

The complaint

Mrs G has complained about Abrdn Investments Limited trading as Abrdn. She said she didn't receive enough notice from it when it decided to liquidate one of its funds, that she had invested money into. She said it also made mistakes when she requested a withdrawal of her funds.

Mrs G said if she had been given prior notice, she would've sold the shares sooner. She said Abrdn should have also carried out her withdrawal requests when she asked it to. She said she has suffered distress and inconvenience and should be compensated fairly for this.

What happened

Mrs G had an Investments Trust Share Plan with Abrdn. As part of this plan, she had money invested in a Latin America Income Fund. Mrs G said she was unaware that Abrdn had decided to propose a liquidation of this fund. She said if she had been properly informed, she would've sold the shares sooner. She complained to Abrdn about this.

Abrdn said in response that it announced in March 2023 that it was proposing to enter the fund into voluntary liquidation. Abrdn said it wrote on 18 May 2023 to all affected investors advising of an EGM taking place in June 2023, where they had the opportunity to vote on the proposal. It said it checked its records and could see that it had sent this letter to Mrs G at the address she had registered with it. It said following a vote, its proposal was agreed.

Abrdn said a first distribution had been paid to shareholders. It said around £2994 had been credited to Mrs G's cash balance on 24 July 2023. It said it sent a letter about this too. Abrdn thinks it has communicated with Mrs G about what had happened.

Mrs G was not happy with Abrdn's response and asked for all her funds to be withdrawn and her share plan closed. The majority of Mrs G's funds were withdrawn and sent to her, but she said, Abrdn didn't withdraw a dividend payment in time and so it was transferred to a third party. She said she now can't close her account with the third party. She referred her complaint to our service.

An investigator looked into Mrs G's complaint. She said she did not believe Abrdn had been unfair with Mrs G in how it corresponded with her when one of the funds she was invested in was liquidated. She said she felt from the evidence provided that Abrdn did send letters, so sufficient warning was provided about what was happening. The investigator said she did think Abrdn could have provided better service when acting on Mrs G's withdrawal request. She said Abrdn offered £100 compensation as a gesture of goodwill to put things right, and she felt this was fair.

Mrs G is not in agreement with the investigator's view. Mrs G's complaint has been passed to me, an ombudsman, to look into.

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 have independently reviewed Mrs G's complaint and have reached the same outcome as the investigator, for broadly the same reasons. I will explain why.

I can see that there are two key parts to Mrs G's complaint. The first is about the Abrdn Latin America Income Fund and its liquidation. Mrs G said Abrdn didn't communicate what was happening with her. The second part to Mrs G's complaint was about her withdrawal requests for her Abrdn Investments Trust Share Plan in general. I have looked into both complaints.

Did Abrdn give Mrs G enough notice when it proposed to liquidate one of its funds, that she had invested money into?

In March 2023, Abrdn announced its proposal for its Latin American Income Fund to be liquidated. It said it wrote to all investors on 18 May 2023, advising of an emergency general meeting that was due to take place on 12 June 2023. It said this was the opportunity for investors to vote on the proposal.

Abrdn has explained to our service that due to a series of wider political and economic challenges, the fund was trading at a price below its net asset value. It said there was uncertainty for the future, and so its proposal was to liquidate its assets and then distribute the proceeds to shareholders. The proposal was agreed upon at the EGM. It said it sent a further letter to investors in June 2023. It said the first distribution was paid to shareholders in July 2023 and a letter was sent about this.

Mrs G said she wasn't informed about the proposed liquidation by Abrdn and if she had been, she would have sold her shares sooner. Our service has asked Abrdn about this and it has provided a screenshot that shows Mrs G's details on its mailing list. It said it would have used the mailing data, with Mrs G's details on it, when it communicated with all affected investors for the fund in question. It has provided copies of letters dated 23 June 2023 and 14 August 2023 that show Mrs G's name and address on them as examples of how it has communicated with her. It does not retain a copy of individual letters relating to the one sent on 18 May 2023 though.

I can't be sure what happened regarding the letter Abrdn said it sent on 18 May 2023, advising its shareholders about the proposed liquidation. Mrs G said she didn't receive it and I acknowledge what she has said here. But on balance, I think it is more likely than not that Abrdn sent the letter to Mrs G. I say this because I can see that Mrs G's details were part of its mailing list. Abrdn has told us Mrs G was on its mailing list when it arranged for the letter to be sent on 18 May 2023. I can't know for sure if the letter then made it to Mrs G's address, but if anything did happen with a third party tasked with delivering it, it would not be fair of me to hold Abrdn responsible for that.

I can see Abrdn also had drafted letters to be sent out to its shareholders about the result of the EGM vote and also details about the first distribution, following liquidation. When I see this, and also what I have already concluded about the letter sent on 18 May 2023, I can see Abrdn had made attempts to keep Mrs G informed about what was going on. So, I think on balance it did make efforts to keep Mrs G informed about the liquidation of one of its funds, that she was invested in. I don't think it has done anything wrong or made any mistakes here, so I won't be asking it to do anything further.

Did Abrdn make any mistakes when Mrs G requested a withdrawal of her funds?

In June 2023, Abrdn took the decision to close its Investment Trust Share Plans. It wrote to Mrs G about this and gave three options, these being: for any remaining funds to be migrated to a third party, or she could choose a different platform, or she could sell her remaining funds.

Mrs G said that due to difficulties with Abrdn, she decided to sell all of the investments she held in her Investments Trust Share Plan. She put in a withdrawal request for this to happen in August 2023.

Abrdn sold the shares Mrs G held in funds in her share plan, with the exception of the Latin America Income Fund. This is because that fund was in the process of being liquidated. Abrdn wasn't able to sell these shares because, Mrs G's shareholding formed part of the liquidation process, and instead, Mrs G was due to receive a distribution or distributions separately in relation to this.

Mrs G was then paid two dividends from funds that had been sold, following her withdrawal request. These were dividends from a New Dawn Fund and from an Asian Focus Fund. The dividend came to £75.70. Mrs G again put in a withdrawal request for Abrdn to send Mrs G the funds, in November 2023. This was before the deadline set by Abrdn regarding the closure of its share plans. Abrdn said it should have sent the funds to Mrs G directly in the form of a cheque, but it said it wasn't able to in time.

The dividend payment was instead transferred or migrated over to the third party and formed part of Abrdn's wider plans to close its share plans. So, Mrs G had the dividend payment transferred to the third party when she requested, in time, that it be paid to her. Abrdn said sorry for this and as a gesture of goodwill it offered to pay her £100. I can see that Mrs G has now received the dividend payment plus interest from the third party. I think the offer made by Abrdn is fair and reasonable and in line with the sort of award I have made, in similar complaints to Mrs G's, for the mistake Abrdn made here. So, because of this, I don't think Abrdn needs to do anything further to resolve this part of her complaint. I think what it has offered is fair and reasonable.

Finally, Mrs G has an account open with the third party still. She said she wants to close it but can't. She said the reason for this is because the account is insolvent so she can't close it.

Abrdn has explained that the third party has taken over responsibility of the custody role of Mrs G's Latin America Income Fund shares, that are still in the process of being liquidated. So, because it has taken on this role, and Abrdn are no longer involved, Mrs G needs to hold an account with it, so it can pay any future distributions if any are due. Mrs G's account is not insolvent, it is that her Latin America Income Fund shares are still in the process of being liquidated and the account with the third party is needed until this process has been completed.

I have looked at all that Abrdn has done and been involved with in terms of Mrs G's withdrawal requests and what has happened with the dividend payment and then liquidation process of one of her funds. I can see it has made a mistake with one withdrawal request and it has provided compensation for that, that I think is fair and reasonable. In conclusion, I don't think it needs to do anything more than what it has offered already.

I appreciate that my decision will be disappointing for Mrs G, as I am aware she felt she should receive a higher award for compensation. I acknowledge the strength of her feelings in the submissions provided. But based on everything I have read and the findings I have given, I think Abrdn's offer is fair.

My final decision

Abrdn Investments Limited has made an offer to pay £100 to settle Mrs G's complaint and I think this offer is fair in all the circumstances. It should now pay this amount to Mrs G, if it hasn't done so already.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs G to accept or reject my decision before 11 April 2024.

Mark Richardson
Ombudsman