DRN-5520179

The complaint

Mr G has complained about the service he received from JM Finn & Co Ltd, trading as JM Finn ('JM Finn'), in the management of his discretionary investment portfolio. Briefly, he says the relationship wasn't managed with skill, care or diligence, decision making was poor, and the portfolio wasn't suitable or managed in line with the discretionary terms nor in accordance with a medium risk mandate. To put the matter right Mr G would like an apology and appropriate compensation for JM Finn's failings.

What happened

Mr G used the discretionary management services of JM Finn for his SIPP between 2017 and 2022. Cash and stocks valued at approximately £855,000 were transferred. Mr G suffered losses on his investments compared to the benchmark and became unhappy with the service he was receiving. He raised a complaint with JM Finn on 23 April 2023 about this and other issues. In response to his complaint JM Finn said;

- Mr G was nervous about markets in March 2020 and instructed most of his portfolio be sold. Mr G didn't like some of the investment proposals put to him, had ethical restrictions and didn't want to duplicate investments Mr G held with another adviser. The sale meant Mr G missed market recovery and the restrictions on the investment contributed to weaker performance.
- There were several meetings over the period of management as well as emails and phone conversations. Client Background Notes were updated as and when.
- The portfolio was managed on a discretionary basis, but Mr G always wished to be involved, so to accommodate his wishes the investment manager didn't have the usual flexibility. Markets had been difficult. Mr G had instructed the portfolio be sold, was cautious about markets, imposed restrictions and wanted to avoid certain areas which made the investment return of 4% difficult to achieve.
- Large amounts of cash weren't kept. Advice about reinvestment of £150,000 was provided in April 2020 and which was increased to £250,000. A total of just under £234,000 was reinvested by the end of June 2020 and a further £258,000 by the end of the year.
- Mr G agreed to a management fee only arrangement with the intention of moving to a fee and commission basis when the portfolio was fully invested but Mr G didn't return the required paperwork for the change.

Mr G wasn't happy with the outcome, so brought his complaint to the Financial Ombudsman Service. As an earlier complaint had also been raised by Mr G about JM Finn, who had responded on 29 January 2021, one of my fellow ombudsmen decided on the elements of this complaint the service could consider;

- Suitability reviews after January 2021.
- Some elements of the decision making in managing Mr G's investments.
- Whether the portfolio was bespoke, including Mr G's ethical preferences and the

impact of this on his risk profile.

- After liquidation, the timing to re-enter the market without discussion with Mr G.
- The charges.

We couldn't consider;

- The performance against JM Finn's benchmark.
- Not taking account of Mr G's comments about hedging against inflation and holding up to 30% in cash/fixed interest.
- JM Finn's decision making regarding the returns received, liquidation in March 2020 and decisions relating to bonds which led to losses being incurred.

Our investigator who considered the merits of Mr G's complaint thought it should be upheld in part. He said;

- Mr G's portfolio was managed on a discretionary basis and JM Finn's terms and conditions of the account stated it would carry out a periodic assessment and review, generally annually, and provide a suitability report. Meeting notes, portfolio valuations and suitability review letters showed there were reviews and similar in February and May 2021, December 2021 and February and May 2022. There was nothing to suggest Mr G's investment objectives and preferences were out of date and that materially impacted the suitability of investment recommendations made.
- Mr G's portfolio was transferred to JM Finn between 2017 and May 2018 and it was about half in cash and half invested. Any cash transferred was invested prior to any transferred investments being sold. It wasn't uncommon for cash to be drip fed into the market, there wasn't anything to suggest this was unsuitable for Mr G and it wasn't for this service to tell JM Finn how to manage investments.
- A cash balance of between 10% and 20% of the portfolio value – around £100,000 – was maintained in cash and which was subject to JM Finn's management fee of 1.5% as well as a margin rate which was 0.875% above £100,000 and 1.125% below. While it wasn't unusual to hold a cash balance, the investigator didn't think it was suitable to hold such a cash balance which was only generating minimum or no interest and was subject to margin interest and management fees. Mr G's portfolio had a medium risk profile and holding such cash amounts provided him with a negative return after fees while providing JM Finn with an income via interest margin and management fees. Taking those two charges into account the interest rate payable had to be above 2.395% and 2.625% for Mr G to receive any return on cash held. This wasn't suitable or in Mr G's best interests. The regulator had provided guidance on such 'double dipping' which the investigator considered applied to firms such as JM Finn. This element of the complaint was upheld.
- Mr G's portfolio didn't invest in oil, gas or mining as per his preferences and there wasn't anything to suggest the portfolio wasn't bespoke, rather than a model portfolio which just excluded Mr G's chosen ethical investments. Cash allocated to those investments was allocated to other industries instead and wouldn't have impacted on the risk profile of Mr G's portfolio. Mr G was made aware how this would affect the returns from the portfolio.
- Mr G instructed JM Finn to sell his portfolio in March 2020 excluding holdings that were significantly below book costs, funds that hadn't fallen by more than 20% since January 2020 and high-quality bonds. JM Finn wasn't wrong to act on Mr G's instructions. With Mr G's agreement, JM Finn started reinvesting £250,000 at the end of April 2020 and £250,000 at the end of June. Mr G's behaviour suggested he was

cautious, so JM Finn wasn't wrong in the manner of reinvestment.

- JM Finn had informed Mr G of the fee structure that may have been better for him, but he didn't respond with the signed schedule of charges, so the fee structure remained unchanged.
- To put the uninvested cash matter right the investigator thought JM Finn should apply the overall portfolio return over the relevant period for the cash element of the portfolio plus 8% from the date Mr G moved his portfolio to another provider to the date of payment. JM Finn was also to pay Mr G £200 for the inconvenience caused.

After clarification of some points, Mr G accepted the outcome. JM Finn disagreed with the investigator and made the following points;

- During the period of investment, it had issued two depreciation alerts (17 March 2020 and 7 March 2022) as the portfolio had fallen by more than 10% against previous valuations because of market volatility. So, it was likely the portfolio would have fallen further if the cash had been invested.
- As of December 2020, the cash position was 21% then down to 13.44% in June 2021, 10.28% in December 2021 and 10.92% in June 2022.
- There was no regulatory rule prohibiting wealth managers taking a fee and an interest turn on cash.
- The regulator's 'Dear CEO' letter was aimed at platforms and issued on 12 December 2023, several months after it received the complaint in April 2023.
- The investigator's view appeared to be more of general observation on JM Finn's and other Wealth Management firm's business models rather than the specific complaint.
- JM Finn wasn't alone in acting this way and it was common across all its clients. Its Board had assessed this as being a fair approach and it had been discussed with the regulator at a recent visit which hadn't led to a change in approach. It continued to keep that approach under review and believed it was fair.
- The fees and interest were fully disclosed to Mr G and the management fees were sometimes excluded from cash balances.
- It believed Mr G still received more interest than he would have received from an instant access bank account.
- It had approached Mr G's SIPP provider in March 2020 after Mr G had instructed his portfolio be liquidated regarding interest rates it was paying on cash – with a view to moving £500,000 across on a short-term basis – which was 2% below base so effectively zero. So, the cash was retained on account pending suitable investment opportunities determined by market conditions and Mr G's cautious stance.

As the complaint couldn't be resolved, it was passed to me for a decision in my role as ombudsman. After considering all the available evidence and arguments I reached the same conclusion as the investigator but wanted to clarify how the matter should be put right. So, I issued a provisional decision to allow the parties to provide me with any further information or evidence they wanted me to consider before I reached by my final decision. Here's what I said;

> '<u>Annual suitability reviews after January 2021</u>
>
> Mr G's account was managed on a discretionary basis, rather than advised, so it was constantly kept under review and which the Conduct of Business Sourcebook ('COBS') makes clear should be done at least annually and for the information to

remain up to date. JM Finn's terms and conditions for discretionary managed accounts says;

> '…
>
> (b) where we provide you with our Discretionary Portfolio Management Service, our Advisory Portfolio Management Service, our Coleman Street Investment Service or our Regular Review Service, we will carry out a periodic assessment of your circumstances, objectives, strategy and risk profile (generally through a review on an annual basis) and provide you with a written suitability report following such review…'

So periodic assessments were to be carried out and JM Finn has told us that there was always an annual meeting and sometimes two or three per year apart from 2020 when this was done over the telephone. I've seen meeting note records of 18 May 2018, 10 April 2019 and 8 December 2021. And I've seen copies of JM Finn's annual and suitability reviews as of 3 February 2021, 13 May 2021, 3 February 2022, and 13 May 2022.

The Annual Suitability Review letters are formulaic in their layout, but they detail the nature of the service provided, the risk profile, asset allocation, income yield and investment restrictions/special instructions. They conclude with the confirmation that the positioning of the portfolio considering the market environment, investment objectives and Mr G's risk profile was suitable.

In keeping updated about Mr G's requirements, circumstances and investment objectives, JM Finn also kept updated Background Notes throughout the relationship. I've seen Notes from October 2016, July 2017, May 2018, April 2019, July 2020, December 2021 and June 2022. I've also seen copies of regular email conversations had between JM Finn and Mr G so I'm satisfied there was always a clear line of communication where Mr G's circumstances, investment objectives and risk profile etc were discussed and updated if necessary.

Taking all the above into consideration I'm satisfied JM Finn did carry out its obligation of a periodic assessment as its obliged to under regulations and as outlined in its terms and conditions. And I'm satisfied it held sufficient and updated information about Mr G to appropriately manage his portfolio.

Mr G has complained JM Finn didn't review his circumstances. Our investigator asked Mr G about any changes in his financial situation during 2021 and 2022. He confirmed there had been no change during this period or any major life events, but he made additional points that I have addressed further on in my decision.

Overall, I'm satisfied that annual suitability reviews were carried out after January 2021.

<u>The charges</u>

Its clear Mr G was keen to keep the charges on his account as low as possible and his portfolio was combined with his wife's portfolio for the purposes of management fee charging which offered some reduction. Mr G sought a further reduction in that fee and as a gesture of goodwill JM Finn reduced it by 50% for the whole of 2021 – 1 January to 31 December.

In October 2019 Mr G had been offered the option of a preferential management fee of 0.5% combined with dealing commission but Mr G didn't sign and return the schedule of charges as requested. This was further offered in December 2021, but again Mr G didn't sign and return the necessary paperwork, so I don't think JM Finn has done anything wrong here.

And it's clear that Mr G was aware of the charges for cash held on his account. They were referred to in a meeting note from March 2019 where Mr G was unhappy with the costs and there was discussion about the temporary transfer of cash to Mr G's pension operator to earn some interest. And in his email of 14 April 2020, which was after the sales carried out in March 2020, he asked;

> 'Is it your intention to charge me for holding cash balances or will you waive these in current situation??'

In response the investment manager said;

> 'I've got agreement to waive charges for a temporary period (potentially 6 months) – however, it is worth finding out if [the pension operator] will pay any interest given the size of your cash balance…'

The response from the pension operator indicated it was paying;

> '2% below base and so there is no return on cash at the moment – not surprising but at least we are clear on the current position (and as you know, I've got agreement to waive management charges on cash for some time).'

As a result, the cash component of Mr G's portfolio was excluded from the management fee for the period of the end of March 2020 to September 2020.

I accept that Mr G agreed to the terms and conditions of the account – the management fee charge of 1.5% plus the tiered margin (usually between 1.125% and 0.875% for the amount of cash retained on Mr G's account) JM Finn retained on the interest earned from cash on deposit. But my remit is to reach a fair and reasonable outcome in the individual and particular circumstances of a complaint.

And for this complaint, I have reservations about the cash balance held and the impact of that on the suitability of the portfolio overall to remain in line with Mr G's requirement of an investment profile for his portfolio of a medium attitude to risk despite it being tailored to be more cautious than the benchmark, with equity exposure limited to 50% of the value (increased to 65% in 2021).

<u>The cash held</u>

JM Finn has said that despite the lack of return on cash it still considered it to be an asset type and had a role in the portfolio structure particularly during periods when gilts were overpriced. I accept that point but its view on this changed over time. Meeting notes from December 2017 refer to the cash being added to the portfolio and not yet invested as being a 'drag on performance' and;

> 'In terms of cash within [Mr G's] portfolio, [the investment manager] agreed with [Mr G] that this should be reduced...'

I note from the May 2018 meeting that Mr G was cautious about investing the cash held on account in advance of the forthcoming Brussels/Brexit summit. And a note from July 2019 referred to the investment manager having retained an investment on a temporary basis to avoid holding too much cash. However, the amount of cash held on Mr G's account was generally consistently above 10% (JM Finn did provide evidence that it was as low as 6% on 8 December 2021) of the overall value of the portfolio and reaching above 20% at some points.

As referred to by the investigator, the 1.5% management charge and the margin fee of between 0.875% and 1.125% equates to a hurdle rate of between 2.375% and 2.625%. So, unless the interest rate received exceeded those percentages then Mr G was losing money on the cash balance in his portfolio. And he was further losing out by those sums not being invested for him to benefit from any investment growth.

JM Finn has pointed out it was likely the portfolio would have fallen further than it did if the cash had been invested and referred to its two depreciation alerts. The first was sent on 17 March 2020 which was the same date as the sales on the account so the fall in value was already written in to the portfolio at that time. And while I accept JM Finn's point, it could also be argued that if the funds had remained invested, they may have benefitted from the upturn in the markets.

So, bearing in mind it was JM Finn's decision to keep between 10% and 20% of Mr G's portfolio in cash, which it has told us it treated as an asset class, I'm not convinced about the fairness of JM Finn effectively being remunerated twice on the cash balance held while Mr G was losing money on the same. It strikes me to be contradictory for JM Finn to treat cash as an asset class and decide it was suitable to retain such a high percentage of the portfolio in cash when it would have been aware of the rate of interest being earned and that Mr G would receive a negative return on that cash after taking account of its margin and management fee.

To my mind this was effectively a conflict of interest as any cash balance on account produced a negative nominal real return so the value of this part of Mr G's portfolio was falling year on year and at the same time was producing a revenue for JM Finn in both margin and management fee. JM Finn obviously needed to have regard to that conflict of interest as the cash was included in the overall value of the portfolio, so JM Finn was receiving an income on the management fee and was also taking a turn on that same amount of cash in the margin.

Mr G's investment objective was for a portfolio with a medium risk profile invested to provide the potential for a return of capital growth and income with a long term view as it was to be the last of his investments to be drawn down. I can see from meeting note of December 2017 its recorded that;

> 'On a general note regarding cash in the portfolios, [Mr and Mrs G] are keen that we do not hold too much. In terms of their net worth, excluding their home, [Mr G] estimated this to be approximately £4.4m of which they currently have approximately £1m in cash.'

But by holding between 10% and 20% of Mr G's portfolio in cash – where it was losing value – makes me question the suitability of that bearing in mind Mr G's investment objectives. I accept that JM Finn is a wealth management business and doesn't offer a facility for holding cash deposits. But JM Finn chose to treat cash as an asset and as a regulated business has the duty to pay due regard to the interests of Mr G and treat him fairly as per the FCA's principles where a 'firm must conduct its business with integrity', with 'skill, care and diligence' and as mentioned above 'must pay due regard to the interests of its customers and treat them fairly.'

Ultimately the matter of retaining such high proportions in cash comes down to a matter of suitability. And bearing in mind the high level of cash held – up to 20% - I don't think it was suitable for Mr G's medium attitude to risk, albeit with some of his caveats of a cautious nature and Mr G's investment restrictions. So, I uphold this element of the complaint on the basis that the portfolio wasn't suitable for Mr G's investment objectives and think this needs to be put right.

My proposed method of redress seeks to put this right and at the same time will address any concerns about margin and management fees being charged to the account.

<u>Whether the portfolio was bespoke, included Mr G's ethical preferences and the impact of this on his risk profile</u>

First, I should say I've seen nothing to show that the portfolio wasn't bespoke. Looking at the portfolio it was invested in a variety of assets and avoided Mr G's ethical preference investments. And in any event my understanding from JM Finn is that it doesn't operate model portfolios but a bespoke investment portfolio service. So, I am satisfied that Mr G wasn't just invested in a model portfolio less his ethical preferences.

I've reviewed what Mr G was told about the ethical preference investments and whether this would impact on the portfolio. I can see one of the earlier Background Notes of October 2016 refers to the restrictions as being no oil and gas producers or mining (and later property and UK banks without prior permission). It was also mentioned that investment could only be in accordance with the SIPP operator's permitted list and later notes record that investments held in Mr G's external portfolio couldn't be duplicated in his SIPP.

The discretionary nature of a discretionary fund manager's role means that they have the authority to make investment decisions without seeking the investor's prior consent. JM Finn's investment decisions needed to be suitable bearing in mind Mr G's investment objectives, and which would include Mr G's ethical preferences which constituted one of objectives JM Finn needed to have regard for when making suitable decisions. But it's very clear that Mr G was actively involved with the management of his portfolio despite it being held within JM Finn's discretionary managed service.

As mentioned, Mr G had other investments with another investment manager, and I note from Mr G's account opening application form of October 2016 that his previous investment experience was;

> 'An investment portfolio containing direct equity investments for approximately 10 years.'

And as well as having ethical preferences for his portfolio – which he is entitled to have and as recorded and acted upon by JM Finn – he also made investment proposals and instructions on his account. However, as this was a discretionary managed portfolio, if Mr G's behaviour impacted on the delivery of the discretionary mandate, then he should have been made aware of this or the discretionary relationship should have been altered to an advisory account or terminated.

But I'm satisfied that Mr G was made aware of the impact on the portfolio of his ethical preferences as evidenced by a meeting note from May 2018 where the portfolio;

> '…had shown a total return of 6.87% over the 12 month period compared with the benchmark return of 7% [Mr G] expressed satisfaction at this, particularly in view of information…which showed the main sectors contributing to performance over the period being oil & gas and mining (both of which [Mr G] has a restriction to avoid)…'

Taking all of the above into account, I'm satisfied the portfolio was managed on a bespoke basis, his ethical preferences were taken into account and funds invested elsewhere but at times this would have had some impact on the portfolio. But Mr G was aware of that potential as evidenced above, so I don't uphold this element of Mr G's complaint.

After liquidation, the timing to re-enter the market without discussion with Mr G and elements of the decision making in managing Mr G's investments.
In March 2020 Mr G requested 25% of equities be sold and he emailed JM Finn again on 16 March 2020 saying he did;

> 'not wish to be a bystander with a 'waiting to recover' mindset…There is so much uncertainty that it is impossible to 'sit tight' and continue for my investments to slide on the hope they will recover quickly.'

And with the exception of some investments the remaining equities were sold on 17 March 2020. On 14 April 2020 Mr G emailed JM Finn to say;

> 'Things seem to be settling down a little now and I feel it would be appropriate to start to reinvest modest sums. What would be your plan in this scenario and which asset classes??? I'm thinking £150k.'

In response to Mr G JM Finn replied on 23 April 2020 with reinvestment recommendations and Mr G agreed to these in his email of 27 April when the amount was increased to £250,000. Approximately £234,000 was invested by the end of June 2020 – so within two months.

JM Finn sold the investments in March 2020 on the instruction of Mr G. In this decision I've made comments about the management of a discretionary portfolio, but I don't think JM Finn was in a position where it could have acted against Mr G's wishes by not selling the assets. However, as evidenced above, it's clear that by mid-April 2020 Mr G was keen to invest again, albeit on a cautious basis. So, I don't agree with Mr G's complaint point that re-entry into the market was without discussion with him.

And this discussion continued as I can see there was a catch up call on 3 July 2020 where it was confirmed that the investment objectives remained the same – medium to long term wealth accrual from a balanced portfolio. And;

> 'Whilst medium risk, given there will continue to be an allocation to equities, they wish to be relatively cautious.'

Further to the above the adviser was to set out more detail in an email. So, I've seen nothing to suggest that JM Finn reinvested into the market without reference to Mr G. He was clearly involved in that decision and as a result I don't agree with Mr G's complaint point about this.

Taking all the above into account, my provisional conclusions are;

- The suitability reviews of the portfolio were carried out after January 2021.
- Apart from Mr G's involvement in 2020, it was JM Finn's decision to hold such a high level of cash which I think made the portfolio unsuitable for Mr G taking account of his investment objectives and the management fees and margin. So Mr G has lost out and I've outlined below how the matter should be put right.
- I am satisfied the portfolio was bespoke.
- Mr G was involved in the timing of the decision to re-enter the market.

Putting the matter right

Period of disinvestment

I'm satisfied that despite the portfolio being managed on a discretionary basis, it was Mr G's decision to disinvest in March 2020 as well as when to reinvest the funds. In my opinion, as JM Finn wasn't managing the cash element of the portfolio on a discretionary basis during that time, then it should refund the management fees. JM Finn has already excluded the cash from the management fee for the six month period of March to September 2020 and I think that is fair.

The remainder of the period of management

Other than during the above period i.e. before March 2020 and after September 2020 it was JM Finn's discretionary decision to hold the levels of cash that it did as it treated cash as an asset. But as I've said above, I think too much cash was held and which made the portfolio unsuitable for Mr G's medium attitude to risk. And I think with suitable management Mr G's portfolio would have been invested differently. It is not possible to say precisely what should have been done, but I am satisfied that what I have set out below is fair and reasonable approximation.

JM Finn has told us that it treats cash as an asset, by which I'm assuming it would be classed as a low risk asset. But by keeping it in cash, rather than investing its established Mr G was receiving a negative nominal real return because of the charges incurred. I could ask that the cash be treated as though it was invested in line with the rest of the portfolio.

But bearing in mind JM Finn treated cash as – what I assume to be – a low risk asset then that would expose Mr G to too high a risk.

So, I think a proxy would be more appropriate in the circumstances and am proposing that for the cash element of the portfolio it should be compared to a benchmark of fixed rate bonds. This would effectively keep the cash within the realms of low risk investment and would also ensure that Mr G wasn't remunerating JM Finn twice on that asset. JM Finn would be receiving a management fee for the periods but not margin.

For the cash element of the portfolio for the periods before March 2020 and after September 2020 JM Finn should compare the performance of Mr G's cash with that of the Average rate from fixed rate bonds to the date Mr G moved his portfolio. JM Finn should pay the difference between the fair value and the actual value of the investment. If the actual value is greater than the fair value, no compensation is payable.

The actual value means the actual amount paid from the investment at the end date. And the fair value is what the benchmark would have been worth at the end date had it produced a return using the benchmark.

JM Finn should also pay 8% simple per year on any loss from the date the portfolio was transferred to the date of settlement.

Mr G has been caused distress and inconvenience caused so JM Finn should pay him £200 in recognition of this.'

JM Finn responded to clarify the fees that were charged as these weren't 1.5% for the period under management. But it noted the complaint had been partially upheld plus the basis for putting the matter right which it accepted.

Mr G replied and made the following points;

- More weight should have been allowed on JM Finn's performance as a business and dishonest management of a client relationship.
- JM Finn had been able to defend its position unfairly by submitting client notes which it hadn't provided to him. He believes the records have been falsified since he raised his complaint.
- It had been overlooked that JM Finn hadn't arranged a review meeting. He did.
- JM Finn had never informed him that his involvement would have a negative impact, and this was an admission of breach of contract and the relationship should have been ended.
- JM Finn hadn't addressed the question of the responsibility of cash oversight for large cash balances and he agreed with my opinion.
- He may have returned the paperwork on fees and JM Finn couldn't prove that he didn't, but he was never chased as it continued to make higher fees.
- Mr G didn't agree the redress I had proposed and thought it benefited JM Finn to his detriment. The settlement should reflect the fees he paid while his portfolio fell in value.

  JM Finn's 'double dipping' negatively impacted him, and it held cash deposits against his best interests. At the time, equities had performed strongly, and cash and fixed interest returns were miniscule. He repeatedly asked for cash to be invested to achieve his medium risk mandate and his agreed 4% return goal. If redress was based on fixed interest for the period, it was negligible even if the management fee was repaid plus interest on cash.

  Mr G proposed an alternative method of redress which he said would punish JM Finn and that was a refund of all management fees as JM Finn failed to provide the service charged for and cash held should be measured against JM Finn's benchmark (MSCI) on a compound basis.
- The £200 I had recommended for distress and inconvenience caused was unfair, didn't reflect the time and distress incurred, didn't punish JM Finn and failed to provide a disincentive to it to do the same to other less knowledgeable clients.

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.

After doing so I remain of the same opinion I reached in my provisional decision and about the method of redress. I'll explain why.

- This service considers complaints on the particular circumstances surrounding that complaint. So, I've only considered Mr G's relationship with JM Finn and its management of his investments and how that impacted on him. I don't consider there is any need for me to comment on how JM Finn performed as a business or make a finding about a dishonest management of a client relationship.
- Mr G has now seen all the client notes submitted to this service so has been able to comment on them. I've seen nothing to suggest they have been falsified since Mr G raised his complaint.
- Review meetings did take place, however they came about, and it's those meetings, as part of the relationship, that I have considered when reaching my decision.
- I have already concluded that if Mr G's involvement had a negative impact on the relationship, then JM Finn should have addressed it.
- I have considered this complaint with the cash position as is. I don't consider there's any need for me to make a finding on JM Finn's oversight of large cash positions as I am only looking at Mr G's complaint.
- Mr G may have returned the fee documents, but I note these were sent to him twice and JM Finn says it didn't receive a response. I haven't seen anything to make me think JM Finn wouldn't have acted upon receipt of those documents if they had been received. So, I don't consider it to be unfair or unreasonable for me to conclude they weren't returned by Mr G on both occasions.
- When considering redress to put a matter right, this service can't be absolutely certain about what would have happened otherwise. So, we use a published benchmark which we consider reflects what we know about customer's circumstances and aims. As explained in my provisional decision I concluded that as JM Finn treated cash as a low risk asset then that cash should be compared to the performance of the Average rate from fixed rate bonds and I maintain that is fair and reasonable. JM Finn treated the cash a low risk asset and by assuming it was invested into anything other than a similar asset would have been outside of Mr G's medium risk profile.
- I accept that Mr G has undoubtedly been distressed and inconvenienced. But it's not for this service to punish businesses. That is the role of the regulator, the Financial Conduct Authority. And it's equally not for this service to assess whether an award for distress and inconvenience to an individual is sufficient for the purposes of disincentivising a business from doing the same again. As explained, this service only considers a complaint on the individual circumstances of the complaint. So, I remain of the opinion that £200 is a reasonable reflection of the distress and inconvenience Mr G has been caused.

In conclusion, I partially uphold Mr G's complaint.

Putting things right

JM Finn should pay redress as detailed in my provisional decision which forms part of this final decision.

My final decision

For the reasons given, I partially uphold Mr G's complaint and JM Finn & Co Ltd, trading as JM Finn should put the matter right as outlined above.

Under the rules of the Financial Ombudsman Service, I’m required to ask Mr G to accept or reject my decision before 28 May 2025.

Catherine Langley
Ombudsman