complaint

Mr and Mrs J say Philippa Gee Wealth Management Limited ("the business") made wholesale changes to their investments against their wishes. They believe they have suffered financial losses as a result of being out of the market and additional charges that have been applied. They also say the business didn't seek Mrs J's authority before making the changes.

background

The adjudicator didn't think the business had acted unreasonably. He did not recommend the complaint should be upheld. In summary, the adjudicator said:

- The business had reasonably set out what was discussed and what was recommended when it wrote to Mr and Mrs J in December 2013.
- It then responded in a timely fashion to the enquiries it received.
- The recommendation to amend the portfolios appears to reflect Mr and Mrs J's financial objectives, change in risk profile and to reduce charges.
- Mr and Mrs J were experienced investors and should have been reasonably aware of the risks associated with a change in their portfolios.
- The business should not have acted upon Mr J's sole instructions. But this is not reason in itself to uphold the complaint.

Mr and Mrs J did not agree with the adjudicator's findings and asked for the complaint to be reviewed by an ombudsman. They made the following points:

- They only gave the go ahead to switch funds on the basis it would not be a 'wholesale sell and buy'.
- They do not understand how the adjudicator considers the new portfolio is of a higher investment risk, as it is virtually identical.
- They question the adjudicator's comments regarding their previous investment experience.

- The adjudicator did not provide an estimate of the financial loss they've suffered as a result of being out of the market

The matter has now been passed 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.

The business undertook a review of Mr and Mrs J's investments towards the end of 2013. This found, in part, that their investment portfolios did not match their attitude to risk. This had been reassessed as part of the review. The adviser recommended making some changes to the portfolios because of this.

There followed a series of emails between the adviser and Mr J. This culminated in Mr J agreeing to go ahead with the proposed changes. So overall, I think Mr and Mrs J had enough time to reflect on the adviser's recommendations. They were also made aware of the costs involved.

So I am unable to agree the business was wrong to make the changes to the portfolio Mr and Mrs J have complained about.

The advice was given to Mr and Mrs J jointly. But I appreciate all the later communications were only with Mr J. With hindsight, it might have been better if the adviser had also sought confirmation directly from Mrs J that she agreed to the changes.

But I am mindful that in the past Mr J had given instructions that also included his wife's investments. Also, in his emails to the adviser about the proposed changes, it seems he is effectively also speaking on behalf of his wife. So it was understandable if the adviser assumed Mrs J also agreed with what was being suggested.

And while Mr and Mrs J say they object to the wholesale change to their portfolios, the changes were only those that had been agreed. The adviser had explained her reasoning behind these. For instance, some were needed to rebalance the portfolio in line with Mr and Mrs J's risk profile. Other investments were moved over to a 'clean' share class. This was to reduce costs going forward.

I have also considered Mr and Mrs J's concern they were left out of the market while the changes were being made.

Mr J gave the go ahead for the changes to be made on 9 January 2014. On 13 January, he emailed the adviser saying he had noticed very large cash holdings when logging onto the portfolios. But this was effectively only two working days after he gave the instruction to make the changes. There was a weekend in between. So I don't think it's surprising the portfolios showed cash holdings at that point.

When making the intended changes, it was necessary to sell the existing investments before reinvesting the proceeds. So it was inevitable there would be a period during which the money wasn't actively invested. As Mr and Mrs J put it, during this time they would be 'out of the market'. But I think this is something Mr and Mrs J should have known. Although they were not sophisticated investors, they had held investments over a number of years. So I think they must have gained some experience of what happens when an investment is changed.

The only way Mr and Mrs J could have avoided not being invested all the time was to leave the investments in place. But it seems they didn't want to do this. They were willing to make the changes the adviser recommended.

I've also not seen evidence the business took an unduly long time to arrange for the reinvestments to take place. So I cannot see that it is responsible for any loss Mr and Mrs J may have suffered while their money was not invested. The changes were intended to work in their favour over time. So I don't think Mr and Mrs J were particularly disadvantaged if some of their capital wasn't invested for a short period.

my final decision

I do not uphold the complaint and I make no award.

Doug Mansell
ombudsman