

## The complaint

Mr K has complained about how Rowan Dartington & Co Limited ('RD') has managed his investments and the lack of advice and service provided since he terminated his relationship with his financial adviser.

## What happened

In 2017 Mr K approached St. James Place Wealth Management Plc ('SJP') for investment advice and he had a meeting with an SJP partner adviser, 'Mr D'. Mr K explained he had inherited a portfolio of shares and also directly held some unit trust investments, which he'd been managing himself but he now wanted the portfolio to be managed by a professional.

SJP recommended Mr K should transfer his share portfolio and unit trusts to RD and use its Discretionary Managed Service ('DMS'). Mr K also opened an Individual Savings Account ('ISA') with RD so that he could use his ISA allowance each year. Mr K agreed to take ongoing advice from SJP, for an ongoing advice charge ('OAC') of 0.5%.

Mr K opened an execution-only Stockbroking account with RD in August 2018 and requested that some particular shares be transferred to this account.

Mr K raised concerns about Capital Gains Tax ('CGT') calculations performed by RD in January 2020 with SJP. Mr K received a response on 5 February 2020 from RD (via Mr D) explaining what had happened and was assured that this hadn't led to any financial loss. Mr K wasn't happy with the explanation which led to a further response from RD on 11 February 2020, where £50 was offered.

Mr K and SJP ended their ongoing advice relationship in June 2021. Mr K complained to SJP about this and some other issues at the time (including the CGT issues) and ultimately referred the complaint to the Financial Ombudsman Service. An Ombudsman upheld Mr K's complaint and required SJP to pay compensation.

In 2023 Mr K requested that the assets held in the execution-only stockbroking account be transferred to a business he'll call 'IG'. This completed on 20 December 2023.

Mr K raised a complaint with RD about the delay in transferring his holdings to IG. He also complained about the lack of advice since his relationship with SJP was terminated. He added that he was unhappy he wasn't able to access information about his execution-only account through RD's online portal.

RD issued a final response letter on 15 January 2024. It acknowledged a small delay in the transfer of Mr K's holdings to IG but noted that he hadn't incurred a financial loss. RD also explained why Mr K hadn't been able to view his execution-only account through the portal and said this had been rectified. RD noted the concerns Mr K had raised about the service he'd received from SJP, saying this had been dealt with in a previous complaint referred to the Financial Ombudsman Service, so it couldn't comment further. RD offered Mr K £250 for the trouble and upset the matters he'd complained about had caused.

Mr K continued to raise concerns with RD as he didn't think it had addressed the concerns he'd raised about the lack of advice or service from RD since June 2021.

In May 2024 RD explained that when Mr K's relationship with SJP ended, RD needed to clarify its relationship with him. He had the option of becoming a direct client, which would involve RD making an investment recommendation and then providing ongoing advice to ensure the suitability of his investment portfolio. If Mr K chose to become a direct private client, his fee would increase to 1.35% plus VAT. If Mr K chose not to become a private client, it would continue to manage the account on a non-advised basis and would've then suspended the account after 12 months. That's because RD's policy is to review the suitability of the investments on the account every 12 months.

In January 2024 and May 2024, SJP wrote to Mr K explaining he had not had a recent review but its records showed that he was still paying an OAC. Mr K tried to find out what the OAC related to and what service he ought to have been receiving from SJP, but he didn't receive a satisfactory response so he made a complaint. This complaint was considered separately by this Service and upheld.

Unhappy with RD's response to his ongoing concerns, Mr K referred his complaint to this Service. Mr K says that he hasn't had an explanation as to why he hasn't been offered an advised service by RD since his relationship with SJP ended in 2021.

RD told us that it was not formally informed that SJP had ceased advising Mr K but it has since offered to onboard Mr K as a private client.

Our Investigator upheld Mr K's complaint. He thought the £250 offered for the delay in the transfer to IG was reasonable. The Investigator explained that RD wasn't obliged to provide Mr K with advice, but after 12 months it ought to have moved him off the DMS. As such, the Investigator recommended any additional fees Mr K had paid as a result of remaining on the DMS beyond June 2022 should be refunded plus the return the fees would've achieved had they remained invested. He also recommended that RD should pay Mr K an extra £100 for not answering his full complaint.

RD said that although SJP was no longer providing advice, Mr K's portfolio had continued to be managed in line with his DMS mandate. As such, investments had continued to be bought and sold – this couldn't have been done on an execution-only basis. It agreed to pay the £100 recommended for failing to answer Mr K's extra questions.

Mr K didn't accept the Investigator's opinion – he thought any refund of fees was minor compared to the fact that RD should have been looking after him from June 2021. He also made further complaint points about the timing of sales of investments after his portfolio was transferred in 2017 and that he'd been assigned to a new investment manager without having been told in advance. The Investigator told Mr K that he couldn't consider these issues because he would need to complain to RD in the first instance.

The Investigator wasn't persuaded to change his opinion, maintaining that RD should have moved Mr K to an execution-only service if it wasn't able to move him on to an advisory service after 12 months. RD ultimately accepted this and explained that Mr K had paid £694.65 more than if his account had been managed on an execution-only basis since June 2022.

Mr K didn't feel this adequately explained or compensated him for the lack of service. So, the complaint has been referred to me to make a decision on the matter.

## **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 agree with the Investigator's view on the matter. I'll explain why.

First I think it is important to explain the difference between RD and SJP and the services they provided to Mr K.

As was set out in SJP's recommendation letter of July 2017, SJP recommended that Mr K should use RD's DMS so that RD could actively manage Mr K's portfolio of investments – SJP would provide ongoing advice to ensure that the recommendation to use the DMS remained suitable for him. As such, SJP was responsible for providing Mr K with advice and it had an ongoing responsibility to consider Mr K's attitude to risk and circumstances and ensure that the investments remained suitable for him. RD was responsible for managing Mr K's investments in line with the recommendation and risk assessment made by SJP.

When Mr K's relationship with SJP ended in June 2021, it meant that he was no longer receiving advice from SJP and RD was not contracted to provide him advice either. RD has told us that whilst it was aware Mr D was no longer providing Mr K with advice, it expected that Mr D would be replaced with a new SJP adviser. It's evident that didn't happen.

In the absence of a new SJP adviser being appointed, RD has said that it ought to have taken action and reviewed Mr K's account. That's because it cannot manage a client's investments without there being an advisory arrangement in place, either with a financial advice firm such as SJP, or with RD itself. RD says that it ought to have contacted Mr K within 12 months of the arrangement with SJP ending to explain his options, which included RD taking Mr K on as a direct advisory client. But if this couldn't be arranged then Mr K's DMS agreement ought to have been ended and he should have been moved to the execution-only service, whereby RD would only act on Mr K's instructions to make investments.

As Mr K is aware, this didn't happen. And instead, Mr K's investments continued to be managed by RD in line with the historic advice provided by SJP. I know Mr K wants an explanation as to why this happened, but as far as I can tell, it was simply overlooked. I appreciate this isn't a satisfactory answer, but mistakes do happen and all I can do here is consider how this impacted Mr K.

RD has continued to manage Mr K's account in line with his attitude to risk as previously established by SJP and I note Mr K hasn't said this had changed. RD charged a fee of 1% plus VAT for this service. But this arrangement wouldn't usually continue where there is no advice arrangement in place. Where there is no advisory arrangement in place, RD either provides its services on an execution-only basis where fees are payable based on the transactions made, or an advisory service where it would charge 1.35% plus VAT for providing advice and the DMS. Therefore, if Mr K had taken on a new financial adviser, or appointed RD to provide him with advice, he would've been paying more for the service overall than he did. That's because SJP charged an OAC of 0.5% and a different adviser would likely charge a similar fee, and RD charged a higher fee of 1.35% plus VAT. So, in essence, Mr K has paid less for the DMS service than he ought to have done since June 2022, albeit without the benefit of having updated advice.

However, that isn't what necessarily would have happened had RD taken the action it should have. As I understand it, Mr K was told in May 2024 that he could be taken on as a direct advisory client, and his fees would increase to 1.35% plus VAT, but he didn't agree to this.

So, had RD explained this to Mr K by June 2022, it isn't clear whether he would have accepted this offer to become a direct advisory client of RD or whether he would have appointed a new financial adviser. As far as I'm aware, he is still yet to do so.

RD has told us that it should have moved Mr K on to its execution-only service by June 2022 if a new advisory arrangement hadn't been put in place. So, overall, it seems fair to consider whether Mr K has incurred higher costs as a result of remaining in his previous arrangement instead of being moved to the execution-only service. It's evident that RD continued to manage Mr K's investments, making trades based on the existing mandate. So, the Investigator asked RD to calculate the fees Mr K would've actually been charged if the same trades had been carried out on an execution-only basis. And he thought if Mr K had paid more, then the difference should be refunded together with a return based on the growth the portfolio achieved over that time.

RD explained that based on the trades carried out on Mr K's portfolio to date, he would've paid £694.65 less had those trades been carried out on an execution-only basis.

I appreciate this isn't a perfect solution, as Mr K may not have made the same number of trades during the same period if he'd been managing the investments himself. However, overall, I think what the Investigator has recommended to put this aspect of the complaint right for Mr K is a reasonable compromise and provides fair compensation for what went wrong here. So, I'm requiring RD to refund the overpayment to Mr K in line with the same methodology the Investigator recommended in his assessment.

The Investigator also recommended that RD should pay Mr K £100 to compensate him for failing to properly explain what had happened here when Mr K first made this complaint. I also think this is fair compensation for the additional inconvenience this caused. So, RD should also pay Mr K £100 for this.

Mr K complained about the time taken for RD to transfer his execution-only account assets to IG. RD agreed that there had been a delay and although it was satisfied no financial loss had been suffered, it agreed to pay Mr K £250 for the distress and inconvenience caused. Overall, I'm satisfied this fairly compensates Mr K for the delay he experienced here. So, in addition to what I've set out above, and if it hasn't already, RD should pay Mr K £250.

Mr K has raised concerns about mistakes made in respect of historic CGT calculations, but I'm satisfied this was already addressed by SJP in the complaint that Mr K previously referred to our Service, so I'm not considering this further.

I understand that the Investigator asked RD to ensure that Mr K's DMS portfolio was moved to an execution-only account given that RD had explained the existing arrangement couldn't continue. I think this would be a reasonable action to take in the circumstances and it would allow Mr K to decide how best to manage his investments going forwards.

### **Putting things right**

RD should calculate the difference between the fees Mr K would've paid if his account had been moved to the execution-only service from 10 June 2022, and what he actually paid, to the date of my final decision.

If Mr K would've paid less for the execution-only service, then RD should pay the difference, plus a return on the fees based on the actual performance of Mr K's portfolio over the same time period.

If RD is unable to obtain information about how the portfolio performed over this period, RD should use this benchmark – FTSE UK Private Investors Income Total Return Index.

I've chosen this benchmark because the FTSE UK Private Investors Income Total Return Index is made up of a range of indices with different asset classes, mainly UK equities and government bonds. It is reasonable proxy for the type of return that could have been achieved over the period in question.

RD should pay Mr K the £250 it previously offered him in relation to the transfer delay if it hasn't already done so.

RD should also pay Mr K an extra £100 to compensate him for failing to properly explain what should have happened after he ended his advisory relationship with SJP.

### **My final decision**

I'm upholding Mr K's complaint and I'm requiring Rowan Dartington & Co. Limited to pay compensation as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 6 November 2025.

Hannah Wise  
**Ombudsman**