DRN-5499850

The complaint

Mr C complains about the suitability of investment advice provided to him by Tavistock Partners (UK) Limited trading as Abacus Associates Financial Services ("Abacus") and the cost and quality of the ongoing service provided to him.

What happened

The background to the complaint will be well known to both parties, so I'll only give some key details here.

In brief, in 2021 Mr C approached Abacus for advice on investing an inheritance he'd received. He did so along with his mother and brother, who've made similar complaints, which have been dealt with under separate references.

Following the completion of a fact find and an attitude to risk questionnaire, Mr C's score combined with his expected investment term of 6 to 9 years led to him being categorised as a 5 on a scale of 1 -10, so a 'lower medium' investor. However, it was noted that Mr C felt this was too cautious for him because of the Abacus' Active Profile 5 portfolio's proportion of fixed-interest assets. As such, the slightly higher-risk Profile 6 was recommended, with the investment split across an ISA and a general investment account. The cost for this initial advice was 1% of the investment amount. Mr C was also recommended the Abacus 'Classic' level of ongoing service at 0.75% per annum. He went ahead with both recommendations.

In January 2024 Mr C complained to Abacus as set out above. It didn't uphold the complaint as it was satisfied the recommendation had been in line with his agreed risk profile. It noted he'd already had some experience of investing via a stocks and shares ISA containing just over £2,000 spread across four higher risk funds, so he would've understood the likely volatility and, further, no guarantees had been given in respect of performance. It also said that a portfolio aligned with the 'high medium' risk profile Mr C had agreed to should be expected to hold some higher risk investments to provide multi-asset and global coverage, to ensure diversity.

Abacus went on to say that, in respect of the charges, all initial and ongoing fees had been detailed in the fee agreement signed by Mr C, and he'd been paying a fee of 0.75% per annum to receive the 'Classic' level of service, which involved an annual summary of his investments but no automatic annual review – although there was an option for ad-hoc fee-based reviews to be provided on request. It said details regarding the Classic service had been confirmed in the Ongoing Service Proposition document provided to him.

Mr C didn't accept Abacus' response to his complaint and referred it to this service. An investigator considered the matter but also concluded that the complaint shouldn't be upheld, for broadly the same reasons as those given by Abacus. He was satisfied the recommendation had been consistent with Mr C's needs and circumstances and that he'd received the service level that he'd agreed to.

Mr C didn't accept the investigator's view. He felt some of his concerns had not been fully addressed and said, in brief –

- Contrary to the investigator's comments, the portfolio had fallen in value by 20% and the fees had been deducted from the investment, and there was evidence to support that, which he provided.
- The annual classic reviews were simply statements of valuation and there no indication of performance.
- He'd expected someone to be monitoring, advising and recommending on an ongoing basis. The service that was provided to him didn't represent good value.
- The Key Investor Information Documents (KIIDs) for the funds that made up the portfolio weren't provided to him, which was a Financial Conduct Authority requirement.

Despite Mr C's further comments the investigator wasn't persuaded to change his view. So, the matter was referred 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've come to the same conclusions as those reached by the investigator and for broadly the same reasons. I want to assure Mr C I've read and considered everything on the file. But that said, I'm satisfied I don't need to comment on every point raised to reach what I consider to be a fair and reasonable decision. Where I've chosen not to comment on something, it's not because I haven't considered it. It's because I've focused on what I think are the key issues. That approach is in line with the rules we operate under.

Further, where the evidence is incomplete or inconclusive, I've reached my decision based on the balance of probabilities. That is, what I think is more likely than not to have happened in light of the available evidence and a consideration of the wider circumstances.

There are two key issues to be to be decided in respect of Mr C's complaint – was Abacus' recommendation suitable for him and did it subsequently provide an ongoing service to him as agreed at the outset?

In respect of the first issue, at the time of the advice Mr C was a student, living at home with no liabilities and as noted, had received an inheritance, which was the sum looking to be invested. The process the adviser went through in making his recommendation involved determining Mr C's attitude to risk and then looking at this in more detail in the context of his wider circumstances and capacity for loss. It was recorded that in doing so, while the process pointed to the suitability of a low medium, portfolio, discussion with Mr C indicated that he felt the make-up of the default portfolio for the risk level was a little too cautious for him.

I think this demonstrates that despite Mr C being a relatively novice investor, he nevertheless had a reasonable understanding of the general principles of investment and would likely have appreciated the level of risk involved. I think it's important to also note that the advice was guided by an intended investment term of six to nine years. As such, in all the circumstances I'm satisfied this was suitable recommendation for Mr C.

I note what he's said about not receiving the KIIDs for the funds in which the portfolio was invested. This is something Abacus disputes and the recommendation report indicated they were included as appendices. But in any event, the recommendation report set out very clearly details of the 14 funds the portfolio invested in at that point, providing their names, so broadly speaking the type and geography of the related assets, and the associated weightings. As Mr C wasn't prompted to question the suitability based on that information, on balance I’m not persuaded he would’ve been prompted to do so based on the KIIDs.

In respect of the second issue, the ongoing service provided by Abacus, while I note that Mr C has said he expected to receive ongoing monitoring and recommendations regarding his investments, that wasn’t the level of service described in either the recommendation report or the ongoing service payment agreement that he signed.

The agreement explained he would receive what was referred to as the ‘Basic’ level of service, which was limited and didn’t include an annual review. And that level of service was confirmed to him in the annual letters he received in 2022 and 2023 and could’ve been changed, or cancelled, at any time. So, while I understand Mr C feels he wasn’t provided with a good service, I don’t think I can conclude that Abacus did anything wrong in that respect.

My final decision

For the reasons given, my final decision is that I don’t uphold the complaint.

Under the rules of the Financial Ombudsman Service, I’m required to ask Mr C to accept or reject my decision before 3 October 2025.

James Harris
Ombudsman