documentation provided to Mr G clearly set out the service provided by True Potential and the risks associated with this type of investment.

- True Potential had provided a reasonable explanation for the performance of Mr G's investments. The figures published in their magazine only accounted for ongoing fund charges, and not for any platform or advice fees, both of which Mr G had been paying since the inception of his investments. She explained how Mr G's investments had been affected by the published growth rate since December 2018, allowing for fees.

- If Mr G wished to complain about the advice he had received, he would need to make a separate complaint to the relevant business.

Mr G disagreed with our investigator and asked for an ombudsman to make a final decision on his complaint. He has said he doesn't feel any differently about the service he received from True Potential than he did when he first made his complaint. He is fully aware that investments fluctuate and there are no guaranteed returns but doesn't think his investments have been adequately managed and believes True Potential have failed to provide a convincing explanation for their poor performance.

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.

In this decision I am only looking at the actions of True Potential Investments LLP. As our investigator has previously said, a separate business was responsible for providing the investment advice to Mr G. I won't therefore be considering, or making any findings on the suitability of, the investment advice that Mr G was given in 2013 or 2018.

The crux of Mr G's complaint is the performance of his investments in the few years before he withdrew them. He thinks the performance compares unfavourably with the growth rates True Potential have published and that there is evidence his investments were not being managed as they should have been.

From 2018 both Mr G's ISA and GIA were invested in the True Potential Cautious Portfolio. The True Potential portfolios offered a range of predetermined portfolios investing across a combination of funds, each with different risk profiles. The portfolio terms and conditions said:

> "Under this agreement, True Potential Investments will make buying and selling decisions on your behalf, operating within the stated attitude to risk of the Portfolios."
>
> "You agree that we are authorised to buy, vary and sell the investments held within the Portfolio from time to time, at our absolute discretion, provided that we remain within the objectives of the Portfolio agreed with you."

The objective of the portfolio Mr G was invested in was to achieve growth with a cautious risk profile. True Potential have provided information on the portfolio's holdings during the time Mr G was invested. That shows it was invested across seven or more funds that were described as 'cautious'. The funds were invested in a mix of different asset classes, including stocks, bonds, cash and other assets.

As I've noted, True Potential had authority to buy and sell investments within the portfolio at their discretion. Based on what I've seen, I'm satisfied that the portfolio was actively managed, and I've seen no evidence that True Potential failed to manage the portfolio in line with the agreed objectives and risk profile. Just because the portfolio did not perform as hoped, or as well as some other investments, does not mean it was mis-managed. I've not seen evidence that any guarantees were given to Mr G about the performance of his portfolio, and it seems to have been affected by events that impacted the wider markets.

I appreciate that Mr G wanted to reconcile the performance of his investments with the published growth rates for the cautious portfolio. I note that our investigator has given information to Mr G based on the growth rates True Potential have provided and their explanation of the impact of the fees he has been charged. I'm satisfied that True Potential have provided a reasonable explanation on this point, and I'm not persuaded that this is evidence they have done anything wrong in their management of Mr G's portfolio.

I appreciate that Mr G feels strongly about what has happened and that this will be a disappointing decision for him. But I'm not persuaded that True Potential have done anything wrong and I won't be upholding this complaint.

My final decision

For the reasons given, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 27 August 2025.

Matthew Young
Ombudsman