

## The complaint

Mr B complains that Rathbones Investment Management Limited failed to make him aware of the costs involved when liquidating his investment portfolio. Mr B would now like Rathbones to refund his dealing charges.

## What happened

In January 2024, Mr B informed Rathbones that he wanted to transfer his investment portfolio to a business that I shall call Firm C. A short time after, Firm C contacted Rathbones requesting the transfer but because Rathbones refused to accept electronically signed signatures, Firm C had to arrange for wet copies to be sent instead.

Once the investment monies had arrived at Firm C, Mr B noticed that Rathbones had debited charges that represented around 1% of the total portfolio. Up until that point, Mr B states that he had been unaware that there could be a cost associated with moving his savings.

Shortly afterwards, Mr B decided to formally complain to Rathbones. In summary, he said that they'd failed to make him aware of the costs of liquidating his portfolio into cash versus the costs of an in-specie transfer.

After reviewing Mr B's complaint, Rathbones concluded they were satisfied they'd done nothing wrong. They also said, in summary, that given the tariff he was on, he'd always been charged a dealing commission, which had remained the same throughout their relationship. Rathbones also explained that as Mr B had received advice to switch the portfolio to Firm C and they should have made him aware that there were likely to be dealing costs involved when selling the portfolio down to cash as opposed to moving it via an in-specie transfer.

Mr B was unhappy with Rathbones's response, so he referred his complaint to this service. In summary, he said he was unhappy with the liquidation charges that had been levied when moving his investment and Rathbones should've highlighted those costs to him.

The complaint was then considered by one of our Investigators. He concluded that Rathbones hadn't treated Mr B unfairly because from what he'd seen of the tariff that he was on, it meant that dealing costs could be charged.

Mr B, however, disagreed with our Investigator's findings. In summary, he said that Rathbone's charges weren't clear. Our Investigator was not persuaded to change his view as he didn't believe Mr B had presented any new arguments he'd not already considered or responded to. Unhappy with that outcome, Mr B then asked the Investigator to pass the case to an Ombudsman for a 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 have summarised this complaint in less detail than Mr B has done and I've done so using my own words. The purpose of my decision isn't to address every single point raised by all of the parties involved. If there's something I've not mentioned, it isn't because I've ignored it - I haven't. I'm satisfied that I don't need to comment on every individual argument to be able to reach what I think is the right outcome. No discourtesy is intended by this; our rules allow me to do this and it simply reflects the informal nature of our service as a free alternative to the courts.

My role is to consider the evidence presented by Mr B and Rathbones in order to reach what I think is an independent, fair and reasonable decision based on the facts of the case. In deciding what's fair and reasonable, I must consider the relevant law, regulation and best industry practice. Where there's conflicting information about what happened and gaps in what we know, my role is to weigh up the evidence we do have, but it is for me to decide, based on the available information that I've been given, what's more likely than not to have happened. And, having done so, I'm not upholding Mr B's complaint - I'll explain why below.

When a consumer moves an investment from one provider to another, there's essentially two ways of achieving this, by either cashing in the portfolio or by transferring the existing investments to the new firm without selling them – that's known as an in-specie transfer; or consumers can do a combination of the two. In doing the latter, it avoids the associated dealing costs because no sales take place until such time as the new investment manager decides to sell the instrument. From what I've seen, Mr B decided to move his investments away from Rathbones to seek better performance elsewhere and in doing so, he sought financial advice from Firm C. When Mr B informed Rathbones of his intention to move his investment, he wrote to his adviser there stating: "*[we] are aware and I will be signing the forms today. I'll leave it for them to decide whether to take it as cash or in-specie*". I'm therefore satisfied that Mr B understood the difference between the two types of approach that Firm C could take when moving his portfolio to them.

After Rathbones provided Firm C with a list of Mr B's underlying holdings within the portfolio, Firm C asked them to move two shareholdings on an in-specie basis and then liquidate the rest of his investments and send the proceeds as cash. I suspect Firm C took this approach as they intended on retaining those two stocks within his new portfolio but not the remainder of his existing other holdings. So, those shares would've had to have been sold at some point – either through Rathbones or Firm C but ultimately, as Mr B was moving his portfolio to a new provider, it was up to them to determine which stocks they wanted to move in-specie.

It seems that Mr B has been a customer of Rathbones for over 20 years. During that period, Rathbones say that he's been on the same tariff throughout – a 'Fee and Commission' charging schedule. In short, this means all trades were subject to both Rathbones' management fees and dealing commission, regardless of whether the trades were placed as part of normal trading activity or liquidation of the entire portfolio. And, I'm of the view that Mr B ought to have been aware of the costs that were being incurred on his investments because Rathbones reflected those charges in the quarterly statements that they issued (and which Mr B referred to in his correspondence with this service).

I've looked at a copy of the charging schedule Mr B was on. That schedule of charges document would have been provided at the start of his relationship with Rathbones and was reflected in the statements that he received. Amongst other things it says:

*"This charging structure is a combination of management fees and dealing charges".*

*"The following charges will be made on the value of each purchase and sale transaction, Rathbone Investment Management will absorb the dealing charges of any stockbroker acting as agent".*

After each of the statements above, a tiered table then follows with a corresponding charge based on the size of the transaction. Whilst the dealing costs table doesn't make any distinction between regular trading activity and that on a full liquidation as part of a portfolio transfer, there's nothing within the document to convince me that the fees would be any different in the event a customer moves their investment to a new provider. I'm of the opinion that those charges are unambiguous and set out in such a manner that a typical consumer would more likely than not understand. And, I well suspect that Mr B understood them too because he was on the same tariff for over 20 years, so if he was unclear at any point, given the regular frequency of his statements and adviser interactions, it would've come up in conversation.

Mr B says that the costs within the investment were unclear because in the third section of Rathbones tariff sheet, 'Custody and transfer charges', it says: ".....When you withdraw securities from your Portfolio, a charge of £10 per UK holding and £50 per overseas holding is made to cover transaction costs. These charges apply to all Funds". Mr B went on to say that "Transaction costs should include all costs related to a particular transaction which include dealing costs as it is part of the transaction". However, it's not that simple and that's because Rathbones charge a tiered dealing fee depending on the size of the transaction – and those tiered fees are covered in the previous section of the charges sheet. The 'Custody and transfer charges' section that Mr B refers to relates to transferring holdings into a nominee company and taking money out of the investment – and whilst Mr B was taking money out of his investment - he was selling his investments down so that meant he was liable to the dealing charges in the previous section.

Mr B held a substantial portfolio with Rathbones. And, having looked at the nature of his underlying holdings, I well suspect that he's an experienced investor so ought to have known that there would've been a cost in liquidating the portfolio. The choice to encash the underlying holdings and incur the associated transaction fees wasn't made by Rathbones; they provided timely information to Firm C who then made the decision to undertake a part encashment and part in-specie transfer, so it would be unfair to hold Rathbones accountable for a decision that they had no hand in making, particularly when I've seen no evidence that either Mr B or Firm C contacted Rathbones to check the cost position in liquidating the portfolio. Having looked closely at the tariff Mr B was on, I'm satisfied that the dealing costs are clearly set out and as such, Rathbones were within the terms of their agreement with Mr B to levy the costs that they did (and have done so for over 20 years), so I don't think that they acted unfairly by not informing him of the charges before sending the holdings/cash to Firm C (as nothing had altered from what was previously agreed). As I've seen nothing to persuade me that Rathbones have treated Mr B unfairly, it therefore follows that I'm not upholding his complaint.

### **My final decision**

I'm not upholding Mr B's complaint and as such, I won't be instructing Rathbones Investment Management Limited to take any further action.

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

Simon Fox  
**Ombudsman**