

The complaint

The estate of Mr H's complaint against Valu-Trac Investment Management Ltd ("Valu-Trac") is that Mr H was unable to sell his investment sooner and therefore incurred a financial loss.

What happened

The late Mr H had a holding in a City Financial fund. By April 2019 his holding was made up of a small number of units he had held for some years and a much larger holding transferred to him after the death of his wife (Mrs H).

City Financial went into administration in March 2019 and in May 2019 Valu-Trac took over the operation of the fund that Mr H was invested in. At that time the value of Mr H's holding was approximately £45,000.

After correspondence with Valu-Trac in 2020, Mr H sold his investment in August 2020 for £41,995.87.

Mr H complained to Valu-Trac that he would like to have sold his investment sooner and that he had suffered a financial loss as a result. Mr H sadly passed away in December 2022 and his son, who I'll refer to as Mr H1, has pursued the complaint on the estate's behalf.

The complaint, in summary, is that:

- Mr H received no correspondence confirming the transfer of Mrs H's holding to him.
- Mr H was not made aware there had been a change in the operation of the City Financial fund. He didn't receive any communication about the challenges faced by City Financial or from Valu-Trac after the operation of the fund was transferred to them. If he'd been aware of the change he would have sold his holding sooner. He was prevented from cashing in an investment which in 2018 had been valued for probate on Mrs H's estate at over £49,000.
- Valu-Trac failed to respond to a letter from Mr H's solicitor in April 2020 causing a delay in the sale of his investment.

In response to the points raised by Mr H and Mr H1, and a request for information from our investigator, Valu-Trac have said:

- They received correspondence from Mr H1 in April 2020 and Mr H's solicitor in May 2020. While there was a delay in their response, there were several factors that contributed to the delay. In any case, Mr H's investment grew in value between April 2020 and its sale in August 2020, so he did not suffer any loss as a result of the delay.
- When Mrs H's holding transferred to Mr H in 2019, he should have received a contract note from the business ("Link") who were the transfer agent for the investment at the time.

- When Mr H's investment transferred to Valu-Trac, City Financial should have informed him of the change.
- They were unable to provide a full explanation for the delay in the sale of Mr H's investment once they had received the necessary instruction. The request to sell was received on 16 July 2020, but not actioned until 3 August 2020. Had the transaction taken place when the instruction was received, Mr H would have received £1,072.04 more than he did when the sale went through. Valu-Trac offered to compensate the estate for that loss and add 8% simple interest - a total of £1,519.72.

Our investigator thought Valu-Trac's offer was fair and that they didn't need to do anything further. In response to a point raised by Mr H1, she said she didn't think it was reasonable to expect Valu-Trac to have chased Mr H when they didn't receive a response to a letter they sent after they had taken over his investment.

Mr H1 disagreed and does not accept that the offer from Valu-Trac is fair. He said that although Valu-Trac have made an offer to cover the delay that arose after Mr H had made the request to sell, the earlier failure over the management of the investment remains unaddressed. Valu-Trac's failure to have a process in place for non-respondents to their letter has caused a loss worth nearly £4,000 before interest.

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.

The crux of the complaint is that Mr H would have sold his investment sooner if the parties involved had acted differently and done more to keep him informed at various stages. I should make clear that in this decision I am only looking at the actions of Valu-Trac and not any of the other businesses involved in this matter.

Mr H complained that he didn't receive any correspondence confirming that Mrs H's holding had been transferred to him. The transfer was requested by Mr H and the other executors of Mrs H's estate when they completed a stock transfer form. Although I've not seen a copy of any correspondence confirming the transfer, I note that Valu-Trac have said that Link would likely have sent a contract note as they were the transfer agent for the investment at the time. In any case, even if no confirmation was sent, this is not something that I could hold Valu-Trac responsible for as the transfer took place in April 2019, and they did not take over the operation of the fund until May 2019.

Mr H also complained that he was not told about the transfer of the fund to Valu-Trac in May 2019. Valu-Trac have said that City Financial should have informed him of the change. I agree that it would be reasonable to expect City Financial to have done so, but I've not seen evidence to confirm that they did. Valu-Trac have also said they wrote out to all investors in the fund using addresses provided by Link on 15 May 2019. The letter said that Valu-Trac were now the operator of the fund and asked investors to complete a form with their bank details so that funds could be paid directly to their accounts. Although I've only seen a copy of the template for that letter, I think it's most likely that the letter was sent to Mr H.

Mr H1 has said Valu-Trac should have followed up with Mr H when they didn't receive a response to their letter. I'm satisfied however that the letter of 15 May 2019 was sufficient to have informed Mr H of the transfer to Valu-Trac and I don't think it was unreasonable that they didn't follow up with investors who hadn't responded.

Overall, I think Mr H was most likely made aware of the transfer and could have got in touch with Valu-Trac sooner if he had wanted to sell his investment. I don't think it would be fair and reasonable to hold Valu-Trac responsible for any loss Mr H incurred by not selling at the time the investment first transferred.

Turning to what happened in 2020, Mr H1 contacted Valu-Trac in April 2020 and Mr H's solicitor wrote to them in May 2020. Valu-Trac accept that they should have dealt with that correspondence sooner, but I'm satisfied that the delay didn't cause any financial loss to Mr H as the value of his shareholding rose between April and the eventual sale date in August 2020.

Mr H submitted an instruction to sell his holding on 16 July 2020 and again there was a delay before the sale went through on 3 August 2020. Valu-Trac have accepted responsibility for that delay and compensated the estate for the loss it caused to Mr H. I think the offer they made, including 8% simple interest, was fair and I note that the compensation has already been paid to the estate. Based on the evidence I've seen I don't think it would be fair and reasonable to ask Valu-Trac to do anything further.

I appreciate that Mr H1 feels strongly about what has happened and that this will be a disappointing decision for him, but 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 the estate of Mr H to accept or reject my decision before 4 June 2025.

Matthew Young
Ombudsman