complaint

Ms B invested in Secured Energy Bonds. The bonds were issued by Secured Energy Bonds plc ('SEB') and it has now gone into administration. Ms B says she made the investment on the basis of the Invitation Document approved by Independent Portfolio Managers Ltd ('IPM'). She says the Invitation Document was misleading and unfair.

Ms B claims a refund of the money she invested plus interest from IPM.

background

Ms B invested in Secured Energy Bonds issued by SEB in 2013. The features of the investment were:

- the investor invested a minimum of £2,000. In return they would receive 6.5% interest per year paid quarterly.
- SEB would repay the money invested in full after three years (if not repaid before).
- the agreed interest was fixed and was not variable depending on the success of SEB's business.

Quarterly payments were made in 2014. In February 2015 Grant Thornton wrote to investors to say it had been appointed administrators of SEB. No further interest payments have been made. Nor has the original investment been repaid.

Ms B complained to IPM. She said the promotion document IPM had approved was misleading and unfair. IPM acknowledged but did not answer the complaint and Ms B referred it to the Financial Ombudsman Service – as did a number of other investors in SEB bonds.

Most investment complaints the ombudsman service receive are about advice – but Ms B was not advised by IPM. And IPM disputed whether we could consider the complaint. It did take some time for that point to be dealt with but I issued a provisional decision on jurisdiction in a sample case in January 2017 and a final jurisdiction decision in April 2017. My decision was that we can consider that complaint.

We told IPM we thought the same reasoning would apply in other cases, such as Ms B's, and it was given an opportunity to disagree. And we also asked IPM for any further submissions it wanted to make on the merits of the complaints we had received. It did not respond in detail. It said it was not the promoter of the Bond; that was a company then called Nineyards Capital Limited. And applicants for the bonds sent their money to Capita Financial Services Limited not it. Its only client was CBD Energy for whom it provided a 'section 21 service'.

Consumers such as Ms B were also given the opportunity to comment on the merits of the complaint. Ms B did do so. In brief Ms B's main points are:

- Bank savings account rates had become very low. She wanted a non-equity based investment that provided a reasonable rate of return. She had considered other mini-bonds that offered slightly higher rates of return but preferred SEB because it was secured.
- IPM's involvement was instrumental in her decision to invest as her decision was based on the Invitation Document IPM approved.
- However, the promotion was not clear, fair and not misleading and should not have been approved by IPM.

- The apparent security of the bond was an important consideration in her decision to invest in SEB.
- IPM was involved in and approved all the comments made about the security of the bond – but the security was not real. It's illusory.
- She would not have invested in SEB but for IPM's failings.

I issued a provisional decision on 22 December 2017. In summary I said:

jurisdiction:

- The complaint relates to an act or omission of IPM in carrying on the regulated activity of 'arranging deals in investments'. This is a regulated activity under Article 25(2) of the Regulated Activities Order (RAO).
- Ms B is an eligible complainant because she is a customer of IPM.
- I can only consider complaints that relate to acts or omissions of a firm in carrying on the regulated activity (of arranging deals in investments) or ancillary activities carried on by IPM in connection with the regulated activity.
- I can only consider IPM's conduct as Security Trustee and/or Corporate Director to the extent that such conduct was ancillary to the regulated activity of arranging deals.
- So I can look at issues around the setting up of the bond, the buying/selling of the investment but not the later running of the investment by SEB or the later acts of IPM as Security Trustee and/or Corporate Director.

merits:

- IPM approved the Invitation Document that promoted the investment.
- It was under an obligation to ensure the communication was fair, clear and not misleading.
- The Invitation Document created the impression that the investment was relatively safe because it had effective (but not guaranteed) protection.
- In reality the security system, which IPM agreed to be part of as Security Trustee, was flawed.
- For that system to be fit for purpose it had to provide protection from events such as the borrower not taking care of the money and failing to use it only for the purpose for which it was borrowed. And from interference from the parent company.
- Without protection from these risks the security was not fit for purpose and the bonds were not materially less risky than unsecured bonds.
- The Invitation Document therefore overstated the degree of protection or security the bondholders would receive.
- And so it was not fair and reasonable for IPM to approve the promotion and agree to take on the role as Security Trustee.
- If IPM had not approved the promotion Ms B would not have invested in SEB.
- It is fair and reasonable to require IPM to compensate Ms B for her losses.

fair redress:

- IPM should pay Ms B compensation equal to the sum she invested in the bond.
- Plus an investment return on that sum to the intended date of maturity of the bond (less the interest paid to Ms B before SEB went into administration).
- Plus compensation for the trouble and upset caused to Ms B.

I suggested the investment return should be calculated using the Bank of England data for 12-17 month fixed rate bank accounts that we often use. I then revised that to the data for three year fixed rate bonds when I realised that data was also available since it was a closer fit to the SEB bond. (I said that rate was 2.21% at the time Ms B invested.) And I suggested £250 compensation for the trouble and upset IPM had caused Ms B.

IPM has not responded to my provisional decision (except to say it still does not accept that we have jurisdiction to consider this complaint).

Ms B did reply. She made a number of points. She agrees with my findings with regard to the flawed security. She says that if she had known about them she would not have invested. Ms B also said she had in her complaint listed other areas where IPM had been at fault but I had not commented on them.

Most of Ms B's comments related to compensation. Her points included:

- She agrees it is difficult to know for certain what she would have done but she is certain she would not have tied her money up in a three year fixed rate bank account, without access to her funds for the full term at a rate of around 2% or so.
- She agrees she would not have invested in a similar renewable energy bond offered by a competitor at 7.25% a year as it involved tying her money up for four years.
- She was willing to take a higher risk than that associated with a normal deposit account but not high risk.
- She feels that in all probability she would have asked her financial adviser to use her money to add to her existing investments or recommend other cautious funds or bonds.
- Ms B has provided details of her other investment funds held at the time. She points out that all but one have performed better than the 6.50% promised by SEB over the same period.
- Ms B also says the SEB ought to have been able to pay the promised 6.50% based on its intended business model.
- Ms B has also provided details of other renewable energy mini bonds and similar investments from the time and since which she says have performed as promised.
- The Financial Ombudsman Service consumer factsheet called "what a final decision by an Ombudsman means" says *"The ombudsman will aim to put the consumer in the position they would be in now if the problem leading to the complaint had never happened."*
- If she had not invested in SEB Ms B believes she would have received a better rate of return on her money than the benchmark I proposed. And probably better than the 6.5% the SEB offered.
- The proposed compensation of £250 for non-financial loss does not reflect the trouble and upset she has been caused.
- The collapse of SEB came as a complete shock to her.
- After attending the creditors meeting after SEB's collapse she felt compelled to "right this wrong".
- Since then she has been extremely active in pursuing the complaint. It has taken up a large amount of her time to the detriment of her other affairs and personal life. It has been almost like a full time job and had it not been for IPM's failures this time could have been spent more productively and positively.

my findings – jurisdiction:

In my provisional decision I said:

> "In my jurisdiction decision I made the point that jurisdiction must be kept under review.
>
> I've seen nothing when reviewing the merits of Ms B's complaint that causes me to change my view about jurisdiction as set out in my jurisdiction decision in the sample case. The fact that other businesses were also involved in the promotion of the investment and administering the application process does not alter the point that IPM was involved. And my view remains that its involvement amounted to a regulated activity and that Ms B was its customer. My view remains:
>
> - the complaint relates to an act or omission by IPM in carrying on the regulated activity of arranging deals in investments under Article 25(2) of the Regulated Activities Order (RAO).
>
> - IPM approved the promotion for the SEB bonds but a number of factors take IPM's acts beyond just approving and amount to making arrangements under Article 25(2) RAO. I set out those factors in my jurisdiction decisions as follows:
>
>   - *The Invitation Document not only receives approval from IPM, it uses the expertise of IPM to help sell the investment.*
>
>   - *Part of the reason IPM's expertise is relevant over and above their ability to review the materials is that it had an ongoing role in the investment scheme, approving new documents as they are created.*
>
>   - *Perhaps more importantly the expertise is relevant to IPM's status as Corporate Director which was a non-contingent role that was promoted as part of the security of the bond. And IPM's expertise was relevant to its contingent but nevertheless prominently proclaimed status and role as Security Trustee by which it might have to intervene to manage the investor's asset. IPM was in effect being advertised as a manager of the investor's assets upon a condition being met: this is an active (albeit contingent) managerial role, to which IPM's expertise is relevant.*
>
>   - *The security of the Bond was a fundamental part of the overall investment scheme – a central selling point not some mere technicality tucked away in the small print and unnoticed. The security and quality assurance arrangements were a major feature of the investment arrangement or scheme. And the involvement of IPM was central to the security and quality assurance arrangements made for the bond.*
>
>   - *The purpose of IPM's involvement in the arrangements was to bring about the investment.*
>
> - And a bondholder such as Ms B is an eligible complainant because she is a customer of IPM. On this point I said the following in relation to the complainant in the sample case, and the points apply equally to Ms B:
>
>   *In my view the investment was pursuant to a three party agreement, whereby at the outset Miss A only had privity of contract with SEB plc. However the status of IPM as Corporate Director and Security Trustee was known at the outset. And so was the condition to trigger IPM taking on the Security Trustee role. And when in those roles IPM had to act in the best interest of the Bondholder such as Miss A.*

So as well as providing its approval for the promotion, IPM was from the outset the potential party with whom the investor might trade upon SEB's breach. There was therefore the requisite proximity to establish the relationship of customer in the terms agreed by the investor.

IPM was providing a service to Miss A. She was a user of that service. The service was making arrangements with a view to Miss A subscribing for "a security" ie the Secured Energy Bond. In particular IPM was providing security features as part of the arrangement – acting as Corporate Director and Security Trustee - expressly for the benefit of bondholders.

It is my view that IPM [was] providing a service to investors such as Miss A notwithstanding the fact that Miss A did not pay IPM and SEB (to whom it was also providing a service) did.

Accordingly there was a customer-firm relationship between Miss A and IPM. And Miss A's complaint relates to matters relevant to that relationship.

Before leaving the subject of jurisdiction I should make the point that having satisfied myself I have jurisdiction does not mean I necessarily have jurisdiction to consider all of IPM's acts or omissions. The position remains that I may only consider complaints that relate to acts or omissions of a firm in carrying on the regulated activity (of arranging deals in investments) or ancillary activities carried on by IPM in connection with the regulated activity.

This means that I can only consider IPM's conduct as Security Trustee and/or Corporate Director to the extent that such conduct was ancillary to the regulated activity of arranging deals. Put simply, and in broad terms, I think I can look at issues around the setting up of the bond, the buying/selling of the investment but not the later running of the investment by SEB or the later acts of IPM as Security Trustee and/or Corporate Director."

I have considered all of the evidence and arguments in order to decide whether I may consider Ms B's complaint. My view remains as set out above. So for reasons I have given I can consider this complaint.

my findings – merits:

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

In my provisional decision I said:

"It is important not to consider matters based on hindsight. It is however helpful to set out a brief summary of what has happened in order to keep in mind the whole picture, before looking at things in more detail. So briefly:

- An Australian company, CBD Energy Limited, owns and operates solar farms and wind farms. It established a subsidiary in the UK, SEB plc. It was established to finance, manage, and develop solar energy installations in the UK.
- SEB set out to raise money for those activities by issuing mini-bonds to retail investors in the UK.
- The promotion of such investments in the UK must be approved by an FCA regulated business.

- SEB engaged IPM to approve the promotion. [IPM] also agreed to take on the roles of Security Trustee and Corporate Director.

- The promotion emphasised the security features of the bond as a selling point. Those features included IPM acting in the two additional roles above and as well as SEB's parent, CBD Energy, guaranteeing the bonds.

- Ms B invested in 2013. So did many other retail investors. Around £7.5 million was raised through the issue of bonds to over 950 investors.

- In November 2014 administrators were appointed for CBD Energy in Australia. The administrators of CBD Energy contacted IPM to discuss SEB which started a process that led to administrators being appointed for SEB in the UK.

- At the point when SEB's administrators were appointed (on 22 January 2015) there was less than £25,000 in SEB's bank account. It is not clear what if any assets it had in the form of solar projects – the purpose for which the money was raised. Rather, a significant portion of the money had been paid to CBD Energy.

- A report by the administrators of CBD Energy dated 10 December 2014 said AUS$ 8.39 million was owing to SEB. It also said that CBD Energy had used SBE's funds *"in contravention of the purpose for which these funds were raised, to meet [CBD Energy's] cashflow shortfalls in FY14."*

- AUS$ 8.39 million is around two thirds of the £7.5 million raised from the bond issue.

- Bondholders such as Ms B have not had their money repaid to them after three years as they were originally promised. Nor have they received any interest since 2014.

- The bondholders are secured creditors of SEB but so far have not received any payments in the administration. The prospects of receiving the money they invested, with the contractual interest, seems negligible.

- It looks like investors such as Ms B have lost all the money they invested in Secured Energy Bonds.

IPM was involved in this chain of events. To hold it responsible for the loss that is being claimed I need to think about:

- IPM's role in it all,
- the obligations IPM was under
- whether IPM did anything wrong, and
- if so whether it is fair and reasonable in the circumstances for IPM to compensate Ms B for the losses she has suffered.

IPM's role

It's worth repeating that IPM was not Ms B's investment adviser. It was not its role to advise her about whether or not the investment was suitable for her. Ms B made that decision for herself based on the way the investment was promoted in the Invitation Document.

As far as my jurisdiction is concerned I must consider IPM's conduct in its role as an FCA regulated firm carrying on the activity of arranging deals in investments. It did so through carrying on three roles:

- the approver of the Invitation Document

- Security Trustee
- Corporate Director

SEB wanted to issue bonds to retail investors in the UK. Any promotion of those bonds had to be approved by an FCA regulated firm. The promotion could not lawfully take place without such approval. And IPM was the regulated firm that gave the approval.

The bonds were promoted as secured bonds and IPM's involvement in those three roles was part of the security arrangements and promoted as such.

The role of IPM in the investment was important to both SEB and Ms B.

Having said all that, I repeat the point I made above:

> I can only consider IPM's conduct as Security Trustee and/or Corporate Director to the extent that such conduct was ancillary to the regulated activity of arranging deals. …I can look at issues around the setting up of the bond, the buying/selling of the investment but not the later running of the investment by SEB or the later acts of IPM as Security Trustee and/or Corporate Director.

the obligations IPM was under

As mentioned above IPM is an FCA regulated business. There are conduct of business regulations relating to its conduct in approving a financial promotion. The roles of Security Trustee and Corporate Director are not however regulated in the same way. IPM is however subject to overarching obligations – called principles – as a regulated business.

The principles include:

2 Skill, care and diligence	A *firm* must conduct its business with due skill, care and diligence.
6 Customers' interests	A *firm* must pay due regard to the interests of its ***customers*** and treat them fairly.
7 Communications with clients	A *firm* must pay due regard to the information needs of its ***clients***, and communicate information to them in a way which is clear, fair and not misleading.

Customer is defined as a client who is not an eligible counterparty and Ms B is not an eligible counter party. Client has the meaning given in COBS 3.2R.

COBS3.2R says:

> (1) A *person* to whom a *firm* provides, intends to provide or has provided:
>
> (a) a service in the course of carrying on a *regulated activity*; …
> is a "client" of that *firm*;…
>
> (2) A "client" includes a potential client.

(3) In relation to the *financial promotion rules*, a *person* to whom a *financial promotion* is or is likely to be *communicated* is a "client" of a *firm* that *communicates* or *approves* it.

It is not disputed that the Invitation Document was a financial promotion. Under the rules a person to whom a financial promotion is communicated, such as Ms B, is a client of the firm that approves the promotion. This is the case whether or not IPM knows or has met Ms B personally.

Under COBS 4.2.1R a firm must ensure that a communication is fair, clear and not misleading.

COBS 4.2.5G gives guidance about using certain words in relation to investments. It says:

> A communication or a *financial promotion* should not describe a feature of a product or service as “guaranteed”, “protected” or “secure”, or use a similar term unless:
>
> (1) that term is capable of being a fair, clear and not misleading description of it; and
>
> (2) the *firm* communicates all of the information necessary, and presents that information with sufficient clarity and prominence, to make the use of that term fair, clear and not misleading.

It should be noted that COBS 4.2.5G is only guidance not a rule. In the circumstances I do not think it is crucial that the words guaranteed and protected have been used rather than guarantee or protect.

With the word “secured” this can be used as the past tense of the word secure. It can also have a separate meaning as in the phrase “secured debt”. This is where a debt is “secured” on an asset so that the asset can be sold to repay all or part of the debt if the borrower does not repay money that is owed.

It is not therefore clear that the express guidance exactly fits the word secured – it may depend up the sense in which the word is used. But in any event the general rule still applies that a financial promotion should be fair, clear and not misleading.

what did the Invitation Document say?

The Invitation Document contained the following warnings:

On the first page of the invitation is a “disclaimer”. It is printed in two columns. The final paragraph of the first column is particularly relevant to this dispute. I have however set out the first column in full so that the degree of prominence of that paragraph is more in keeping with the way the document was set out.

> ***This disclaimer is important and requires your Immediate attention.***
>
> *If you are in any doubt about the action you should take or the contents of this document, you should contact your stockbroker, solicitor, accountant, bank manager or other professional adviser authorised by the Financial Conduct Authority to conduct investment business and who specialises in advising in share, bonds and other securities, including unlisted securities.*
>
> *This document (the “Invitation” or “Invitation Document”) constitutes an invitation to subscribe for secured bonds (“Energy Bonds”) issued by Secured Energy Bonds Plc (the “company”) on the terms and conditions set out in this Invitation.*

Investors should not subscribe for any bonds referred to in this Invitation Document except on the basis of the information published in this Invitation and the instrument dated 5th October 2013 constituting the Energy Bonds of the Company (the "Bond Instrument") set out on page 41 onwards of this Invitation Document.

Your attention is particularly drawn to the "Risk Factors" which are set out on pages 34, 35, 36, and 37 of this Invitation. Prospective investors should consider carefully whether an investment in Energy Bonds would be suitable for them in the light of their personal circumstances. Energy Bonds are a secured debt of the Company but are not transferrable or negotiable on the capital markets and no application is to be made for the Energy Bonds to be admitted to listing or trading on any market. Energy Bonds may not therefore be a suitable investment for all recipients of this Invitation.

Investments in unquoted securities of this nature, being an illiquid investment, is speculative, involving a degree of risk. Other than in exceptional circumstances, it will not be possible to sell or realise the Energy Bonds before they mature or to obtain reliable information about the risks to which they are exposed.

Energy Bonds are a debt of the Company secured over all of its assets and undertaking under a debenture constituting a fixed and floating charge security and guaranteed by the Company's parent company, CBD Energy Limited ("Guarantor"). However, there can be no certainty or guarantee that any realisation of such assets through the enforcement of such security or that the enforcement of the guarantee will be sufficient to enable the Company, or as the case may be, the Guarantor, to repay the Energy Bonds or the Company's liabilities thereunder."

The point was therefore made early in the Invitation Document that there was no guarantee that the security would be sufficient to repay the money bondholders were lending to the company.

Potential bondholders were also, at the outset, expressly referred to the risk factors printed later in the Invitation Document on pages 34 to 37.

On page 34 in the section headed The Legal Features: A: Risk Factors, the Invitation Document said the following which is relevant to this dispute:

In addition to the other relevant information set out in this Invitation, the following specific risk factors should be considered carefully in evaluating whether to make an investment in the energy Bonds. If you are in any doubt about the contents of this Invitation Document or the action you should take, you are strongly recommended to consult a professional adviser who specialises in advising on investment in unlisted debt, shares and other securities.

The directors of the Company (the "Directors") believe the following risks to be significant for potential investors. The risks listed, however, do not necessarily comprise all those associated with an investment in Energy Bonds and are not intended to be presented in any assumed order or priority. In particular, the Company's performance may be affected by changes in legal, regulatory and tax requirements as well as by overall global financial conditions.

…

No certainty that the Bondholders will be paid at maturity

Energy Bonds are a debt of the Company secured over all of its assets and undertaking and guaranteed by the Company's parent company, CBD Energy Limited ("Guarantor"). However, there can be no certainty or guarantee that any realisation of such assets or the enforcement of the guarantee or debenture security will be sufficient to enable the Company or, as the case may be the Guarantor or Security Trustee, to repay the Energy

Bonds or the Company's liabilities thereunder. If the Company or the Guarantor were to become insolvent there is a risk that (a) some or all of the nominal value of Energy Bonds will not be redeemed, and (b) some or all of the interest return due on the Energy Bonds will not be paid.

So, the first page of the Invitation referred the potential bondholders to a risk warning that said there was no certainty or guarantee that the security would be sufficient to repay the bondholder's money. Potential bondholders were also warned that they might not be repaid if SEB or CBD Energy became insolvent – as happened.

Potential bondholders such as Ms B were therefore given some warning about the possibility that the money they invested might not be repaid to them.

I do not however think that is the end of the matter. All of the Invitation Document needs to be considered in order to form a view. I have considered the entire Invitation and I also note that the Invitation Document gave a positive impression of the bond both generally and in comparison to other mini-bonds. Relevant comments include the following:

A word from the Chairman

[pages 6 and 7 – which is effectively the second page of text. The first was the disclaimer I have quoted above, the next pages were a definitions section.]

"Thank you for your interest in Energy Bonds. Let us start by saying that it is not easy to know where to put your money nowadays. You work hard enough for it, so why should it not work as hard for you? That is what a sound investment does.

But let us go further: what if your investment not only rewarded you, but also benefitted others? Like local UK businesses, and by extension, local UK communities. Oh, and the environment too.

Research following the successful launch of CBD Energy Limited's first energy bond in the UK earlier in 2013 led us to believe that the generation of Renewable Energy from a hugely important source – solar energy – was being stifled by a lack of available bank finance….

So we established Secured Energy Bonds plc as a wholly-owned UK subsidiary of CBD to target projects where solar power would benefit local businesses and communities, while offering a stable and competitive interest rate to you as an investor. Here is something to consider:

- *The Company's sole business is financing development and management of solar energy installations in the UK. The Company will own the assets and their income streams, which provides security for your investment.*

- *Independent Portfolio Managers Limited, an investment management business authorised and regulated by the Financial Conduct Authority, has agreed to act as Security Trustee. IPM is independent of CBD and as the Security Trustee will have responsibility on the board of the company as a corporate director for looking after the interests of Bondholders and if required to take control of assets on behalf of the Bondholders.*

All this means your investment benefits from a level of security not normally associated with this type of bond. We think it is something new and exciting, and a unique chance for you to enjoy excellent returns from a protected, stable and socially responsible

investment. That is exactly what Energy Bonds are designed to do.

Energy Bonds – The UK's first secured solar Mini-Bond [pages 8 and 9]

More rewards all round

This is a unique opportunity to invest in a bond that not only benefits you, but also the economy and the environment. It works like this:

1. *You make your investment – from £2,000 up to as much as you like – and receive a highly competitive 6.5% p.a. return over 3 years. Your interest is paid quarterly; your investment is secured.*
2. *The money allows us to install solar panels for chosen UK businesses; it costs these businesses nothing.*
3. *The solar panels collect energy from the sun, even on cloudy days, and convert it to electricity.*
4. *This electricity attracts government incentives and is also sold to the business at a reduced rate, generating a constant revenue stream from your investment.*
5. *This money saving helps profitability of these businesses and ultimately helps improve both the local and UK economy.*
6. *Your investment is secured on the solar assets and the future stable revenue from these assets.*
7. *There is additionally a corporate guarantee from CBD Energy Limited.*

…

What security do I have?

Secured Energy Bonds plc will give you security over all the assets of the Company and CBD will also give a corporate guarantee of the Company's obligations. The Company's key assets will be solar projects, their income flow and the Company's cash reserves. If the Company fails to do what it has promised, such as pay you on time, then the Security Trustee will take control of the assets for your benefit.

Security – Why you need it and how our Mini-Bond offers it [page 13]

More peace of Mind

Energy Bonds will be the first secured solar Mini-Bond issued in the UK. For any investor who wants to know their money has protection, that is a reassuring thought.

Consider the traditional features of a Mini Bond:

- *It is a type of debt much like a loan, it is untradeable and unlisted.*
- *With any bond, there is a risk of losing your money, so people have generally focused on the credit worthiness of the issuing company when making an investment decision.*
- *Ordinarily, as a Bondholder, you will have to rely on the parent company to guarantee a bond's obligations.*
- *If a company defaults on a bond obligation, unless you have security you will stand at the end of the queue with other unsecured debt holders.*

Why are Energy Bonds different?

It is always desirable to have the parent company stand behind the obligations of its subsidiary, and so CBD have supplied such a guarantee of the company's obligations under Energy Bonds. However, over and above this, Energy Bonds are also secured over all of the assets and undertakings of the Company, present and future, under a

debenture with a fixed and floating charge security.

The Security Trustee has responsibility for enforcing the security in the event of a default for the benefit of the Bondholders. IPM has been appointed by the Company to perform this role and the Company is delighted that in addition, IPM will be a Corporate Director of the Company representing the interests of bondholders.

You stand ahead of other creditors and have primary access to the cash flows generated by the assets.

Smarter security for the shrewd investor [pages 14 and 15]

Energy Bonds: arranging your security

Here is how it works:

- *Initially, security is taken over the cash raised from the bond issue.*
- *As the solar projects are acquired, security is taken over these projects.*
- *When the solar installations are completed, security is also taken over the income generated by the assets.*

It is like a bank lending you money to renovate or extend a property: the bank lends you the money, and as the property is built and value is added, the security is taken over the property. This is the approach we offer you.

Energy Bonds: value of solar assets

Most importantly, a recent independent report commission (sic) *by the Company indicates that the value of a newly completed and operational portfolio of solar assets should exceed the cost to build it. Using an inflation rate of between 2% and 3% it is estimated that the value of the solar assets (once connected) will be between 30% and 40% higher than the overall project cost relating to installation….And as you have security over these income-generating solar asset, which can be sold, the risk to capital should be further reduced.*

Energy Bonds: repayment of your money

Because the value of the completed assets is expected to be in excess of overall project costs, the Company has a range of options for repaying Bondholders… Options include

- *Refinancing through a major lender.*
- *Sale of the Company's income producing solar assets.*
- *Recapitalisation of the Company by CBD.*

Independent Portfolio Managers Limited: verification from a respected independent source

Independent Portfolio Managers Limited, a company authorised and regulated by the FCA, will verify all the documents and communications presented to you.

This ensures the information on which you base your investment decisions:

- *Is clear.*
- *Is not misleading.*
- *Provides the necessary details about the expected returns and security.*

Feed-In Tariff – A quick introduction [page 17]

- *Globally, Warren Buffett's Berkshire Hathaway, Google, and Apple, and in the UK some of the largest pension funds such as Pension Insurance Corporation are already invested in solar projects.*

So it is easy to see the Energy Bonds provide an excellent means for you to invest directly and benefit from the high returns currently available.

Projects – How will your investment be used? [page18]

Your investment will be used to fund 2 types of project:
- *Rooftop installations…*
- *Brownfield sites…*

The initial pipeline of projects already under exclusivity agreements consist of 67 rooftop projects. If Energy Bonds hits its target, the Company would be able to fund almost all of the projects in its current pipeline.

Projects - One successful project among many [pages 20 and 21]

[There then followed details of a project called Ramridge Farm which was completed in August 2011 and was said to have performed at 107% of the original estimates.]

Projects – the Pipeline [pages 22 and 23]

[This page showed an outline map of England, Wales and some of Scotland with 15 numbered markers apparently showing the location of projects and a list that described the types of business such, as for example, 'care home'. Details were given for number 13 (only) as an example.]

CBD Energy – You are in experienced hands [page 28-29]

Originally formed in Australia in 1989, CBD Energy Limited is a global energy company that designs, builds, constructs, owns and operates solar farms and wind farms.

As a leader in driving renewable policy in our home country, our aim is to provide clean, economical and socially responsible power to energy consumers worldwide, while also creating stable and secure revenue streams for shrewd investors.

CBD Energy – Historic Financials [pages 32 and 33]

[These pages gave details of CBD's recent financial performance in three tables:

- Consolidated Profit & Loss Accounts
- Consolidated Balance Sheet
- Consolidated Cashflow Statement

Each table was for the 12 month period to the end of June in 2010, 2011 and 2012, and the six months to the end of 2012.

The point was also made that in preparation for CBD Energy's planned transition to a listing on NASDAQ a series of non-recurring impairments [were recognised] in the year to the end of June 2012.]

The Legal Features [page 39]

C Security

Uniquely, as well as having the benefit of a guarantee from CBD, the Company's parent, Bondholders will also enjoy the benefit of fixed and floating charge security over all the assets and undertakings of the Company, present and future, under the terms of the debenture.

This will secure:

- *The cash raised from the Energy Bond issue.*
- *The fixed assets comprising the options and leases taken over these projects, as solar projects are acquired.*
- *The income generated by the assets when the solar installations are completed.*

my view about the above:

The investment was a loan arrangement. The bondholder agreed to lend money to SEB. In return SEB agreed to pay a fixed rate of interest on the money lent to it and it promised to repay the money the bondholder lent in full after three years if not before. The main risk for the bondholder was that SEB would not repay the money or pay the agreed interest. This risk was said to be reduced by the security over SEB's assets given to the Security Trustee for the benefit of bondholders and by the guarantee given by CBD Energy.

The invitation document did say there was a risk the security given to the Security Trustee and the guarantee given by CBD Energy might not be sufficient to repay the bondholders.

But the Invitation also gave the clear impression to potential investors, such as Ms B, that the Secured Energy Bond was a relatively safe investment in which investors had the protection of additional security measures making the investment less risky than other mini- bonds.

I do not think there can be any doubt that the invitation gave the impression that the security and guarantee were real safeguards with substance - that they were fit for purpose. And when I say fit for purpose I just mean that they would provide protection for bondholders in the sort of circumstances in which they were reasonably likely to be called upon to provide protection – reasonable effectiveness. So I do not say security in all possible circumstances.

If those safeguards were not fit for purpose (in the sense I have just described) I think the invitation document could not be described as fair, clear and not misleading as the bonds would not be as secure as the impression created by the Invitation.

And so IPM should not have approved the promotion as fair, clear and not misleading if it should have realised the safeguards were not fit for purpose (if it is the case that they were not).

was the bond secured and guaranteed?
were bondholders protected?

I don't think terms like 'security' or 'protected' mean that all possible risk is taken away.

With a bond investment the chief concerns of a potential investor are:

- will they get their money back?
- will they get the interest promised in return for lending their money?

To answer those obvious concerns, in broad terms, the promotion makes a number of points:

- SEB would use the money to invest in solar projects
- SEB had a pipeline of potential projects to invest in
- the people involved in SEB were experienced and successful in the solar field
- the prospects for solar projects in the UK was very good.

All of this means that SEB was supposed to be able to afford to pay the promised interest.

As for investors getting their money back, the promotion deals with this in two ways:

- Repayment if things go right:
    - the invitation document said the value of completed solar projects was expected to be in excess of costs and so SEB expected to be able to repay the loan through:
        - refinancing through a major bank, or
        - sale of its income producing assets
        - recapitalisation of SEB by CBD Energy.

- Repayment if things did not go right:
    - the invitation document said CBD Energy would guarantee the company's obligations, and the bonds would be secured on the assets of SEB under a debenture with a fixed and floating charge with a Security Trustee having responsibility for enforcing the security.

This final point was subject to the express warning that there could be no certainty or guarantee that the realisation of assets through the enforcement of the security or the enforcement of the guarantee would be sufficient to repay the Energy Bonds.

the guarantee from CBD Energy

In the sense in which it has been used in the promotion a guarantee is a promise by one person that they will pay the debt that is being guaranteed, if the borrower defaults. So it is a safety or security measure. But it is only a contractual promise by the guarantor. So it's only as strong as the person making the promise.

With regard to the guarantee in the bond/promotion, again the implication is, as I have said, that this is something of substance and of value to the bondholders independent of the security also granted by SEB.

The terms of the guarantee are set out in the Bond Instrument. Essentially CBD Energy said it unconditionally and irrevocably guarantees to each bondholder that it would repay on demand the money owed to the bondholder if they are not paid by SEB.

The Guarantee does not give any more details about how CBD Energy would be able to repay that money on demand. There is for example no reference to CBD Energy reserving all or part of that money in its accounts in order to meet that liability or to it taking out insurance to meet that possible liability.

In this case SEB issued £7.5 million worth of bonds. This was a significant sum to CBD Energy. It is not clear from the information published in the Invitation Document that CBD Energy had the financial strength to pay out up to £7.5 million plus interest.

The financial details published in the Invitation Document show a business with assets valued in Australian dollars, which is understandable as it's an Australian company. But even before figures are converted to pounds the records show a company with an up and down financial record.

The invitation document was approved in early October 2013. At that time the exchange rate was around AUS$1.75 to £1. On that basis the figures show CBD Energy had net assets of

about £10 million of which less than £1 million was cash. And its audited accounts showed profits of less than £1.75 million to 30 June 2010, less than £1 million to 30 June 2011, and a loss of over £22 million to 30 June 2012. The unaudited figure for the six months to 31 December 2012 was a profit of around £3 million.

The figures do not show a company in such robust financial health that it could on demand and without delay meet an obligation to bondholders to pay out £7.5 million if things went wrong at SEB. This is especially so given [the] correlation between the businesses of the two companies. And their shared senior leadership. These points mean a problem affecting the profitability of one might affect the other.

Accordingly, and without the benefit of hindsight, it was unclear just how much protection the guarantee provided. As I have said, the guarantee could only be as strong as the company giving it. In my view the guarantee was of only limited value. It is also my view that IPM knew or should have known this – since it is apparent from the information in the…Invitation Document it approved.

That said, the selling point of the Secured Energy Bond was just as much, if not more, the security rather than the guarantee. It was the security and the Security Trustee arrangement that meant the investment had:

> "*a level of security not normally associated with this type of arrangement*"

Where:

> *"the risk to capital should be further reduced"*

And where there would be:

> *"More peace of mind…For any investor who wants to know their money has protection..."*

the security

The Bond Instrument said Security would be created by the Security Document. And the Security Document was defined as a debenture being a fixed and floating charge over the assets of SEB granted to the Security Trustee. And IPM was the Security Trustee.

The Security Trust Deed was the deed by which the Security Trustee was appointed to hold the Security for the benefit of the bondholders on the terms set out in the deed.

And a debenture was granted by SEB plc in favour of the Security Trustee securing up to £15 million. The security was on all property of SEB including all money from time to time in its bank account.

In the debenture SEB pledged not to sell or transfer or part with possession of any charged asset except in the ordinary course of business. It also agreed not to do anything which would or might depreciate or jeopardise or otherwise prejudice the security or materially diminish the value of any charged asset.

The security became enforceable where an Event of Default occurs. Event of Default was defined in the Debenture as "Event of Default as defined in the Bond Instrument". I cannot see that the term "Event of Default" is defined in the Bond Instrument although "Default Event" is. Its meaning is set out in clause 6.1.

The Default Events in clause 6.1 are:

- the company fails to repay any principal or pay any interest on the bonds within 90 days of the due date; or
- an order or resolution is made winding up the company; or
- a security holder of assets of the company or Guarantor has taken possession; or
- any administration order or application made in respect of the company.

I cannot see that a breach of the covenants not to dispose of charged property otherwise than in the course of business is an "Event of Default" or a "Default Event".

In my view this is a considerable weakness in the security granted to the Security Trustee for the protection to bondholders. And it means the following statement in the Invitation Document is not accurate:

> *"If the Company fails to do what it has promised, such as pay you on time, then the Security Trustee will take control of the assets for your benefit."*

It's normal for a borrower to make promises to a lender – for example that the borrower will use the money borrowed for a certain purpose, and that they will not dispose of any asset on which the loan is secured. If there are promises a lender will want to have a mechanism for taking appropriate action against the borrower if it breaks such promises. If a Security Trustee is in place to protect the interests of borrowers it should want the same thing.

It is my view that a major cause of SEBs insolvency is that it paid a significant portion of the money it raised for investment in solar projects - which was a charged asset - to its parent company. I note the report by Grant Thornton into the administration of CBD Energy included the following:

> *"During 2014, CBDE utilised funds of Secured Energy Bonds Plc, a UK subsidiary, which were segregated and should have only been used for the purposes outlined in the bond raising prospectus which precluded working capital funding of CBDE. However, due to CBDE's cashflow difficulties $8.4 million was transferred to CBDE over time, via various inter-company loans to fund outstanding creditor payments and working capital requirements."*

SEB had promised not to dispose of assets other than in the ordinary course of its business. Disposing of money for a purpose other than one for which it was raised was not acting in the ordinary course of business (or it was disposing of or jeopardising the secured property).

This meant that the security was considerably undermined – there is a charge but it is not secured on property of sufficient value to satisfy the debt that has been 'secured'. The security was inadequate. The security system that had been created could not ensure that SEB's assets were available for realisation if things went wrong.

And in my view this is a different matter from there being secured property which is realised but does not raise sufficient money to repay the loan because, for example:

- the secured property had gone down in value due to a down-turn in the market; or
- because SEB had invested in poorly performing or unsuccessful solar projects in the UK.

did IPM do anything wrong?

When approving a financial promotion a regulated firm is required to take reasonable steps. In this case the reasonable steps taken by IPM in order to decide whether the promotion was fair clear and not misleading must include reading and thinking about:

- the Invitation Document
- and the Bond Instrument referred to and included in the Invitation, and
- the Security Document referred to [in the] Invitation which granted a charge to the Security Trustee, and
- the Security Trust Deed, referred to in [the] Invitation Document, which appointed the Security Trustee.

It is my view that the Invitation Document – while not giving an absolute guarantee – did give the impression that the SEB investment was relatively secure (because of the additional security features) and less risky than other unsecured mini-bonds.

It is my view that IPM could, and should, have concluded from considering those documents that it was wrong to approve the promotion as fair, clear and not misleading. The Invitation created the impression that the investment was relatively safe because it had effective (but not guaranteed) protection. In reality the security system, which IPM agreed to be part of as Security Trustee, was flawed. It was not just a system that that could not be guaranteed to be sufficient because the realisation of assets might not raise sufficient funds. It could not ensure that assets would be available for [realisation]. If assets were disposed of it was inevitable that the security would not be sufficient.

It is always a risk with taking collateral for a loan that the sale of the collateral might not be sufficient to repay the loan because, for example, the value of the collateral goes down. So in this case if the solar projects turned out not to be as valuable as hoped that kind of situation would, in my view, be fairly covered by the warning given in the Invitation.

But in this case the flaw in the security system was that the Security Trustee could not prevent SEB from disposing of charged assets – leaving the security secured, in effect, on nothing. This was a fundamental flaw and one which [IPM] should reasonably have spotted.

The Security Trustee arrangement was a selling point for the Bonds. For that system to be fit for purpose it had to provide protection from the sort of events that could result in the lender losing money. The borrower not taking care of the money and failing to use it only for the purpose for which it was borrowed is an obvious risk. So too is interference in the affairs of a subsidiary by a parent company and the redirecting of funds from the subsidiary to a parent. In saying that I do not say the precise turn of events was obvious – only that these were not novel or unforeseeable risks.

These risks needed to be provided for in order for the charge to have a reasonable prospect of providing sufficient security. Without protection from these risks the security was not fit for purpose and the bonds were not materially less risky than unsecured bonds.

It is my view that the Invitation therefore overstated the degree of protection or security the bondholders would receive. And it's my view that [it] was not fair and reasonable for IPM to approve the promotion and agree to take on the role as Security Trustee.

is it fair and reasonable to require IPM to compensate Ms B?

Neither SEB plc nor CBD Energy were authorised or exempt persons under the 2000 Act. They therefore needed an authorised person to approve the promotion of the bonds in order for them to be offered to investors in the UK. And when I say approve, I mean ensure that the promotion was fair, clear and not misleading.

The requirement for approval of promotions is clearly a requirement that exists in order to protect investors. It exists so that investors can make properly informed decisions about whether or not to invest. It means investors are able to decide not to invest in things they might have invested in [if] they had been promoted in a way that was unfair, unclear and misleading.

IPM was the authorised person who approved the promotion – the Invitation Document.

Without that approval the bonds would not have been offered to investors such as Ms B and she would not have invested in the bonds.

COBS 3.2.1(3)R provides that a person to whom a financial promotion is likely to be communicated is a client of the firm that approves the promotion.

As a regulated firm IPM was required to use reasonable skill and care and act in its [customer's] best interests and treat them fairly. [And customers are clients who are not eligible counterparties.]

Further in the Security Trustee role IPM agreed to take on as part of the promotion and as part of the activity of arranging deals in investments, it was under a clearly stated obligation to protect the interests of bondholders.

All of this means that IPM was under a duty to take reasonable steps to protect Ms B from the risk of, and the reasonably foreseeable consequences of, investing in the SEB bond as a consequence of the promotion not being clear, fair and not misleading in a material way.

It is my view that a prudent lender who lends to a subsidiary company will be concerned about the vulnerability of the subsidiary to the parent. In my view the security system approved of and participated in by IPM ought reasonably to have safeguarded against that vulnerability. For the system to have provided security that was reasonable in the circumstances it should have allowed IPM to enforce the security if SEB disposed of assets other than in the normal course of the business for which those funds were raised. This would include paying money to the parent company CBD Energy.

Put another way, it's my view that misuse of SEB's money by the parent company was loss of a foreseeable type. Accordingly IPM did not have to foresee the specific event, as such, to guard against it.

IPM should not have approved the promotion as fair, clear and not misleading without the security system giving such protection. Especially as the security system was a central or key feature of the investment – the point that was supposed to make it less risky than other mini-bonds, and the reason Ms B was attracted to SEB rather than other unsecured mini-bonds.

The bond should not therefore have been offered to investors. If approval was wrongly given, investors such as Ms B would invest in the bond thinking it had effective security system when they should not have been able to invest in the bonds at all.

Put another way, but for IPM's approval of the promotion Ms B would not have invested in SEB and would not have suffered the loss she has suffered. And the loss she has suffered is of a type that is within the scope of IPM's duty as a regulated firm approving the promotion.

It is therefore fair and reasonable in all the circumstances to require IPM to pay compensation to Ms B notwithstanding the fact that the failure of SEB was caused by the management of SEB and the failure of CBD Energy. This is because without IPM's error Ms B would not have lent her money to SEB."

My view remains as set out above. Given those findings I do not need to make findings on the other failings of IPM alleged by Ms B.

For the reasons I have given I uphold Ms B's complaint.

fair redress:

IPM has not commented on this. Ms B disagrees with the way I proposed things should be put right.

As a first point on fair redress I should say that my finding is that IPM was at fault in approving the promotion which it did in this case as part of arranging the deal in which SEB sold and Ms B bought the investment. That means the investment should not have been promoted to Ms B and she should not have invested. It is not my finding that SEB or IPM as the Security Trustee should have performed the contract and paid Ms B the agreed return.

As Ms B has said, our general approach is described in one of our leaflets as follows:

> *"If the ombudsman decides a business has acted unfairly – and caused a consumer to lose out in some way – they'll tell the business what it needs to do to put things right. As far as possible, the ombudsman will aim to put the person who's complained in the position they'd be in if the problem had never happened."*

And in guidance on calculating compensation in investment cases we publish online we say:

> ***"putting the consumer as far as possible in the position they would be in***
>
> *What will be right for the consumer will depend on circumstances of each case.*
>
> *In some cases we may decide the consumer would have left the money where it was. In others we may be able to identify the investments the consumer would likely have made instead.*
>
> *But in some cases we may not be able to identify the investments the consumer would likely have made if the business acted correctly.*
>
> ***what if we think the consumer would have left the money where it was?***
>
> *We will usually tell the business to pay compensation based on what the consumer's money would have been worth if it hadn't been moved.*
>
> ***what if we can reasonably identify the investments the consumer would have taken out?***
>
> *We will usually tell the business to calculate compensation based on what the consumer would have got from those investments.*
>
> *If the discussions at the time focused on a different investment as an alternative - and we conclude that the consumer would have chosen that - we might tell the business to pay compensation as though the consumer had made that investment instead.*
>
> ***what if we think the consumer would have invested differently - but we can't say what exactly they would have done differently?***
>
> *Sometimes, even if we can't identify exactly what alternative investments the consumer would have made, we are able to identify some qualities those investments would have.*

In these cases, we will tell the business to use a measure - usually a published benchmark or index or a combination of those - that would broadly reflect those qualities and that we think, overall, reflects how the money might have been invested.

The amount of money the chosen measure makes (or losses) should be a reasonable reflection of the amount of the money the consumer would have made (or lost) if things hadn't gone wrong. The financial business should compare this with what return the consumer actually got.

Examples of the measures we might decide to use include:

- *Where we decide the consumer wanted to achieve a reasonable return and some flexibility with their investment but did not want to risk their capital, our starting point will usually be to tell the financial business to compare what the consumer would have got if the return on the investment had matched the average rate for a one-year fixed-rate bond (as published by the Bank of England compounded annually) with the performance of the actual investment. This does not mean that the consumer would have invested only in a fixed-rate bond. Rather, this broadly reflects the sort of investment return a consumer could have obtained with little risk to capital.*

- *Where we decide the consumer was prepared to take some risk - for example, by investing a higher proportion in the stock market with the objective of getting a higher return, we might tell the financial business to compare the return the consumer would have got based on the FTSE UK Private Investors Income total return index (prior to 1 March 2017, the FTSE WMA Stock Market Income Total Return Index), with the performance of the actual investment.*

- *Where we decide the consumer's risk profile was in between - in the sense that they were prepared to take a small level of risk to achieve their investment objective - our starting point might be to tell the financial business to compare the return the consumer would have got from a 50/50 combination of the two benchmarks above with the performance of the actual investment. This does not mean we assume that 50% of the money would have been invested in cash and 50% in some kind of index tracker fund. Rather, we consider this a reasonable compromise that broadly reflects the sort of return obtainable from lower risk investments."*

I have to decide what Ms B would have done if she had not invested in SEB. And this is not a complaint about advice like many of the investment complaints this service deals with. So unlike those cases there is little or no contemporaneous documentary evidence recording the reasons Ms B was investing, or what she was looking for in an investment, or the alternatives she might have considered.

Ms B is, I accept, in a difficult position. Her thinking at the time was on the basis that SEB *did* exist. She had no reason to think about and record what she would do if it hadn't been available.

There was another renewable energy based bond available in the autumn of 2013 from a competitor of SEB. It had different terms. It offered 7.25% and a four year fixed term. It was not marketed as a secured bond.

Ms B has provided details of other alternative energy mini-bonds and alternative energy investments. They show other similar investments are available from time to time offering more attractive returns than traditional longer term savings accounts – but none seem to have been available when this investment was made.

Ms B has said equity based investments – where there is a real risk of investment loss - were not her first choice though she *might* have gone down that route if SEB had not been promoted to her.

Ms B was not attracted to the competitor's four year alternative energy bond which was not secured but paid 7.25% compared to SEB's 6.50%. She did not want to tie her money up for four years without the security SEB seemed to offer.

Ultimately Ms B chose a mini bond that was marketed as relatively low risk for an investment of its type. That is one with some risks but in which the impressions was given that risks were eliminated as far as possible. There was a contractual promise to repay the money and that was backed by a guarantee and a security system which Ms B says were important to her decision to invest. This does therefore lead me to the view that this a case that fits the first bullet point in the published guidance above and not the second or third. It does seem that at the time Ms B wanted an investment which she viewed as effectively no risk rather than one in which she wanted to take a small level of risk to her capital.

Shortly after my provisional decision I informed the parties that I was minded to amend the redress set out in my provisional decision as follows:

> "In the circumstances I think a reasonable return to arrive at a fair value for a reasonable alternative investment is the Bank of England average return for fixed rate bonds. We usually use the index with 12-17 month maturity. These are the average rates that banks and building societies were advertising for fixed term, fixed rate deposit accounts. This is our usual benchmark for calculating compensation for an investor who was looking for certain returns and did not want to risk their capital, and it's not clear what suitable alternative investment would have been chosen. However on checking the Bank of England website I see there is also data for three year bonds and that does seem more appropriate in the circumstances. (And as I understand it the average rate at the time Ms B invested in SEB was 2.21%) That is not to say Ms B would definitely have had such an account – just that it is the sort of return that would be reasonable in the circumstances for the three years she was will to invest."

This remains my view though I recognise and regret that it will be disappointing to Ms B.

I do however agree that the impact on Ms B has been greater than a payment of £250 suggests. I do agree that Ms B has personally and reasonably spent a great deal of her time in trying to resolve her complaint as well as the natural distress, alarm, annoyance and regret any investor feels when the investment they have carefully chosen and trusted fails losing all the money they invested. I think a payment of £500 is more appropriate in the circumstances of Ms B's case.

So in all the circumstances IPM is to pay Ms B the following:

1. Compensation equal to the sum Ms B invested in SEB.

2. An investment return on that sum from the time of the investment to the maturity date. That investment return is to be at the Bank of England calculated average rate for three year fixed rate bonds at the time the investment was made.

3. From the total of 1 and 2 IPM is to deduct the payments made to Ms B by SEB before it ceased making payments and went into administration.

4. Interest on the figure calculated in 3 at the rate of 8% simple per year from the maturity date to the date of this decision.

5. £500 compensation for the distress and inconvenience caused to Ms B.

IPM is to pay the above within 28 days of being notified of Ms B's acceptance of this decision. If it does not it is to pay 8% interest per year on all of the compensation due to Ms B (including the compensation for distress and inconvenience) from the date of this decision to the date of payment of the compensation.

my final decision

I uphold Ms B's complaint and direct Independent Portfolio Managers Ltd to pay fair redress to Ms B as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms B to accept or reject my decision before 26 July 2018.

Philip Roberts
ombudsman