

The complaint

Mrs K complains that Bespoke Financial Guidance Limited did not provide her with the agreed service. She wants it to refund its fees and to compensate her for any loss in potential growth of her portfolio.

Bespoke Financial Guidance is an appointed representative of Quilter Financial Services Ltd (“Quilter”). This means Quilter is responsible for the service provided, and for this complaint.

What happened

Mrs K had a general investment account, a stocks and shares ISA and a personal pension portfolio managed by a financial adviser. That advisor’s business was acquired by Bespoke in August 2017 and it managed her portfolios until 10 April 2018, when Mrs K moved to another provider.

For ease, I will refer to the business as “Quilter” for the rest of this decision, as it is responsible for providing the service to Mrs K.

Mrs K says she was promised the same service that she’d previously enjoyed, including two reviews a year and daily portfolio monitoring. She says this didn’t take place and that no fund switches were executed.

Quilter said no immediate investment needs were identified and a review meeting would have taken place in March or April 2018. But Mrs K stopped using the service, so a meeting didn’t take place. It didn’t provide discretionary management services and its investment planning was for the medium to long term, so it wouldn’t carry out short term fund switches. The funds were reviewed daily, as a collective along with other clients on the platform.

Our investigator recommended that the complaint should be upheld. She didn’t think Quilter had demonstrated what it did for the fees it charged, and that those fees should be reimbursed. She said she couldn’t speculate what might have taken place if Quilter had provided the active management Mrs K expected, so she didn’t conclude that any additional compensation was payable.

Quilter didn’t agree and asked for the complaint to be passed to an ombudsman. But it didn’t provide any additional information or evidence.

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.

When Quilter took over the management of Mrs K’s portfolio, a joint meeting took place with her previous advisor and she was assured that she would continue to receive the same service. Further reassurance was provided in February 2018, in response to a question from Mrs K’s husband who was told things would be run, “*in exactly the same way*”, and that “*nothing changes in terms of fund selection, charges and processes*”. Quilter further

confirmed that, "*I can specifically confirm that your portfolio will be checked on a daily basis*" and that the annual review would take place in March.

Mrs K told us that she'd previously received two face to face review meetings a year and that her portfolio was monitored daily. And, in its submissions to us, Quilter told us that Mrs K's previous advisor was authorised as a discretionary manager.

I find that there were differences in the service Mrs K received:

- Quilter provided an advisory management service, whereas Mrs K has previously received a discretionary management service. I don't find the difference in service was highlighted to Mrs K.
- Mrs K had received two face to face review meetings each year. Quilter confirmed a meeting would take place in March 2018. Whilst I can see there was some preparation for this meeting, I've not seen evidence to show that a meeting date was arranged or agreed. Quilter told us the meeting would have taken place in April if Mrs K hadn't changed provider. But I've not seen evidence to show that an April meeting was planned or agreed – there's evidence that Quilter agreed the meeting would take place in March, and it didn't.
- Mrs K told us her portfolio was monitored daily by her previous provider. On balance, I think it's most likely that the funds held in her portfolio – and those of other clients - were collectively monitored, rather than the portfolio itself. For example, if one of the funds was underperforming, the decision may have been taken to sell that fund for all clients. Quilter hasn't demonstrated to this service that these checks were taking place. But, even if they were, I don't think Quilter did enough to explain to Mrs K what it was actually checking on a daily basis. In response to her husband's question about this, Quilter said, "*I can specifically confirm that your portfolios will be checked on a daily basis*". This suggested that Mrs K's portfolio was accessed and checked daily. I've not seen evidence that this was the case.
- Quilter seems to accept that fund switches were carried out on a more regular basis by Mrs K's previous advisor. It's explained that its approach to fund investment is longer term and that, whilst a fund switch is always a consideration, this would be less likely under its management. I'm not making a finding on which approach was more appropriate for Mrs K. Rather that there was a change of approach. Which wasn't brought to Mrs K's attention. Instead she was wrongly told that nothing would change.

I also find some concerns about the process for reviewing Mrs K's portfolio. As part of its complaint investigation, Quilter told us that, if a meeting taken place in March or April 2018, there would have been a discussion "*to reduce the overall risk of the existing...portfolio which we understand was relatively higher risk*". This conflicts with the "Financial Health Check & Review" letter dated 7 November 2017 which confirmed the current investment was aligned to the agreed risk profile and objectives. If the position had changed since November 2017, I would have expected Quilter to have brought this to Mrs K's attention. I've not seen evidence that it did. And, whilst it may have been waiting to discuss this in person at the review meeting, it didn't arrange for that meeting to take place.

Overall, I agree with our investigator. I don't think Quilter has done enough to demonstrate what service Mrs K received for the fees it charged and that the fees should be refunded.

Mrs K said that no fund switches took place during this period and that she wants compensation for the growth her portfolio would have made had switches taken place.

I agree with our investigator's conclusions here. It's not possible to say what switches might have taken place had Quilter provided more active management of Mrs K's investments and I can't conclude with any certainty that her investments would have grown more in value. For that reason, I can't conclude that Mrs K incurred a loss because of Quilter's inactivity. It follows that I don't find any compensation is payable.

Putting things right

As set out above, Quilter should reimburse Mrs K for the fees it charged. Quilter told us that the fees from August 2017 to November 2017 inclusive were paid to Mrs K's old advisor. But Quilter was responsible for the management of Mrs K's portfolios during this period. For the avoidance of doubt, Mrs K should be reimbursed for all fees deducted from her portfolios for the period from and including August 2017 – when Quilter took over the management of her investments – to and including April 2018 – when Mrs K moved the management of her investments elsewhere.

Quilter should pay simple interest at 8% a year, from the date each fee was charged to the date of settlement.

My final decision

For the reasons I've explained, my final decision is that Quilter Financial Services Ltd should reimburse Mrs K for the fees it charged during its period of management of Mrs K's investments, as detailed above, plus simple interest at 8% a year from the date each fee was charged to the date of settlement.

HM Revenue & Customs requires Quilter Financial Services Ltd to take off tax from this interest. Quilter Financial Services Ltd must give Mrs K a certificate showing how much tax it's taken off if she asks for one.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs K to accept or reject my decision before 9 November 2021.

Elizabeth Dawes
Ombudsman