DRN-6149460

The complaint

Mr M says Chrystal Capital Partners LLP ("Chrystal") promoted an investment to him without checking it was suitable or appropriate for him.

What happened

Mr M has a friend I will call Mr L who has a connection with Chrystal. Mr L is an investor, and he introduces other potential investors to Chrystal and he receives payments for such introductions.

In 2017 Mr L introduced Mr M to Chrystal in relation to an investment in a company listed in Canada. That company (which I will call the Listed Company) was involved in legal marijuana production in North America and Chrystal was involved in a fund raising by that company. Chrystal sent details to Mr M and he decided to invest £20,000.

In 2018 Mr L told Mr M about another investment in a different Canadian company, in the same sector, which was raising "pre-IPO capital". I will call this company the Unlisted Company. Mr M was told Chrystal was acting as broker for the Unlisted Company.

Mr M says he understood that Mr L was working with Chrystal and he says Mr L recommended the investment to him and told him he was investing in the Unlisted Company himself.

Mr M understood the Unlisted Company was involved in the legal production of marijuana for medicinal purposes. Mr M says Mr L told him other companies in the sector had approached Chrystal Capital and that it had chosen to promote it above all those other businesses. Mr M says Mr L said the Unlisted Company was a strong long-term investment.

At the time of the discussion about the investment in the Unlisted Company Mr M was happy with his first investment in the Listed Company which seemed to be doing well.

As well as discussing the Unlisted Company investment with Mr L, Mr M had dealings with Chrystal direct and attended a presentation about the Unlisted Company attended by that Company.

Mr M invested US$106,000 in the Unlisted Company in July 2018. Mr M subscribed for shares in his own name. This involved signing a subscription agreement between him and the Unlisted Company. Chrystal was referred to as the Financial Adviser in that agreement. The subscription agreement was nearly 40 pages long (including Schedules) and a number of points were made in the agreement including:

- An agreement that the investor had not relied on the Financial Advisor for investment advice and that the investor had taken their own advice from their advisor or elected not to seek advice.
- The Unlisted Company had granted the Financial Advisor an option to purchase

shares in the offer.

- A risk warning that the investment involved significant risk of complete loss and agreement that the investor was capable of evaluating the merits and risks of the investment and could bear the economic risk of the investment.
- A UK investor such as Mr M must sign Schedule C and Appendix A (High Net Worth) or B (sophisticated investor) declarations.
- The application process for UK investors involved returning signed documents and making payment to the Financial Advisor (Chrystal).

Mr M signed to certify that he was a high-net-worth investor. In doing so Mr M confirmed he had net assets (excluding his home) of £250,000 or more.

Mr M decided to invest £100,000 with some of the funds coming from the sale of shares in the Listed Company but Mr M found out those shares could not be sold in time and he reduced his investment to £80,000 although the precise amount was determined by the exchange rate at the time of payment. Chrystal gave Mr M the details of the account in Canada he was to make his payment to (rather than to Chrystal itself).

As I understand it, Chrystal's relationship with the Unlisted Company ended in 2019.
In 2020 the investment in the Listed Company failed. (Mr M has not complained about that investment.)

At some point Mr M transferred his shares in the Unlisted Company into his company's name.

The Unlisted Company got into difficulties. I do not know all the details, but, apparently, as well as a crash in the value of medicinal cannabis which affected the sector there was an issue with alleged mismanagement in the Unlisted Company and the removal of its CEO and some board members. As I understand it, all (or most) shares issued in the earlier fund raising in which Mr M took part were effectively cancelled or written off as part of a restructuring of the company.

Some investors started to explore what action could be taken against the Unlisted Company. That group included Mr L who, as mentioned, had also invested in the company. Initially at least Chrystal was also involved as it too had shares in the Unlisted Company.

The investors obtained legal advice and for some investors things progressed to the point where they instructed solicitors to write a letter of claim and complaint to Chrystal. This letter was written on behalf of seven clients (which included one joint investment which I have referred to as one investment/client for these purposes) including Mr M. This group did not include Mr L.

The solicitors wrote to Chrystal on 6 March 2024. They said Chrystal promoted the investment in the Unlisted Company without clearly explaining the risks and without checking matters such as their clients' investment experience or assessing the suitability of the investment. They also said that any assessment of whether the client was a high-net-worth investor was made after the investment had been promoted. And if Chrystal had complied with the regulatory obligations on it, Mr M (and the other client investors) would not have invested.

Chrystal did not reply straightaway.

Although the letter from the solicitors threatened legal proceedings, legal proceedings were not issued. Instead, Mr M referred his complaint to the Financial Ombudsman Service in May 2024. Two other investors referred essentially the same complaint at the same time.

Chrystal responded to the solicitors on 3 June 2024. It made a number of points including:

- Chrystal does not have an existing relationship with the Unlisted Company.
- It understands that the Unlisted Company is still solvent and still trading.
- Mr M (and the solicitors' other clients) is/are not and have never been clients of Chrystal.
- A number of the solicitors' clients have invested with Chrystal's clients having confirmed their sophisticated client status.
- Chrystal followed Financial Conduct Authority (FCA) rules and guidance applicable at the time.
- Numerous warnings were given in relation to the investment.
- Each investor confirmed they should be treated as a sophisticated investor.
- The investment was in a start-up business in the cannabis industry operating in South America and any reasonable investor would regard this as a risky investment.
- The solicitors' clients were all known to each other and have invested in multiple deals together and have invested in other investments with similar risk profiles.
- Chrystal does use introducers who are paid commission. It also has FCA regulated representatives who will speak to potential investors.
- Mr M was introduced by Mr L. They were friends and so an assessment was made about whether Mr M was a sophisticated investor before the investment was introduced to Mr M.
- Mr M is a sophisticated investor and he spoke with FCA authorised representatives of Chrystal and attended a presentation by the Unlisted Company itself before he invested. The risks were explained verbally and in writing. Mr M had invested in the Listed Company which is in the same sector which was much in demand at the time.
- Mr M should contact the Unlisted Company for an update on his investment.

Mr M's complaint was considered by one of our investigators. He thought Mr M's complaint should be upheld. He made a number of points including:

- Although the complaint had been made more than three years after Mr M first became aware he had cause for complaint, the complaint was nevertheless made within six years of the events the complaint is about. The complaint had therefore been made within the relevant time limit.

- There is insufficient evidence to show that Chrystal advised Mr M to make the investment.

- The complaint is about the regulated activity of arranging deals in investments under Article 25(1) Regulated Activities Order ("RAO") and so relates to an activity we can consider.

- Chrystal provided the service of arranging deals in investments to Mr M. Mr M is therefore a client of Chrystal and is an eligible complainant.

- The investment (shares in an unlisted company) was a non-readily realisable security.

- Chrystal should not have promoted the investment to Mr M unless certain conditions applied. One of the conditions was that the client was a high-net-worth client (or a sophisticated client), and the second was that the rules relating to appropriateness had to be complied with.

- Chrystal had not complied with the rules relating to appropriateness.

- If Chrystal had carried out a reasonable assessment it would have concluded that the investment was not appropriate for Mr M would not have invested.

- The appropriateness rules did allow Chrystal to warn Mr M that the investment was not suitable (and Mr M could still choose to invest) but things reasonably would not have progressed to that stage.

Chrystal does not agree with the investigator. It has made a number of points in response including:

- It agrees with the investigator on the following points:

    - Mr M was correctly categorised as a high-net-worth person.
    - It did not advise Mr M to make the investment.
    - The assessment of the complaint should not be approached in terms of the suitability rules (COBS 9).

- Mr M was not a client - he was a corporate finance contact.

- Chrystal did not carry on the regulated activity of arranging deals in investments since its acts were not causally connected to the investment.

- Chrystal did assess appropriateness, and Chrystal is entitled to rely on the representations made to it by Mr M.

- Mr M's loss was caused by his own conduct in choosing to make the investment.

As the parties had not reached agreement the complaint was referred to me and I issued a provisional decision. My provisional decision included the following:

I've considered all the points made by the parties. I have not however responded to all of them below; I have concentrated on what I consider to be the main issues.

The Financial Ombudsman Service is an informal dispute resolution process. Bearing that in mind I will not deal with each point relevant to my overall determination in detail given the view I come to below on what I consider to be a crucial point.

Before I can consider the merits of Mr M's complaint there are two jurisdiction points I need to consider: whether the complaint relates to an activity we have jurisdiction over, and whether Mr M is an eligible complainant. (These points are considered and decided on the basis of the applicable rules not on the basis of what is fair and reasonable in all the circumstances.)

Activity:

Like the investigator, I do not consider there is evidence that Chrystal acted in a way that amounted to advising Mr M to invest in the shares of the Unlisted Company. While I appreciate that Mr M felt encouraged to invest by Mr L's words and conduct, there is no clear allegation of acts by Chrystal that amount to investment advice. Nor do I consider that Mr M reasonably thought that anything Mr L said in terms of expressing an opinion about the investment was, or was meant to be, advice on behalf of Chrystal.

Chrystal was clearly involved in promoting the investment to Mr M as an investment opportunity for him to consider - one it was hopeful would be a successful investment. But promoting an investment opportunity to a potential investor is not the same as advising them to make the investment and I have seen no evidence that Chrystal crossed the line into giving advice to Mr M.

There is however still the regulated activity of arranging deals in investments. In my view it is clear from the subscription agreement and from the email correspondence between Mr M and Chrystal that Chrystal had a central role in the process that led to the investor buying and receiving the shares. UK based investors had to apply for the shares via Chrystal. It was arrangements involving Chrystal that brought about the deal. These arrangements included the promotion of the investment, providing the subscription agreement document, receiving the completed applications, checking them, carrying out checks on the potential investor, passing vetted applications onto the Unlisted Company and making arrangements with the investor for payment for the shares (even though in practice those payments were not made to Chrystal itself).

In my present view Mr M's complaint relates to the arranging activity by Chrystal under Article 25(1) or (2) RAO and is a complaint about an activity we may consider.

Was Mr M a customer of Chrystal?

Chrystal argues that Mr M was not a client. While the point is noted, our jurisdiction is based on the undefined (in the rules) word 'customer' not the defined term 'client'. I do however accept that the two words are similar in meaning and are likely to overlap to a large degree.

Under the FCA's COBS rules part of the definition of the term client is a person to whom a firm provides or has provided a service in the course of carrying out a regulated activity. But guidance in the rules says that a 'corporate finance contact' is not a client. The guidance says this is the case because a firm does not provide a service to such a contact.

And Chrystal argues that Mr M is not a client because he is a corporate finance contact.

Without getting bogged down in the detail, corporate finance business is where a regulated firm carries on investment business relating to the offer of securities by the issuer of those securities helping the issuer to raise capital. In these situations the issuer is the firm's client. And the regulated firm typically engages with corporate finance contacts – the investors to whom the investment is promoted for the issuer client.

However, this does not mean that the people to whom such investments are promoted must be corporate finance contacts and cannot be clients of the regulated firm. Corporate finance contact is a defined term and the requirements of that definition must be satisfied for the investor to be a corporate finance contact.

The definition of a corporate finance contact in the FCA's rules is as follows:

> "(when a *firm* carries on *regulated activities* with or for a *person* in the course of or as a result of either carrying on *corporate finance business* with or for a *client*, or carrying on *corporate finance business* for the *firm*'s own account) that *person* in connection with that *regulated activity* if:
>
> (a) the *firm* does not behave in a way towards that *person* which might reasonably be expected to lead that *person* to believe that he is being treated as a *client*; and
>
> (b) the *firm* clearly indicates to that *person* that it:
>
> (i) is not acting for him; and
>
> (ii) will not be responsible to him for providing protections afforded to *clients* of the *firm* or be advising him on the relevant transaction."

Again, without going into detail, I am not satisfied that all the requirements of the above definition were satisfied. In my view Mr M's dealings with Chrystal were such that it did not make things clear that it was not acting for him in arranging his investment.

In my present view Mr M was not a corporate finance contact, and he was a client for the service of arranging Mr M's purchase of the shares in the Unlisted Company. I also consider that Mr M was therefore a customer of Chrystal in relation to the matter about which he complains. And as Mr M was, when making the investment, acting for purposes outside his trade or profession etc, he was a consumer (for the purposes of our jurisdiction rules) and so is an eligible complainant.

I am satisfied that Mr M's complaint can therefore be considered.

The investment in the unlisted shares:

Although I have said that I do not think Mr M was a corporate finance contact, it is still the case that this was not a routine investment made in a normal way. And in my view Mr M did know that. This is an important point that I will return to.

As this was not a normal advised investment the normal rules about the suitability of advice in COBS 9 do not apply. This is also an important point. It was not Chrystal's role to ensure the investment was suitable for Mr M.

The shares in the Unlisted Company were however a non-readily realisable security and the appropriateness rules in COBS10 do apply.

Appropriateness:

A first point to make is that appropriateness is not the same as suitability – it is not an assessment of whether the proposed investment is suitable for the investor's objectives, attitude to risk etc. An appropriateness assessment is a determination of whether the client has the necessary experience and knowledge in order to understand the risks involved in relation to the product or service offered or demanded (COBS 10.2.1(R)).

It is not clear that Chrystal did carry out an appropriateness assessment as required by COBS 10 in a formal and structured way although I accept that some form of assessment did take place. Mr M was introduced to Chrystal by a friend who will have had some idea of Mr M's financial situation and Mr M was known to Chrystal at the time of the Unlisted Company investment as someone who had already invested through it in the same sector.

It should also be noted that an appropriateness assessment does not necessarily mean that only investments of a type an investor has made before are appropriate. The crux of the issue is about understanding the risks involved in the investment.

In this case the investment under consideration was an investment in shares in an unlisted company in Canada that was involved in medicinal marijuana production in South America. Mr M had previously invested in a listed Canadian Company in the same sector so he could reasonably be taken as having some awareness of the sector. It also seems more likely than not that he would have understood the additional risks involved in investing in an unlisted company - the point that the shares could not be easily sold or transferred and the risk that the company might never go public and might fail.

The company had no track record and the sector was an emerging or developing area. This was an obviously high-risk investment and I consider it implausible that Mr M would not have been aware that the investment was high risk. I also consider it implausible that Mr M will not have understood that in the worst case scenario he could lose all of the money he invested.

And in the event Mr M does seem to have lost all the money he invested in the shares. This was apparently because of the following factors:

- A “crash” in the medicinal marijuana sector affecting all businesses in the sector.
- Alleged mismanagement within the Unlisted Company.
- The Unlisted Company’s action in “writing off” all the shares issued in the fund raising in which Mr M invested. (This was apparently justified on the basis it was necessary to save the company but Mr M and other investors suspect the power was misused.)

It is my view that Mr M was aware that the process around the investment he made was not normal. It was something he was being invited to take part in by a friend. That is not normal. Nor is attending presentations by the company to be invested in. This is all relatively sophisticated and Mr M was happy to participate in this process and appears to have been relatively comfortable in it.

In the circumstances, if Chrystal had carried out a formal and structured assessment of Mr M it *might* have concluded that Mr M had the necessary knowledge and experience to understand the risks involved in the investment. But that said Mr M has said he has little investment experience. I appreciate that Chrystal disputes this but I accept that it is possible that if Chrystal had caried out an appropriateness assessment in accordance with the rules it *might* have concluded that the investment was not appropriate for Mr M.

In such circumstances a firm is not obliged to prevent the client from investing. Chrystal was permitted to warn a client that an investment is not appropriate for them. The client may then make a decision about whether or not to continue. And if the client decides to go ahead the firm then has to decide how to proceed.

I have considered Mr M’s actions in this matter. He was introduced to the investment by a friend. He seems to have known some other people who were investing. He had made a similar (although listed) investment before. As already mentioned, he knew this was not a routine investment made in the routine way. And Mr M made the decision to invest a large sum of money in the investment.

There is also the point that Mr M has said he was only technically a high-net-worth client

and that he was only able to say that he had assets worth over £250,000 by including equipment used for business purposes which are depreciating assets rather than liquid investment assets. He accepts that he did therefore technically meet the relevant criteria but thinks he would not ordinarily be considered high-net-worth. Mr M said he thought the form was just a formality and that its implications were not explained to him.

I cannot ignore the point that Mr M has some responsibility to pay attention to the documents he agrees to sign and the declaration itself was not complex. I do not consider it likely that Mr M did not understand that he was declaring that he had assets of over £250,000 or that he did not understand the nature of his own assets on which he was basing that declaration. In my view this point shows that Mr M was motivated to make the investment, that he was willing to present his own situation in a way that best achieved the outcome he wanted and that he was prepared to push at the boundaries in order to make the investment.

In my view Mr M would have been aware at the time that most people would not have made such an investment, and that normal investment advisers in a normal investment advice process would have advised him against it and would more likely have recommended something more mainstream. While Mr M may not have applied his mind to the issue in those terms at that time, I do think it is more likely than not that if he had been asked by a concerned friend (with a more cautious outlook) whether he thought it was a normal investment that a normal adviser would say was suitable for him, he would have said no but that he still thought it was a good idea. I do not say this is the test for appropriateness as such, but I do think this is an indication of how Mr M was likely to have reacted to a warning that the investment was not appropriate for him.

In all the circumstances I am not able to find that it is more likely than not that Mr M would have decided not to invest if Chrystal had warned him that the investment was not appropriate for him.

And in the circumstances surrounding the investment in this case – the promotion only to high net worth and/or sophisticated investors, and the obviously high risk nature of the investment - I do not consider that Chrystal was obliged to decide not to allow Mr M's investment if he chose not to heed a warning that the investment was not appropriate.

Further, I cannot see that the factors that seem to have led to the failure of the investment indicate that the investment must have been so fundamentally flawed in some way that it should never have been promoted by Chrystal. Neither the solicitors, when acting for the group who complained to Chrystal, nor the complainants who referred their complaints to us have referred to any such fundamental issues that should have been discovered with reasonable due diligence. Also, apart from the investment being obviously high risk, investors did have an opportunity to carry out their own due diligence on it before investing.

In all the circumstances I do not consider that it is fair and reasonable to require Chrystal to compensate Mr M for the losses he has suffered as a result of his investment in the Unlisted Company.

Mr M does not agree with my provisional decision and has made a number of points in response including the following:

- Chrystal's submissions rely on a narrative that Mr M is a wealthy, sophisticated, high net worth investor who is part of an investment group, that he reviewed a data room,

received multiple warnings and had many conversations with its Mr K, including discussions involving a business manager. None of those things are correct. And none of Chrystal's points are supported by records or evidence.

- The application process was largely administrative in nature rather than a structure COBS 10 compliant assessment of knowledge and experience.

- Mr H does not have relevant knowledge or experience, and the investment was not appropriate for him.

- Mr L strongly encouraged Mr M to invest in the Unlisted Shares. Mr H has known Mr L for many years and he placed a high degree of trust in him.

- Mr L said the declaration as a high net worth investor was just a formality and urged him to sign it so the investment could proceed. Signing the form was not Mr M pushing at the boundaries.

- Mr L has a conflict of interest and his accounts of events cannot be relied upon.
- If Chrystal cannot provide evidence to show it complied with COBS 10, compliance should not be inferred.

- Mr L's idea of Mr M's financial situation is not a substitute for Chrystal carrying out a proper assessment as required by the rules. Responsibility for compliance with the rules lies with the Chrystal.

- If Chrystal had carried out checks itself it would not have classified him as a high net worth investor.

- Being brought into an unusual situation by a trusted friend does not evidence relevant knowledge or experience. Being comfortable socially with the people in a setting does not show that Mr M understood the risks in that situation.

- Obvious risk does not replace COBS 10 protections. A general awareness that money can be lost is not the same as the knowledge and experience required by COBS 10.

- The correct question is not whether Mr H might hypothetically have ignored a warning at the final stage. It is whether this investment should have progressed to the point of promotion and processing at all if Chrystal had applied COBS 10 properly at the correct stage.

Chrystal did not make any comments in response to my provisional decision.

What I have decided about jurisdiction - and why

I am satisfied that this complaint is one we can consider for the reasons set out in my provisional decision above.

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.

As explained in my provisional decision, I'm required to determine this complaint by reference to what I consider to be fair and reasonable in all the circumstances of the case.

When considering what is fair and reasonable in the circumstances, I need to take account of relevant law and regulations, regulator's rules, guidance and standards, codes of practice and, where appropriate, what I consider to have been good industry practice at the relevant time.

I've considered all the points made by the parties. I have not however responded to all of them below; I have concentrated on what I consider to be the main issues.

Mr M in effect argues it is clear Chrystal has not complied with the rules in his case so it should be found responsible for the losses he has suffered. But in considering what is fair and reasonable in all the circumstances it is right to think about what would have happened if Chrystal had complied with the obligations on it.

A non-readily realisable security may be promoted to limited classes of investor under COBS 4.7.7R. Chrystal says it did consider that Mr M was a high net worth and/or sophisticated investor before the investment was promoted to him. Mr M disputes that he is a sophisticated investor. He also disputes that he was a high net worth investor but he accepts he did sign a declaration saying that he did meet the definition of a high net worth investor.

Mr M says:

> *"Mr* [L] *told me it was "just a formality" and urged me to tick the box so the investment could proceed."*

And Mr M says if Chrystal rather than an incentivised introducer, Mr L, had carried out the checks it is difficult to see how he could properly have been treated as a high net worth investor.

However the relevant requirement in COBS 4.7.7R is that a promotion should not be communicated to a retail client unless they are certified as a high net worth investor in accordance with COBS 4.7.9R. The rule does not set out a process for the firm to follow as with COBS10 where it is clear that the firm is required to gather information and make a determination. The point is that it is the investor that certifies they meet the requirement of the high net worth statement not the firm.

In my view the issue is whether it was reasonable for Chrystal to proceed on the basis that Mr M was a high net worth investor given that he signed the form relating to the Unlisted Shares to say he was. And in my view it was. I cannot see that it would be fair and reasonable to find that it was not, given that Mr M knew he did not comfortably meet the requirements of the declaration but decided to sign it anyway so the investment could proceed.

I accept that Mr M signed that declaration after the investment had been promoted to him but any issue about the timing of that declaration is not crucial because Mr M *was* prepared to sign to say he was a high net worth investor – as he had done in 2017 in relation to the shares in the Listed Company. Mr M would therefore have signed the same declaration if asked to earlier in the process. (Or Chrystal could have relied on the 2017 high net worth investor statement signed less than 12 months earlier.) The investment would have been promoted to him just the same. So it cannot really be said that the investment could not have been promoted to Mr M.

There was no obligation to assess appropriateness before the promotion could be communicated to a client. The second condition in DISP 4.7.7.R was that the firm who arranges the investment will comply with the rules in COBS10.

The requirement to assess appropriateness in COBS 10 applies when a firm arranges or deals in a non-readily realisable security for retail investors. So if Mr M chose to invest, an assessment should have been made before the investment was arranged by Chrystal.

It is the case that Chrystal did not carry out an appropriateness assessment in a formal and structured way as envisaged by the rules. But what would have happened if Chrystal did have a process that was more formal or structured and did meet the requirements in COBS 10? It is Chrystal's position that the investment was appropriate and so would have been assessed as appropriate for Mr M. And it's Mr M's position that the investment was not appropriate so would have been assessed as not appropriate for him.

I accept it is possible that Chrystal would have concluded that Mr M did not have the necessary knowledge and experience in the investment field relevant to an investment in the Unlisted Shares and so would have decided that the investment was not appropriate for him. And so I have considered what would have happened in that case.

If Chrystal had concluded that the investment was not appropriate it should have given Mr M a warning to that effect. But it was not obliged at that stage to end matters and prevent Mr M from investing. It could give the warning, then decide what to do in light of Mr M's response to the warning.

And my view remains, as set out in my provisional decision, that it is more likely than not that if Chrystal had given a warning to Mr M he would have asked to proceed with the investment.

I appreciate that Mr M trusted Mr L as a friend, who said he was investing his own money in the Unlisted Shares which he thought a great opportunity, and that Mr M acted in reliance on that trust. But as I said in my provisional decision, I do not consider that Mr M reasonably thought that anything Mr L said in terms of expressing an opinion about the investment was, or was meant to be, advice on behalf of Chrystal. Mr M has said he relied on those statements because they came from a long-standing friend and did not treat them as sales claims requiring independent verification.

Mr M says he was not pushing at the boundaries when signing the high net worth investor statement and that it does not show he was so highly motivated he would have invested in any event. But Mr M has said he knew he did not have the personal assets to meet the required threshold, that the only way he could think he did meet the threshold was by counting the value of his work equipment and that he signed the form on that basis because Mr L said it was only a formality needed to proceed with the investment.

It remains my view that these points and the others referred to in my provisional decision mean it is more likely than not that if Chrystal had given a warning to Mr M that the investment was not appropriate for him in accordance with COBS 10, he would still have asked to proceed with the investment.

And it remains my view that in the circumstances of this case Chrystal was not obliged to refuse to accept those instructions.

In all the circumstances I do not consider that it is fair and reasonable to require Chrystal to compensate Mr M for the losses they have suffered as a result of his investment in the Unlisted Company.

My final decision

For the reasons given in my provisional decision and above, we can consider Mr M's complaint against Chrystal Capital Partners LLP, but I do not uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 9 April 2026.

Philip Roberts
Ombudsman