

The complaint

Mr and Mrs C are unhappy that they're unable to withdraw their investment from a fund held on Cofunds Limited ('Cofunds') platform. They feel their investments have been mismanaged

What happened

Mr and Mrs C both took out stocks and shares ISAs with Company A. The funds within the ISAs were held by Cofunds on their platform.

On 14 November 2023, Mr and Mrs C asked their Company A financial planning manager to transfer the money they'd invested in their stocks & shares ISAs into cash ISAs. Company A did this for the money invested in all funds except one, a property fund.

This property fund was suspended and therefore the money Mr and Mrs C had invested in it was frozen for the time being. They were unhappy about this, so a complaint was raised with Cofunds on 16 November 2023.

On 15 December 2023, the fund manager M announced that the property fund was being closed, and this process commenced on 29 December 2023. According to fund manager M's website, the first payment to investors was made in February 2024, the second in May 2024 and the third in September 2024.

Cofunds responded on Mr and Mrs C's complaint. They apologised for their delay in responding and sent Mr £25 in recognition of this, but they didn't uphold the complaint. They explained that they were an execution only platform, so they took instructions from advisers or clients but didn't manage accounts. They said they had no control over the property fund or where fund manager M chose to invest and that the suspension and closure were out of their control.

As Mr and Mrs C were still unhappy, our investigator looked into the case. The investigator broadly agreed with what Cofunds had said in their final response letter, and didn't uphold the complaint. Mr and Mrs C disagreed with this outcome, so the case was passed to me.

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.

Mr and Mrs C have said on a number of occasions that they are unhappy with how their investments were managed, including how the market was monitored and how investment decisions were made. I appreciate that they feel strongly about this but I must be clear - Cofunds is not responsible for the management of their investments. As set out in their final response letter, Cofunds is a platform provider which effectively 'hosts' Mr and Mrs C's investments, providing a space where they can access different products. The fund managers M, not Cofunds, are responsible for how the property fund, amongst others, was managed. For that reason, I will not be considering this element of their complaint further.

It's clear Mr and Mrs C are dissatisfied with the fact they cannot move their money out of the property fund and with the length of time it's taking for the fund's assets to be sold and their money to be released. I empathise with their situation, but it is not one which I hold Cofunds responsible for. The way the fund was managed, the decision to suspend and close it, and the selling of the assets are all the responsibility of fund manager M, not Cofunds. Cofunds is not responsible for the fact Mr and Mrs C are presently unable to transfer their money out of the property fund.

Mr and Mrs C are also unhappy they're still paying fees for the stocks & shares ISA, given they wanted to withdraw all their invested money last November. I can see Mr and Mrs C are still paying a platform fee to Cofunds, because they still have money invested through the platform.

This platform fee is proportionate to the investment Mr and Mrs C hold with Cofunds, so it is now much lower since they transferred out most of their money. In February 2024, Cofunds estimated that Mr and Mrs C were paying around 55p per month in platform fees.

I accept Mr and Mrs C do not want to have any money invested with Cofunds and therefore do not think they should be paying this fee. But the closure of the fund is not Cofunds' responsibility – as explained, they do not manage the investment and are not in control of what happens to it. In short, it's not Cofunds who are stopping Mr and Mrs C from exiting their investment. Given the platform fee is proportional to the amount Mr and Mrs C have remaining invested through Cofunds, and the fact the terms and conditions of the account allow Cofunds to continue charging this fee in these circumstances, I don't feel it is unreasonable for this to continue being charged.

Mr and Mrs C are also paying an adviser fee. This is arranged by Cofunds but does not go to them because they are not Mr and Mrs C's adviser. On Mr and Mrs C's behalf, this fee is facilitated by Cofunds and paid to their adviser (in this case, Company A). For this reason, I will not be considering this fee further.

Taking everything into account, I haven't seen anything to show that Cofunds have done something wrong here. So while I understand Mr and Mrs C's frustration with the fact they still have money frozen in a fund that is being liquidated, I cannot uphold this complaint.

My final decision

I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C and Mrs C to accept or reject my decision before 20 December 2024.

Artemis Pantelides

Ombudsman