

## The complaint

Mr S complains that Vanguard Asset Management, Ltd trading as Vanguard made the decision to close its Vanguard's Personal Financial Planning ("VPFP") service.

Mr S says he intended to invest for a five-year term, but Vanguard's decision has left him having to manage the investments himself and with the value being less than he initially invested. He wants Vanguard to refund him for these losses.

## What happened

Mr S invested in an ISA and a GIA as part of Vanguard's VPFP service in 2021. Mr S was looking to retire in five years' time and so intended to use the service until then. However, Vanguard informed him in February 2023 that it had decided to withdraw its VPFP service. Vanguard gave Mr S 90 days' notice for him to either move to Vanguard's non-advised service or to find a new financial advisor.

Mr S was unhappy with Vanguard's decision to close the VPFP service as he didn't want to have to manage the investments himself. He was also unhappy that his investment value decreased by over £2,000. So he raised a complaint with Vanguard.

Vanguard considered Mr S's complaint but didn't think it had acted unfairly. It said it had made the difficult decision to close its VPFP service as it found, in general, that its clients were looking for other more adaptable forms of financial planning. In recognition of the disappointment and inconvenience caused to Mr S, Vanguard offered to refund its financial planning fees as a gesture of goodwill.

Mr S remained unhappy and so he referred his complaint to this service for an independent review.

One of our investigators considered Mr S's complaint but didn't uphold. In summary, they said they understood why Mr S feels disappointed with Vanguard's decision to end the VPFP service, but that it's able to make a commercial decision under its terms. They considered that Vanguard had recognised the inconvenience caused to Mr S and refunded him the fees he paid for the service which they felt was fair and reasonable.

Mr S didn't accept the investigator's findings. In summary, he said:

- The terms and conditions may say that Vanguard can give one month notice to stop providing the VPFP service, but it shouldn't have provided the service in the first place.
- He wouldn't have entered an agreement had he known the service could be withdrawn with one month's notice.
- Vanguard sent the terms and conditions to his online account in November 2021, despite him joining the service prior to this date.
- If Vanguard felt that it needed to refund him automatically without him asking, then he questioned what Vanguard was doing during the period it was managing his investments.

- He felt Vanguard should compensate him fully for the losses he's realised and that it wouldn't be fair for him to continue with his investments, considering it requires a dedicated financial understanding.

As Mr S remained unhappy, the complaint has been passed to me to decide.

### **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.

I understand that, since referring the complaint to our service and the investigator issuing their view, Mr S has raised concerns regarding how Vanguard managed his investments during the period he was signed up to its VPFP service. To be clear, my decision will focus solely on whether Vanguard has treated Mr S fairly in cancelling the VPFP service. If Mr S has any concerns around how Vanguard managed his investments, then he would need to raise these separately with Vanguard in the first instance.

Vanguard's VPFP service terms explained that it could withdraw the VPFP service:

*"Our right to end the FPMS and the VPFP Service*

*15.4 We can close your VPFP Profile by giving you a minimum of one month's notice, although we will always try to give more notice where reasonably practicable."*

I understand Mr S says he didn't receive these terms until after he invested in the service. I've not been provided evidence to support this but regardless, Mr S has acknowledged that he did receive these terms. And so he ought to have been aware that Vanguard could close the VPFP service by giving one month's notice. It's not unusual for an investment provider to include a term which allows it to withdraw a product or service by giving notice. So I'm not persuaded by Mr S's comments that he wouldn't have invested had he known that there was a possibility the service could be closed.

Looking at Vanguard's actions, it gave notice to Mr S in February 2023 and gave him three months' notice to make a decision as to whether to continue to hold his investments with Vanguard on a non-advisory basis or to transfer them to another financial advisor. I'm satisfied it gave him sufficient notice, beyond what was stipulated in the terms, and gave him options to remain invested in the funds it had selected for him.

I appreciate Mr S feels it wouldn't be fair for him to continue with his investments considering it requires a dedicated financial understanding. However, he does have the option of transferring his investments to a new financial advisor. So I don't think he's been treated unfairly in that respect. Whilst he would likely have to pay for this advice, he would have always incurred an ongoing fee with Vanguard if it had continued to provide the VPFP service.

I'm also aware that Vanguard refunded him all fees incurred whilst the VPFP service was in place. I think this is fair considering Mr S has suffered the inconvenience of having to move to a non-advisory service or to a new financial advisor. I also think it recognises any distress caused having anticipated that he would be invested in the service until retirement.

However, I don't think it would be fair or reasonable to ask Vanguard to refund Mr S for the investment losses he has suffered. I say this as I'm not persuaded the reduction in his investment value has been caused by Vanguard's decision to close the VPFP service. The loss Mr S seeks to be refunded for has been realised through the reduction in value of his

underlying funds. Mr S may have now raised concerns regarding the management of his investments, but as I've explained above, these concerns didn't form part of his original complaint to Vanguard. And so I can't consider these in this decision.

Overall, whilst I appreciate Mr S feels let down by Vanguard's decision, I think it was able to make what I consider to be a commercial decision and it hasn't treated Mr S unfairly in doing so. I recognise the decision is disappointing for Mr S as he anticipated using the VPFP service until retirement and it's now been cut short. But I think Vanguard has provided fair options going forward to mitigate this inconvenience and by refunded the fees incurred during the duration of the VPFP service, it has fairly compensated for any distress and inconvenience cause.

### **My final decision**

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 21 March 2024.

Ben Waites  
**Ombudsman**