

The complaint

The trustees of the S Trust have complained that AFH Independent Financial Services Limited trading as AFH Wealth Management ('AFH') didn't manage or provide ongoing advice on an investment bond, a service which they thought they were paying for.

What happened

In May 2012, Miss S, Miss M and Mr S, in their capacity as trustees of the S Trust, were advised by an independent financial adviser, which I'll refer to as 'Firm S', to invest £45,000 in an onshore investment bond.

The life assured of the bond was Miss S's daughter and the bond investment was made fully in the MetLife Protected Growth Fund 90% in July 2012.

In August 2013, Firm S informed the trustees that it had become part of AFH, although Firm S would continue to be run as an independent business. However, in May 2015, AFH said it wrote to the trustees again to explain that Firm S was now fully integrated into AFH.

In October 2024 the trustees wrote to AFH asking about the bond's performance, to request information relating to the sale and to query the advice they had been receiving. This wasn't forthcoming but a meeting was held with AFH in December 2024, where AFH explained that no annual reviews had been carried out.

This prompted the trustees to complain. They said their initial request was ignored, they didn't think the advice received was suitable and the investment had been left to languish without any further review or management, despite AFH receiving ongoing payment. The trustees said that they received a letter in 2013 explaining AFH would be managing the investment going forward but there hadn't been any contact since then.

AFH offered the trustees £150 for the distress and inconvenience caused when it failed to deal with the initial enquiry in October 2024 promptly. AFH said that it didn't have a copy of a recommendation letter from the time of the advice, but it didn't think the bond recommendation was unsuitable and noted the trustees had been provided with an illustration setting out the aim of the fund which Firm S had recommended they invest in. AFH said that Firm S was receiving trail commission, which then continued to be paid to AFH, but there was no agreement for Firm S or subsequently AFH, to provide any ongoing advice or other management of the bond.

The trustees remained unhappy and referred the complaint to the Financial Ombudsman Service. They maintained the investment recommendation was unsuitable because the monies were being invested for the benefit of child who was only two years old at the time so they should've been invested in a higher risk fund. The trustees said they were led to believe the investment was being reviewed and managed, and this service hadn't been provided despite fees being taken by Firm S and then AFH.

The Investigator considered the complaint but didn't uphold it. He wasn't persuaded that the original advice was unsuitable based on the available evidence. The Investigator noted the

fund was low-risk and it contained guarantees, and he thought that if this didn't align with the trustees requirements they would've likely said so at the time. He also didn't think that Firm S or AFH were obliged to provide ongoing advice or annual reviews of the investment. He said that MetLife was paying trail commission to AFH, which wasn't the same as an ongoing advice fee.

The trustees didn't accept the Investigator's view. They said whether the initial fund was suitable or not wasn't the question or issue here. They said that initial investments should be reviewed regularly and adjusted to suit performance and changes in circumstances. The trustees said that in this case, contact with Firm S was lost when it became part of AFH and wasn't resumed. They said that AFH had apparently sent them a letter in May 2015 (which wasn't received) saying that an adviser would be in touch to discuss their options going forwards but that didn't happen. They added that in 2020 the fund they were originally invested in was closed and the investment was essentially moved into a cash account – this ought to have prompted AFH to contact the trustees to discuss the position. Ultimately, the trustees thought that AFH had failed in its duty of care and did not update them as it should have.

The Investigator wasn't persuaded to change his opinion so the complaint was passed to me to make a decision.

I asked the Investigator to contact the trustees to explain that I noted Miss S had informed AFH about her change of address in March 2015, which was then updated with AFH and MetLife in April 2015. I could see that MetLife had sent statements to her at her new address in August 2015 and August 2016 and asked whether these had been received. I also noted that Miss S appeared to have moved again since then and asked when this had occurred, whether AFH or MetLife had been updated and whether she continued to receive statements from MetLife. I also asked whether Miss S had been made aware by MetLife in 2020 that the MetLife Protected Growth Fund 90% was closed and the bond monies had been switched to another fund.

The trustees explained that Miss S had moved in 2021 but she had informed both AFH and MetLife of her address change and she also had a redirect service in place for 18 months. The trustees confirmed that Miss S had received regular annual statements from MetLife, including in 2015 and 2016. They provided a copy of the August 2025 statement. However, Miss S didn't recall receiving any information from MetLife about the fund closure in 2020.

The trustees said they had assumed that AFH hadn't been in contact with Miss S since 2013 because her details had been lost during the merger, but it's clear that Miss S had updated her address with it in March 2015 so it should have sent her the letter that AFH said it sent to all clients in May 2015 about the services it could provide.

While the trustees noted the poor performance of the bond in 2015 and 2016, they said that during this period the country was still recovering from 2008 with a weak economy, austerity and ongoing rock bottom interest rates. The trustees said they were not happy but mistakenly relied on AFH using good business practice and basic courtesy to advise them about their business relationship going forward. They added that because the annual statements stated that payments were being made to their financial adviser, the trustees believed the fund was being managed for them. While they may not have been happy with the return they believed it was due to the ongoing recession and recovery.

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'm not upholding it. I'll explain why.

The trustees have said that the initial suitability is no longer the issue, rather it is the failure of AFH to manage the investment or keep in touch with them, particularly following the merger in 2013 and regarding the fund closing in 2020. As such, I'll focus my decision on these issues.

The investment bond was set up in July 2012; the schedule shows that the bond started on 30 July 2012 and had an initial fund value of £45,450.

The investment bond was purchased before the Retail Distribution Review ('RDR'), which took effect from 31 December 2012. Before RDR, firms would commonly be remunerated for their service by way of commission, which was usually paid by a product provider and deducted from the ongoing costs of a product. It's important to note that this commission covered the costs of any initial advice given, and was not intended to meet the costs of any subsequent advice.

Based on the available documents, I'm satisfied that the trustees were not paying an ongoing advice charge to Firm S in return for it managing the investment, providing ongoing advice or annual reviews. The application for the bond shows that the advice was paid for by way of initial commission of 4% and trail commission of 0.5%. And the illustration, which I think the trustees would've seen at the time of the advice, explained the charges applicable to the bond. It said:

"We will take a charge of 0.5% of the fund value each year from your policy. This is taken proportionately at the end of each month and is paid as trail commission to your Financial Advisor."

Under the heading "How much will the advice cost?" it also said:

"The cost of advice will be paid for out of the deductions and the amount will depend on the type and rate of commission agreed with your adviser and how much you put into your policy."

We will pay £1,800.00 initial commission immediately. This is 4.00% of your single premium.

Every month from the end of the first month we will pay your Financial Adviser 1/12th of 0.50% of the fund value. The amount of the payment will vary depending on how your investment grows..."

So, I think it was clear that the trail commission was part of the cost of the initial advice. And I haven't seen any evidence to persuade me that the 0.5% paid to the adviser was in return for any other ongoing service.

I appreciate the trustees appear to have expected AFH to provide some kind of ongoing service, or that they believed it had a duty of care to manage the investment for them. But I don't think this was a reasonable expectation. I haven't seen any evidence to demonstrate that an ongoing relationship was established for the future management of the bond. If it had, there would've likely been an agreement put in place setting out the service to be provided and the fee this would attract, which would've been separate to the trail commission.

The trustees have pointed out that in later statements sent by MetLife (from August 2019 onwards), the statement included a section called, "*Payments made to your Financial Adviser for their services and advice provided to you during the statement period*". This detailed an ongoing payment of approximately £220 - £230 each year. But I'm not persuaded that this demonstrates an ongoing advice fee was being paid to AFH. I'm satisfied that this was a continuation of the trail commission which had been paid since inception. It seems to me that the statements provided by MetLife were likely changed following new cost disclosure requirements.

Even if I was persuaded that AFH had given the trustees an expectation that it would provide ongoing advice or would manage the investment, which I'm not, it's clear that AFH wasn't in touch with the trustees to provide performance updates or other commentary on how the investment was being managed. The statements issued to Miss S between August 2013 and August 2020 showed the bond monies were invested in the same fund and the bond value never exceeded £46,989 (in August 2018), despite investing £45,450 in July 2012. The change in 2020 wasn't instigated by AFH and Miss S said she wasn't made aware of this in any event.

If the trustees had been expecting some kind of ongoing service then I think they would have contacted AFH about this sooner. The trustees say that they assumed contact had been lost following the merger between Firm S and AFH, but the evidence shows that Miss S contacted AFH in March 2015, after the merger, to update her address. So again, if she'd been expecting AFH to get in touch with her about the bond on an ongoing basis I think she would have complained before 2024.

The trustees say that AFH was supposed to have sent them a letter in May 2015, following the full integration of Firm S into AFH following the merger in 2013. They've seen a copy of the letter template, which says that a diary manager would be contacting clients to set up a meeting with an AFH independent financial adviser. The trustees say this letter wasn't received and in any event, no further contact from AFH was forthcoming. Had this contact been made, they say they would've been able to review the bond sooner.

AFH said the letter would've been sent to Miss S, so it's possible it was sent but not received. But regardless of whether the letter was received or not, Miss S wasn't sent an invitation for a meeting with an AFH adviser. But I don't think that means AFH treated the trustees unfairly here as I don't think that AFH was obliged to contact the trustees to offer new services. Ultimately, I'm satisfied that the trustees were not paying for ongoing services in relation to the bond and they were being provided with information annually which showed how the bond was performing. If they were unhappy with the lack of growth then it was for them to contact AFH to ask for further advice or for information on what options they had.

Lastly, the trustees say that they weren't contacted by AFH about the closure of the MetLife Protected Growth Fund 90% in 2020. But I don't think that this was something AFH was responsible for – the fund had been closed by MetLife, so I would've expected MetLife, as the bond provider, to have contacted the trustees about this change.

AFH offered the trustees £150 for not dealing with their initial enquiry promptly. It isn't clear whether this has been paid to them already, but if not, AFH should pay this to the trustees to settle the complaint.

My final decision

AFH Independent Financial Services Limited trading as AFH Wealth Management has offered to pay the trustees of the S Trust compensation of £150.

If it hasn't already done so, AFH Independent Financial Services Limited trading as AFH Wealth Management should pay £150 to the trustees to settle this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask the trustees to accept or reject my decision before 1 May 2026.

Hannah Wise
Ombudsman