complaint

Mr and Mrs A complain that PQR Financial Planning Limited did not assess the suitability of their Arch cru funds following the transfer of their investments from Insinger De Beaufort and that they did not recommend that they move away from them. Mr and Mrs A consider that the Arch cru funds were not suitable for the amount of risk they were prepared to take.

background

Mr and Mrs A were already invested in Insinger De Beaufort ("IdB") funds when, in September 2007 the manager of the funds transferred the management to Arch Financial Products LLP. With this, the asset make up of the fund changed. In March 2009, the Arch cru fund was suspended.

The adjudicator did not recommend that the complaint should be upheld. In summary, he did not consider that PQR was under an obligation to have provided advice on the suitability of the funds following the transfer from IdB. He noted that PQR had received payment in respect of Mr and Mrs A's investments, but did not consider that this meant that it should have assessed the suitability of the Arch cru fund when the investments were transferred.

Mr and Mrs A did not agree, saying that the adviser had been paid a fee of around £1,200, had received trail commission and that he had been managing all of their investments. It was further stated that the adviser generally endorsed investments in Arch cru and had advised them to take out separate investments in the funds. They added that it would not be unreasonable for clients who transferred their portfolio as a package to expect the new IFA to always ensure that any investment within the portfolio was suitable.

As agreement has not been reached on the matter, it has been referred to me for review.

my findings

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint. Having done so, I have reached the same conclusions as the adjudicator and for broadly the same reasons.

I acknowledge that PQR provided advice to Mr and Mrs A, in particular to invest in Arch cru funds. Further, I note that Mr and Mrs A paid PQR fees in relation to their investments and trail commission was received in relation to previous sales.

PQR has said that there was a one-off payment of around £1,200 in 2008 in relation to other Arch cru funds in which Mr and Mrs A invested through PQR. This has been the subject of a separate complaint with this service.

However, in relation to the particular funds which are the focus of this complaint, I am not persuaded that any agreement was in place for PQR to assess the suitability of the Arch cru funds following the transfer from IdB, in relation to their overall portfolio, or that they had otherwise been mandated to do so. I note that the Client Agreement states that *'With regard to investments that we have arranged for you, these will not be kept under review but we will advise you upon request'.*

I have also considered whether the notification from Canada Life in 2007 regarding the transfer of the funds *should* in any case have prompted PQR to raise this with Mr and Mrs A,

even if not as a part of any regular review arrangement, but the letters confirmed that the versions sent to investors directly had recommended they contact their IFA if they wished to review their options. It would not therefore in my view have been unreasonable for PQR to have relied upon the information contained in those letters and not undertaken a proactive review of the new funds.

In order to uphold this particular complaint, I must be satisfied that a specific assessment of the transfer from IdB was undertaken and deemed to be of continuing suitability for Mr and Mrs A. I am mindful of the fact that other Arch cru investments were recommended by the same adviser, and acknowledge Mr and Mrs A's view that a suitability assessment was effectively being made about Arch cru in general. But this is not sufficient in my view to safely conclude that PQR should be held responsible for Mr and Mrs A remaining invested in Arch cru once the transfer had occurred, especially if I am to take into account the above wording within the client agreement and that the payment of approximately £1,200 was made in respect of the new, "advised" Arch cru investments.

The investments in question were not "new" investments, but rather a transfer which had not been initiated by PQR. Therefore, as PQR played no part in the transfer of the funds from IdB to Arch cru and was not obliged to review the suitability of that transfer on their behalf, having carefully considered the matter, I do not consider the available evidence supports the position that the complaint should be upheld.

I am nevertheless conscious of Mr and Mrs A's assertion that they have been paying an annual "management" fee and it is unclear exactly what this has been in respect of, if – as the above wording indicates – PQR has been under no obligation to review existing investments.

Therefore, although I cannot conclude that PQR was obliged to review the transfer of the IdB investments, if Mr and Mrs A have concerns as to what the management fee in fact covered and they are of the view that their expectations in that regard have not been met, they will be able raise this as a separate matter.

my final decision

My final decision is that I do not uphold this complaint.

Philip Miller
ombudsman