

The complaint

Mr S complained that he was unhappy with both the level of charges and the recommendations made by FIL Wealth Management Limited trading as Fidelity Investment Advisory Services (FIAS). He felt that the recommendations made were unsuitable for him.

What happened

On 12 January 2023, Mr S contacted FIAS to seek financial advice, mainly for himself, but to also cover aspects of his wife's finances. At that time he held a self-invested pension plan (SIPP) and other investments with Fidelity, as well as pensions and investments with other providers.

Subsequent meetings were carried out to establish the scope of the advice to be provided, Mr S's financial objectives and the attitudes to risk for both Mr & Mrs S. The scope of the advice and financial objectives were agreed on 31 March 2023 and included a total value of c£530,000. Ongoing advice was agreed to be provided to both Mr and Mrs S. Mr S was assessed as having a risk rating of five out of seven, Mrs S three out of seven.

A suitability report was produced on 30 June 2023. Mr S responded to this on 14 July 2023. Although he was happy with the level of research and analysis that the report contained, he was unhappy with the investment recommendations provided, which was to invest all of the SIPP assets, Individual Savings Accounts and other investments into one fund, The Fidelity Multi Asset Open Strategic Fund. Mr S further stated that he had expected a

more personalised and appropriately balanced portfolio of investments with a degree of active monitoring and management

He went on to explain that he wanted to stop the process and not proceed with the recommended approach.

A meeting was held on 1 August 2023 to discuss the advice Mr S had received and the recommendations that had been made. FIAS explained that the fund it had recommended contained a total of 87 separate assets from many different classes and was considered to be very diversified. Mr S also expressed a level of concern as he felt the fund was not performing well in comparison with other investment portfolios and that he felt uncomfortable about changing his investments at that time. A further contact in 11 months' time was agreed.

On 8 August 2023, FIAS issued Mr S with an invoice for £4,000 for the advice he had received. Mr S wrote to FIAS to complain about the fees, saying he was '*deeply unhappy*' with them.

FIAS investigated Mr S's complaint and responded to it on 29 September 2023. It did not uphold his complaint, primarily on the basis that the fees had been disclosed to him at the outset of the process and that he had signed the Terms of Business which clearly outlined the fees to be paid on 22 January 2023. This document also stated clearly that FIAS could

only recommend investment solutions from a restricted range of up to 20 Fidelity funds. It also said:

The fee for advice becomes payable when we send you our report.

The fees payable were 1% of the total investment amount, with

a minimum fee of £4,000 payable if you have been provided with a recommendation but chosen not to proceed.

FIAS concluded:

I am satisfied that we have provided you with a recommendation that is suitable and meets your needs and objectives. I am also satisfied that we made it clear that our advice was restricted to Fidelity products only and that we confirmed both upfront and at the time of our recommendation what our fee would be and when this would become due. Throughout the advice process you were happy with the financial planning aspect and the recommendations made in terms of future tax efficiencies and strategies

Unhappy with this response to his complaint, Mr S brought it to this service.

Our investigator reviewed the evidence and formed the view that the complaint should not be upheld. Mr S was unhappy this view, so this case has been passed to me to review the evidence again and make a final 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 reviewed all the evidence in this case, I agree with our investigator and do not uphold this complaint.

I can appreciate that this will be disappointing to Mr S, so I will explain how I have reached my decision.

Firstly, I think it's important to reflect upon the role of this service. Our role is to impartially review the circumstances of a complaint and make a decision on whether a business has made errors or treated a customer unfairly.

In the circumstances of this case, I believe the essence is whether or not the service FIAS provided to Mr S met the terms of the contract he entered in with it. To do this, I must consider whether:

- The scope and objectives of the advice were made clear to Mr S
- The fees for the advice were also made clear to him in advance of the work being carried out
- The advice provided to Mr S was suitable for him given his assessed level of risk and articulated financial objectives

To do this, I've looked carefully at the evidence provided and the timeline of actions related to this case.

In the first instance, I have looked at the Terms of Business FIAS issued and Mr S signed on 22 January 2023. This document clearly describes that the advice FIAS offers is classed as 'restricted advice' under the Financial Conduct Authority's rules and states:

This means our recommendations are limited to Fidelity products and services and/or investment solutions from a defined range of Fidelity Investment options.

The list of products and services that FIAS can recommend is listed in an appendix to this document. The investment solutions are limited to 20 funds and portfolios.

The scope of work was sent to Mr S on 31 March 2023. This document clearly outlines which of Mr S's financial assets are included in the scope of the work, together with his detailed financial objectives and needs.

The document goes on to clearly describe the fees that providing the advice and recommendations will cost, including the amount payable if Mr S chose not to proceed with the recommendations provided to him. Given this, I can't see that FIAS has done anything wrong in relation to defining the scope of the work it would undertake and the fees that it would charge Mr S for this.

Having established that I find that FIAS acted correctly in terms of establishing the parameters of the work it would undertake, I'll now turn to look at the actual advice that it provided to Mr S. I note that Mr S did not complain about the research and analysis that FIAS undertook, but the conclusions that it reached, but for completeness I will consider the whole advice process.

I can see from the evidence provided that a number of meetings and discussions took place between Mr S and FIAS before the report was produced, as I would expect. When Mr S returned the signed Terms of Business on 22 January 2023, he also submitted a completed Fact Find document which outlined his financial position and objectives, which is the first stage of the advice process.

Shortly after this, on 1 February 2023, FIAS produced an Investor Profile for Mr S, which determined the appetite for risk for both Mr and Mrs S, based on their respective responses to a series of questions about their experience, attitudes and preferences towards financial services products. This is also a key part of the advice process, and is used to ensure that any recommendations arising from the advice process are appropriate for an individual.

The Fact Find and establishing the attitude to risk are key parts of the advice process, and I can't see that FIAS has done anything wrong in this respect either.

The key substance of this complaint appears in terms of the conclusions and subsequent recommendations that FIAS provided to Mr S in the Financial Planning Report it sent to Mr S on 30 June 2023.

The recommendation made was to transfer all Mr S's assets in scope of the advice to a single fund, the Fidelity Multi Asset Open Strategic Fund, to target long term growth. The report stated the recommendation was suitable for Mr S's risk profile and was aligned to his articulated financial objectives.

I have considered the suitability of this recommendation by looking at the details of this fund. I can see it is an actively managed fund with a high level of diversification in its constituent assets. According to the fund factsheet, this is achieved by providing

global exposure to a diversified range of assets (including bonds, equities, alternatives and commodities) by investing at least 70% into funds (including those operated by Fidelity) which may be index tracking funds or actively managed funds

the factsheet also states that the management team takes a

flexible approach to asset allocation, adjusting exposure according to market conditions and with the ability to invest in traditional and non-traditional asset classes to achieve a specific level of return whilst managing risk.

The risk rating of the fund is four out of seven, so it lies within Mr S's agreed attitude to risk, so I find that on that basis, it was a suitable recommendation.

However, I can see from the evidence that Mr S was unhappy that the recommendation to invest all the assets in scope into a single fund was 'simplistic', did not meet his desire for his funds to be diversified, and that it was insufficiently personalised for him.

FIAS has explained to Mr S that the fund is invested into a large number of wide ranging assets and asset classes, so it considers the fund to be very diversified.

While I can fully appreciate Mr S's lack of enthusiasm for the recommendation, on balance I find that it is fair and reasonable to conclude that it is suitable for him given the objectives, attitude to risk and personal circumstances he provided to FIAS during the advice process.

In particular, as our investigator noted, I can see that Mr S had articulated his financial objective as

To generate some income plus capital growth

And did not mention diversification as an objective until after the report was produced.

Given this, and disappointingly for Mr S, I have concluded that the recommendation was indeed suitable for him, and do not uphold his complaint.

My final decision

For the reasons explained above, I do not uphold Mr S's complaint. I find that by FIL Wealth Management Limited trading as Fidelity Investment Advisory Services does not need to take any action to resolve this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 18 June 2024.

Bill Catchpole
Ombudsman