

The complaint

Mr G has complained that Lowes Financial Management Limited failed to assist him in making investments he was seeking to take out, losing him the opportunity to obtain tax relief on those investments in the tax year 2022/23.

What happened

In November 2022 Mr G arranged an appointment with Lowes, but had to cancel it due to illness. He rebooked and met with an adviser from Lowes on 23 February 2023.

Mr G has said that he contacted Lowes because he wanted to enquire about potentially tax saving investments such as venture capital trusts (VCTs). He says that from what he'd been told, VCTs were amongst the investment areas that the adviser dealt with. The adviser asked for details of Mr G's existing investment portfolio, and he provided this. Lowes has confirmed that no formal investment recommendations were made during the meeting, as these would be included in a follow up suitability report.

Mr G has said that he makes his own investment decisions. The adviser asked if he would be willing to move his investments to Lowes, with the intention of improving their performance. Mr G said that he would consider this once the adviser had recommended potential investments in VCTs, or other mediums that might have tax savings. But by the end of the meeting, Mr G has explained he was unhappy that these types of investment had not been discussed at all.

By 30 March 2023, Mr G had heard nothing further from Lowes, and he was concerned that the end of the tax year was close. He wrote to Lowes, saying he was disappointed that the adviser had asked for details of his existing investments. He said that he considered the adviser's aim had been to persuade him to move his investments to Lowes, rather than assisting him in taking out VCTs or similar arrangements. Mr G explained that he felt the adviser had intruded into his private affairs.

Lowes responded that it felt there had been a misunderstanding. It stated that it needed to have a full understanding of a client's financial position before it could provide any recommendations. Lowes said that the adviser had left the meeting believing that it had been agreed he would be introducing Mr G to a stockbroker, who the adviser believed would be able to assist Mr G with certain of his financial needs. That introduction had not occurred as yet because the adviser had the impression that this matter was not urgent. In addition, Mr G had told the adviser that he was unavailable for a few days as he was at a sporting event, and the stockbroker identified was also on holiday. Lowes apologised for any misunderstanding, and confirmed that it would destroy its 'know your client' information collected at the meeting unless Mr G advised it to the contrary.

Mr G made a formal complaint to Lowes. He said that he had been expecting to receive contact from the adviser about VCTs after 17 March, when the sporting event which led to him being unavailable had ended. Mr G highlighted that it was now close to the end of the tax year, with very limited time to invest before then. He described the introduction to a

stockbroker mentioned by Lowes as a 'side show'. Mr G questioned Lowes' adviser's suitability to be dealing with personal financial details.

In response, Lowes stated that it had never reached the stage where it had provided Mr G with any formal recommendation for his finances. It disagreed with Mr G's assertion that the adviser obtaining financial details from him was intrusive. In terms of the delay introducing Mr G to a stockbroker, Lowes stated that this had been impacted by the adviser being ill for a week in March. It also rejected the suggestion that its adviser was not an appropriate person to be dealing with its customers' personal details. Lowes said that the adviser had collected Mr G's details with the intention of providing him with a detailed assessment of his financial needs. It considered there had been a misunderstanding regarding the purpose of the meeting with the adviser.

Dissatisfied with Lowes' stance, Mr G brought a complaint to this service. He said that the adviser's reasons for meeting him were different to the reason that Mr G had asked to see him. Mr G said the adviser had not tailored his advice to his needs, which specifically related to VCTs. He felt that he had been misled by the adviser about the purpose of his visit. In terms of the timescales for assisting him with VCTs before the end of the tax year, Mr G considered that the adviser had adequate time to do this, notwithstanding the illness he'd experienced and the period that Mr G was unavailable. He said his interactions with Lowes' adviser compared much less favourably than dealings he had had with other financial advisers in the past. In Mr G's opinion, Lowes had caused him to lose between £3,000 and £3,500 in respect of tax savings he could have made via VCTs in the tax year 2022/23.

In its submissions to this service, Lowes did not accept that it had made a formal suggestion about moving Mr G's investments to it, and it disagreed that the only objective of the meeting was to explore means to save tax.

Our investigator did not uphold this complaint. Her view was that Lowes had acted reasonably when seeking information about Mr G's existing financial arrangements before providing him with any advice. She concluded that the available evidence didn't show that Mr G had asked Lowes to arrange a VCT investment for him before the end of the 2022/23 tax year. The investigator also noted that after the meeting had occurred on 23 February 2023, there were various times before the end of the tax year when either the adviser or Mr G were unavailable.

Mr G disagreed with the investigator's findings. He suggested that her assessment focused on whether Lowes had carried out the correct regulatory procedures rather than whether it had offered a good client service. Mr G reiterated that in his view, Lowes had ignored the reason he had originally contacted it. He commented that Lowes had wasted his time and cost him money.

Mr G said that because the VCT investment had not been made in the tax year 2022/23, he had lost the opportunity to make a tax saving in that year. He explained that he tries to use all tax saving opportunities that he can each year. Mr G said that Lowes had had the opportunity to address his objective for a VCT investment both during and after his meeting with the adviser, but had not done so. He suggested this might be because Lowes had realised he might not use the business as his investment adviser.

With regard to Lowes introducing him to a stockbroker, Mr G commented that he had told the adviser that he was interested in being able to buy London listed shares that would be held in his name, rather than a nominee account. Mr G agreed that a formal client agreement with Lowes had not been put in place, but he said he had an agreement with it that it would provide him with advice or suggestions about VCTs and other similar schemes. It was for

this reason that he met with the adviser, but Mr G commented that he felt he had a better understanding of the investment world than the adviser.

Mr G said he had told the adviser that any VCT investment had to be carried out by the end of the tax year, and he also felt that this was self-evident anyway. It was for this reason that he wrote his letter to Lowes on 30 March 2023. Mr G stated that the adviser had visited him on false pretences, hoping to gain a client, but not being concerned about providing assistance on VCTs or similar schemes. Mr G questioned whether Lowes has the appropriate permissions to arrange and advise on investments in this type of scheme, because the adviser did not mention VCTs at the meeting or afterwards.

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 note that Mr G has described the adviser obtaining information about his personal and financial circumstances as being intrusive. However, in order to make recommendations of investment products to clients, there is a regulatory requirement upon businesses to obtain sufficient information about the individual concerned in order to ensure the advice given is suitable to their situation and needs. It is unfortunate that Mr G was uncomfortable with the adviser asking the questions that he did, but in order to ensure Lowes provided him with appropriate advice, my view is that the actions taken in this regard by Lowes were reasonable.

Of course I cannot know for certain the exact details of the conversation that took place between Mr G and the adviser at the February 2023 meeting. Mr G has said that "*at no time did Lowes make any reference to VCTs, discuss them at all or make any attempt to help me make an investment in VCTs.*" The adviser completed a 'fact find' document to record his meeting with Mr G. This document has several references to VCTs in it. The adviser has also stated that following the meeting, he understood that he would be making an introduction to Mr G to a stockbroker, and that he would "*gather information on a potential VCT for [Mr G] to dip his toe into.*" Based on the weight of evidence provided, it seems more likely than not to me that a least some discussion about VCTs occurred during the February 2023 meeting.

A key element of Mr G's complaint is that it should have been clear to Lowes that he wanted to complete the VCT investment he was exploring before the end of the 2022/23 tax year. He has said that he told the adviser this, but also that it should have been self-evident to Lowes that this is what he would want to do. I have thought carefully about Mr G's comments in this regard. In my view, it does not necessarily follow that where a meeting has been arranged in the lead up to the end of a tax year, the consumer is likely seeking to take out an investment before the upcoming 5 April deadline. I appreciate that the February 2023 meeting was around six weeks before the tax year ended. But in my view, this wouldn't have meant that Lowes should have automatically concluded that any potential investment discussed which had tax saving aspects to it needed to be in place before the end of the 2022/23 tax year.

Further to this, although the fact find notes Mr G's interest in investing in VCTs, in my view there's no compelling evidence from this document that the need for this investment to be made before the end of the 2022/23 tax year was discussed. I also note that following the February 2023 meeting, Mr G did not attempt to contact Lowes again until he wrote to it on 30 March. It seems to me that if he wanted to make it clear to Lowes that investment in a VCT or similar scheme by 5 April was a key requirement, Mr G should reasonably have contacted it at an earlier date to see what Lowes' recommendation was in this regard. I am

also mindful that after the proposed November 2022 meeting was cancelled by Mr G, he was content for the revised meeting to be in late February 2023, by which time the tax year deadline was much closer. Overall, on balance my view is that Mr G did not make it sufficiently clear to Lowes that he required the proposed investment to be in place by the end of the 2022/23 tax year.

Mr G has questioned whether Lowes has the appropriate permissions to arrange and advise on VCT investments, or investments in similar schemes. Lowes is authorised to advise on and arrange deals in investments, and I consider this includes advising on VCTs. There can be promotion restrictions on VCTs, reflecting that they are generally considered high risk investments, and this can affect which clients an adviser might recommend these particular investments to. But in this case, Lowes did not recommend any VCT to Mr G, and so I do not need to assess that here.

Mr G says that the Lowes adviser arranged the meeting in February 2023 on false pretences. Although I appreciate Mr G remains unhappy with the circumstances around the visit made by the adviser, my view is that it was reasonable for Lowes to arrange this meeting. Lowes understood that Mr G might have a financial need that it could assist with, and it met with him on that basis. The fact that Mr G did not subsequently become a client of Lowes, or arrange any investments via the business, does not mean that Lowes acted inappropriately by arranging the February meeting. And on balance, as I explained above, my view is that Lowes acted reasonably by obtaining the information that it did from Mr G before making any recommendation to him.

I appreciate that Mr G is likely to be disappointed with my findings. However, my conclusion is that Lowes has not acted inappropriately in its dealings with Mr G.

My final decision

My final decision is that I do not uphold this complaint, and I make no award.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 15 May 2024.

John Swain
Ombudsman