DRN-4583038

The complaint

Ms C has complained that Charles Stanley & Co Ltd didn't do enough to stop her liquidating her portfolio in March 2020.

What happened

Ms C had an investment portfolio, held within a discretionary portfolio management service through Charles Stanley.

Ms C says that she was concerned about the performance of the portfolio, in light of market volatility at the start of 2020. She says she raised concerns on several occasions at this time with her investment manager at Charles Stanley. Ms C decided to liquidate the portfolio in March 2020. She did reinvest again following further discussions with Charles Stanley, before liquidating again in full in April 2021.

Ms C wrote to Charles Stanley in August and September 2022 to complain. She said that she should have been given further reassurance and dissuaded from disinvesting in March 2020. She estimated that she had lost approximately £400,000 from Charles Stanley not doing so.

Charles Stanley responded to say that the investment manager had attempted to reassure Ms C on several occasions. They said they felt Ms C was insistent and clear that she could not tolerate further losses, with a property purchase planned for 2021. They said that the investment manager had suggested alternative investment options and been clear in her advice not to liquidate the portfolio. They did however, note that several letters of contact from Ms C during the complaint had not been responded to. For the distress and inconvenience this caused, they offered her £1,000 compensation.

Ms C remained unhappy and brought her complaint to our service for an independent review. An Investigator looked at it, she said that Charles Stanley had acted appropriately and reasonably when accepting a clear instruction from Ms C and during the discussions beforehand. She also felt the £1,000 offer was fair considering the impact of the missed communications.

Ms C didn't accept the view. She responded in full and amongst her points, she maintained that the advisor hadn't done enough to reassure her and had potentially acted negligently due to personal life distractions. She wanted it highlighted how she became a client of Charles Stanley's and that she felt she had to be persuaded to invest.

As no agreement was reached, the case had been passed to me for a decision.

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.

Having done so, I have come to the same conclusion as the Investigator. Let me explain why.

Firstly, I do want Ms C to know that I empathise with the position she has found herself in. It is clear from her communications that she was concerned over a period of time about market volatility, especially with future intentions for the proceeds. I am sorry to hear that she says she lost a significant amount of money during this time.

However, I don't agree that Charles Stanley should have done more to stop her from disinvesting. I have reviewed the timeline of events from March 2020, based on the evidence provided from both parties. I am also aware of Ms C's point that she felt she was sought and persuaded into the making the investment and that Charles Stanley were aware of that background.

However, having reviewed the correspondence, I think Charles Stanley acted appropriately and fairly during a period of volatility and regarding what should be considered a long term investment. At the start of March 2020, Ms C told her investment manager that she was struggling not to panic. Charles Stanley subsequently responded across emails asking Ms C *"please try not to panic"* and *"my advice is still very much to sit tight".* However, on 23 March 2020 Ms C emailed a request to liquidate her holdings. She made clear she had a desire for her investment value not to fall below £1,000,000 and that she had intentions for the money in the following year. The investment manager called to discuss the email and again in this call explained that general advice would be to *"sit tight"*.

However, during the call it was agreed that Ms C's holding would be disinvested, with the aim to reinvest at a later date (which Ms C subsequently did). I think Charles Stanley acted fairly here. There was a clear mandate and instruction from Ms C and an understandable reason for doing so. There was also a suitable future reinvestment plan that seemed to suit what Ms C wanted to do. I wouldn't have expected Charles Stanley to ignore these clear requests from Ms C and not to act and I think they were clear enough that it was against the advice they were giving.

Following the case being brought to our service and in preparing their file, Charles Stanley say they became aware that there were four letters sent from Ms C that had not been dealt with as they would have liked. They have offered Ms C £1,000 compensation for the distress and inconvenience this caused. I think that's reasonable considering the impact these missed letters had on Ms C. I note that the letters were all post liquidation of the investments and there is no evidence that they caused any financial loss to Ms C.

In summary, I think Charles Stanley acted fairly and I wouldn't have expected them to do more. They advised against surrendering the investment and the full, if temporary, liquidation was not in their interests. I am satisfied they were acting on the clear request of Ms C, which they were required to do. There were subsequent miscommunications, which they are offering £1,000 as compensation for. I think that is reasonable in the circumstances and considering the impact on Ms C from that.

My final decision

My final decision, for the reasons stated above, is that Charles Stanley & Co Ltd don't need to do anything more than they have already offered to settle this complaint. Charles Stanley & Co Ltd should pay Ms C £1,000, if they haven't already done so.

Under the rules of the Financial Ombudsman Service, I’m required to ask Ms C to accept or reject my decision before 23 February 2024.

Yoni Smith
Ombudsman