

The complaint

Mr G complains that Hargreaves Asset Management Limited (HAML) continued to promote the Woodford Equity Income Fund (WEIF) and include it in its Wealth 50/150 lists after it became aware of liquidity issues with the fund and its exposure to higher risk sectors.

What happened

In May 2016 Mr G sought advice from HLAM about taking pension benefits as well as an income from both ISA and non-ISA accounts. In June 2016 HLAM provided its recommendations which included that Mr G crystallise his HLAM Vantage SIPP account into a new HLAM Vantage SIPP Drawdown account to be invested in a portfolio of funds focussed on income and growth in accordance with his objectives -and with Mr G to manage the investments with no ongoing advice from HLAM.

One of the funds that the adviser recommended for the portfolio was the WEIF and Mr G's complaint relates only to this investment. In the circumstances it is appropriate to set out the background to the fund and HLAM's relationship with the fund.

The WEIF

This was managed by Neil Woodford who set up Woodford Investment Management (WIM) in 2013 following him leaving Invesco Perpetual. The WEIF was launched in May 2014 with a £1 per unit fixed price until 18 June 2014. The Authorised Corporate Director – the firm responsible for the running of the fund and for ensuring it is well managed – was Capita Financial Managers, later known as Link Fund Solutions.

The WEIF broadly tracked its benchmarks until the second half of 2017 when there was a significant fall not reflected in what happened with the benchmarks. Thereafter the WEIF began to significantly underperform the benchmarks from early 2018 with a very different performance pattern to the benchmarks as from early 2019 until the fund was suspended in June 2019.

At the same time as the WEIF stopped tracking the benchmarks in 2017 it started to see significant outflows, with assets under management falling from £10bn to just £3bn over the next couple of years.

It was due to the extent of the outflows and the proportion of the WEIF assets that weren't liquid that Link decided to suspend trading in the fund in June 2019 and removed WIM as the investment manager, before then seeking to liquidate the fund later in 2019. Link subsequently agreed to provide a significant redress payment to investors and the scheme of arrangement it proposed was approved by the court in February 2024.

HLAM's communications relating to the WEIF

HLAM's met with WIM in early 2014 following which it decided to promote the WEIF to its customer's and to visitor's to its website prior to launch of the fund. The WEIF was the subject of, or was referred to, in various communications from HLAM between the fund's

launch in 2014 and its suspension in June 2019. Those communications consisted broadly of; promotion of the WEIF at launch by letter, website, and emails; ongoing promotion of the WEIF through website articles and on occasion an email pointing the recipient to the article; updates on the WEIF through website articles with again email alerts about the articles; the inclusion of the WEIF in HLAM's "best buy" lists.

The "best buy" list

HLAM published a list of what it considered to be the best or its favourite funds, initially called the Wealth 150 – with a subset with discounted charges for its clients called the Wealth 150+ - which later became the Wealth 50 and which I will refer to collectively as the Wealth List. The WEIF featured on the Wealth List from launch until suspension.

I am aware that the Wealth List was available on HLAM's website to anyone who visited the site and was also sent to all of its customers on its general mailing list who had elected to receive communications. It also formed part of HLAM's bi-annual Wealth Reports. HLAM says the list was updated from time to time with funds added or removed based on an ongoing cycle of review, monitoring and analysis of funds by its investment team which in respect of the WEIF included meetings with WIM to discuss the WEIF a number of times.

Mr G's investment in the WEIF

The WEIF was one of ten funds within the portfolio recommended by HLAM and at the outset amounted to around 14.5% of the overall portfolio. Mr G subsequently sold half of his investment in WEIF but was still invested in the fund when it was suspended and was unable to sell his remaining units in the fund.

Mr G's complaint to HLAM

In a statement setting out his complaint Mr G made the following key points:

- His objective for his pension was for a pension income and he made clear he couldn't take high risk.
- His portfolio was set up to include the WEIF with the unit weighting in that fund being the highest in the portfolio.
- He is aware that WIM offered HLAM a discount in return for heavy promotion of the WEIF.
- From 2016 to date the WEIF gradually dropped in share price and he sold half of the units and reinvested the proceeds.
- HLAM continued to recommend the WEIF and include it in its Wealth List as the share price was falling.
- Since suspension of the fund he has become aware of the risks, such as illiquid assets and investment in high risk sectors.

In its final response letter HLAM made the following key points:

- The advice provided to Mr G in 2016 was appropriate and suitable, in line with his objectives and risk tolerance.
- The investments for the portfolio recommended by the adviser were chosen by its

investment research team and before the WEIF was included they researched a large number of funds. It chose the WEIF for inclusion in the portfolio partly on the basis of Neil Woodford's track record as a talented stock picker.

- The WEIF experienced difficult performance through 2018 and 2019 but its conviction in the funds long term prospects remained.
- The decision by Link to suspend the fund following Kent County Council's attempt to withdraw a large sum from the fund was unexpected.
- Subsequent to the initial advice it has provided an execution only service and has not provided Mr G with ongoing personalised investment advice neither does it manage his investments or exercise discretion in respect of them.
- As part of its service it does make available information compiled by its investment research team to help clients decide what to invest in which information has to be clear, fair, and not misleading.
- Its conclusions on the WEIF have always been properly held and based on extensive research and due diligence and it has always made clear there are risks with the fund and no guarantees when investing.
- The decision to invest in a fund and to remain invested in a fund remains with Mr G.

One of our investigators considered the complaint but didn't think it should be upheld. As Mr G didn't agree with the investigator the matter was referred to me for review and decision. I issued a provisional decision the findings from which are set out below.

"Mr G is understandably upset that as a result of his investment in the WEIF he has lost a significant amount of his pension and I understand why he believes that HLAM are responsible for this and should make good his losses. However, whilst I sympathise with the position he is in, I am not persuaded that HLAM is responsible for those losses, for the reasons I explain below.

I think it is important to be clear about what Mr G is complaining about. He has said the principal reason for his complaint is that HLAM continued to recommend the WEIF up to suspension of the fund, knowing that Neil Woodford had changed his investment strategy by investing in illiquid assets making his investment high risk. However, Mr G has also raised arguments that appear to suggest that he takes issue with the suitability of the original portfolio recommendation made by HLAM in 2016.

In particular, in response to the investigator's opinion, he has said that he informed HLAM that he didn't want to take any risk with his portfolio and that it acted unprofessionally in selecting a fund for his portfolio that invested in illiquid shares. Whilst I note what Mr G has said about not wanting to take any risk with his portfolio I don't think he means that he thought the recommended portfolio wasn't meant to have any risk or that he thought that this was the case.

He wasn't a novice investor and I am satisfied he was aware that his portfolio was invested heavily in equity funds and that equities aren't without risk and I don't think he is seriously suggesting that he didn't know what he was invested in and wasn't prepared to accept the risks of such investment.

Mr G has referred to HLAM's weighting for the WEIF being higher than for other funds but I don't think anything turns on this. It made up 14.5% of his portfolio but there were two other

equity funds at 13.5% and 13% respectively and there is no reason to think that HLAM did anything wrong because there was a slightly higher weighting for the WEIF. I have considered what he has said about HLAM selecting a fund that invested in illiquid shares but the proportion of the WEIF invested in unquoted companies at the time of Mr G's investment didn't make it unsuitable for the portfolio.

Having considered the suitability report that HLAM sent to Mr G on 15 June 2016, the contents of which he didn't question at the time, I am satisfied that the recommendations made by the adviser and the portfolio – made up of 75% equity funds including the WEIF and 25% fixed income funds - was in accordance with the objectives identified and the risk Mr G was willing and able to take.

I note Mr G's argument that he didn't have a choice about the WEIF being included in the portfolio but he had a choice as to whether to go ahead with the portfolio or not and having decided to do so he cannot reasonably complain that the WEIF shouldn't have been included in it.

Mr G was responsible for managing his own portfolio and once he accepted the recommendation it was for him to decide whether he wanted to remain invested in the WEIF. The main issue in his complaint is therefore about the information that HLAM provided following his investment in the WEIF through to its suspension. The relevant regulatory provisions HLAM needed to comply with have been set out by the investigator and Mr G has made reference to them, but it is appropriate for me to set these out here before making my findings.

The regulatory obligations

The following regulatory rules are particularly relevant to the issues in this complaint and my assessment of whether HLAM dealt with Mr G fairly.

The FCA sets out the rules that firms need to comply with within its Handbook and they include the Principles for Businesses.

PRIN 1.1.2G in the FCA's Handbook explains:

"The Principles are a general statement of the fundamental obligations of firms and the other persons to whom they apply under the regulatory system."

The Principles are set out under PRIN 2.1.1R and I think the following are of particular relevance to the issues in this complaint:

Principle 6 - Customers' interests: A firm must pay due regard to the interest of its customers and treat them fairly.

Principle 7 – Communications with clients – A firm must pay due regard to the information needs of its clients and communicate information to them in a way which is clear, fair, and not misleading.

In addition to the principles the Handbook sets out specific rules in its Conduct of Business Sourcebook (COBS) within the Handbook. Those rules include COBS 4.2.1R(1) which states:

"A firm must ensure that a communication or a financial promotion is fair, clear and not misleading."

And COBS 2.1.1R(1) which states:

“A firm must act honestly, fairly and professionally in accordance with the best interests of its client (the client best interests rule).”

It isn't in dispute that HLAM had a very positive view of the WEIF from its launch through to when Mr G invested in the fund in 2016 and that it continued to have faith in Neil Woodford as fund manager and in the fund after this and until its suspension in 2019 - evidenced by it continuing to name the fund on its Wealth List throughout this period as well as other information it provided on its website. This was despite changes to the fund over this period and concerns that HLAM had about these.

I note Mr G has suggested that what HLAM did amounted to aggressively marketing the fund and that this was for its own benefit. However, as long as what it said was fair, clear, and not misleading it's promotion of the fund was in accordance with its regulatory obligations. In other words, as long as the information it provided about the fund itself was factual and its opinions were balanced and based on its honest view, it did nothing wrong.

I note that Mr G has said that HLAM didn't provide him with any information during the period of investment - until the end when it provided an update supporting Neil Woodford. This suggests that he didn't consider the information that HLAM provided on its website or the email communications it made to clients in respect of articles on the website.

Insofar as Mr G is suggesting that there was some failing on the part of HLAM in providing him with information, this was available to him on the website and he was provided with emails that directed him to relevant articles. The suitability report of June 2016 noted that Mr G was willing to log into his account, monitor the portfolio and read updates on funds from its research team through email alerts. It was clear that it was his responsibility to manage his portfolio and ensure he considered the information made available to him by HLAM. If he didn't do so, that was his choice and HLAM can't be held responsible for that.

The information that HLAM provided about the WEIF from the fund's inception in 2014 to when Mr G was invested in the fund in 2016 was very positive. Its confidence in Neil Woodford as fund manager and in the performance of the fund over that period is apparent, from the information it provided on its website and the continued inclusion of the fund in its Wealth List over this period. It did meet with Neil Woodford several times during this period and it is clear it was generally comfortable with the way the fund was being managed by him and satisfied by what he was telling it in response to any queries it had. I am satisfied that the information it provided to clients in this period reflected what it thought of the fund and the discussions it was having at the time and in accordance with its regulatory obligations.

HLAM did then bring to the attention of its clients changes to the WEIF since its launch. For example in its November 2016 Wealth Report it said:

“When the fund launched in June 2014, almost 60% of the portfolio was invested in FTSE 100 stocks. Over time, this exposure has reduced to stand at close to 45%. Meanwhile, the fund's exposure to FTSE 250 stocks, AIM-listed companies and unquoted opportunities has slowly increased. In other words, more has gradually been invested in medium-sized and smaller companies as attractive opportunities have emerged.

The fund has evolved in the relatively short period since its launch, but continues to reflect the cautious view Neil Woodford has of the global economic outlook. He has not invested in areas that look most vulnerable to economic headwinds and has focused the fund towards companies he thinks can deliver sustainable growth in spite of them. We continue to hold the manager in the highest regard.”

And, in a 'special report' on the WEIF dated 13 December 2016 following a meeting between HLAM and Neil Woodford it said, amongst other things:

"We would generally expect equity income funds to deliver a large proportion of their total return in the form of income. While the CF Woodford Equity Income Fund has paid decent dividends to investors, strong capital growth has accounted for the majority of the returns since launch.

To form part of the Investment Association's UK Equity Income sector, a fund needs to meet certain criteria – the most important being to deliver an average yield of at least 110% of the FTSE's All Share's yield over three years. The fund's sizeable exposure to small, lower-yielding companies caused the fund's yield to fall short in its first financial year and given that Neil Woodford does not intend on changing his approach we expect the fund will ultimately fall out of the sector. We don't view this as a problem and indeed other high profile equity income funds have also done so in recent years."

And:

"While most equity income funds are invested predominantly in large high-yielding companies, only around 50% of the CF Woodford Equity Income Fund is invested in this area. The remainder of the fund is invested in small and medium-sized companies, or those not listed on the stock market."

And, under the heading 'Our View':

"The CF Woodford Equity Income Fund is not a typical equity income fund. Its 'barbell' strategy of including both higher-yielding larger companies and lower-yielding smaller companies in the portfolio means the fund is likely to perform differently from many of its peers. The prevalence of smaller and unquoted companies in the portfolio also limits the fund's yield, which may mean it doesn't meet the requirements of investors seeking to maximise their income.

Neil Woodford is one of the most successful, experienced and well-known fund

managers in the UK. His long-term track record with other funds has been exceptional, having significantly outperformed the UK stock market while producing impressive income growth along the way. His willingness to follow his convictions rather than herd instinct has seen him generate exceptional returns for his investors, although this is not a guide to the future.

We believe Neil Woodford has the ability to add significant value for investors able to

withstand the additional risk and volatility that comes from investing in smaller and

unquoted companies. The fund remains on the Wealth 150+ list of our favourite funds across the major sectors."

This was followed shortly afterwards with a '12 month review' dated 22 December 2016 which included:

"The bias to small and medium companies remains. The manager continues to favour financial and healthcare companies. While long term performance remains outstanding, the fund has underperformed over the past year."

And under the heading 'Our View':

Neil Woodford is a high conviction, long term investor. All managers undergo periods where their style is out of favour and they will underperform their peers or benchmark. We have faith in the manager to spot opportunities other investors have missed and trust him to add value for investors over the long term.”

And:

“Neil Woodford remains confident he can uncover value among higher risk smaller companies and those in the healthcare and alternative financials space. We retain our faith in his ability to find value for investors over the long term and the fund remains on the Wealth 150 list of our favourite funds across the major sectors.”

So, in the second half of 2016 HLAM had, through its communications on the website, identified to its clients that; the WEIF wasn't a typical equity income fund; it expected the fund to fall out of the sector; the fund had underperformed over the past year; there had been an increase in the proportion of the fund invested in medium and small sized companies; there was an additional risk from the investment in small and unquoted companies.

I don't think Mr G can reasonably argue that the information that HLAM provided in the months following his investment didn't make clear the changing nature of the fund and the additional risk arising from this or that this information wasn't fair or clear or that it was misleading. In managing his own portfolio it was for Mr G to decide whether he wanted to remain invested in a fund which had a bias to medium and small companies, some of which were unquoted, with the increased risk and volatility arising with such investment that HLAM identified.

I accept that at the same time HLAM also expressed its ongoing faith in Neil Woodford as a fund manager and that the WEIF would provide value to clients over the long term. However, HLAM was entitled to express its ongoing positive opinion of Neil Woodford and the fund as long as what it said was in accordance with its own views. Having considered the discussions that took place between HLAM and Neil Woodford, I am satisfied that what it said about him and the fund reflected its views.

In 2017 HLAM continued to provide clients with information it reasonably thought they needed to be aware of about the fund whilst making clear its ongoing belief in Neil Woodford as a fund manager and the ability of the WEIF to provide long term returns for its clients. So, for example in a news research article dated 12 May 2017 headlined 'Woodford's change of heart' HLAM refers to him adding Lloyds Banking Group and other 'economically sensitive' companies to the portfolio whilst also stating that it agreed with his positive outlook for the UK economy.

In a research update dated 22 June 2017 it referred to the WEIF as not a typical equity income fund and again pointed out to clients that Neil Woodford had “invested a significant portion of the portfolio in higher risk smaller companies – some of which are not yet quoted on the stock market.” But it also made clear its ongoing support for Neil Woodford and the fund, pointing out that he “had an exceptional long-term track record and a history of making big stock or sector bets which have added significant value for investors over the long term.”

In one of its online research updates on the WEIF dated 7 September 2017 HLAM referred to Neil Woodford hitting the headlines for the wrong reasons and that “a spell of poor performance has led some to question his abilities.” The article states that the ‘current stock market environment hasn't favoured the types of company he looks for but that he is convinced the portfolio is positioned correctly for the long term.’ It goes on to state that its view “judging a fund manager over a time period of a few months is folly, especially one with

such a long and distinguished record.” And it confirms that it retains its faith in him to add value for investors over the long term. HLAM also stated that it’s quite right to question any fund manager on their performance but that having spoken with Neil Woodford at length it was encouraged he was sticking to his long held approach – “of seeking undervalued and out of favour companies that had seen investors well rewarded over the long term.”

In a further online research update dated 19 December 2017 HLAM, in setting out its view, repeated previous statements it had made about the WEIF wasn’t a typical equity income fund and that it “combines higher-yielding larger companies with higher-risk smaller companies, some of which are unquoted, meaning they aren’t listed on a stock exchange.” The update identifies that 9.5% of the fund is invested in unquoted companies, with a maximum of 10% allowed but that Neil Woodford expects the proportion of the fund invested in unquoted companies to fall during the next 12 to 18 months, as some of the biggest investments seek to list on the stock exchange. The update reminds investors that “while they can offer significant growth opportunities, small and unquoted businesses are typically considered higher-risk because their shares are difficult to sell. Smaller businesses are also more prone to failure than larger, more established companies.”

HLAM went on to state that it believes that it is premature to write Neil Woodford off and that his long term track record has been exceptional and that it believed he would continue to add value for investors over the long term. Again, the information provided by HLAM to clients generally reflected the discussions it was having with Neil Woodford in this period and its view at the time. So, I am satisfied that the information HLAM provided to investors continued to be fair, clear, and not misleading.

This continued through 2018 and into 2019, with HLAM providing information about the fund through research articles on its website, directing clients to these through emails. So, for example, on 22 March 2018 HLAM emailed clients about a website article on the WEIF through which it notified clients that the fund was moving to the IA UK ALL companies sector because it was no longer eligible to be included in the equity income sector because of its low yield. The article refers to almost 40% of the fund being invested in small and mid-sized lower yielding companies with almost an additional 10% invested in unquoted companies and that the fund is ‘less suited to those seeking a high income now’.

At the same time it maintained its support for Neil Woodford as manager and the long-term prospects of the fund, based “on the strength of his track record and believe he has the ability to deliver excellent long-term returns” and that “We think his approach – to invest in undervalued companies for the long-term – is temporarily out of favour and his long-term record should not be ignored. It pointed to him having delivered a return of almost 27 times an original investment over his career but warns that there are no guarantees this will be repeated. The article refers to the WEIF remaining on the Wealth List “but as ever investors should ensure they are comfortable with the investment approach and risk” reminding execution only clients such as Mr G, that it was for him to decide whether he wanted to remain in the WEIF based on the information available about it.

And in another research update emailed to clients on 7 January 2019 HLAM refers to the poor performance of the fund and acknowledges it has been an uncomfortable time to hold the fund and that its own conviction has been tested. It goes on to state that:

“With this in mind you might be wondering why we have not removed the fund from the Wealth 50. It comes down to our belief that there’s a greater probability he’ll deliver attractive returns in the years to come than there is he’ll continue to perform poorly.”

It goes on to explain that Neil Woodford often invests ‘against the herd’ and that as a ‘contrarian’ investor his views will be out of kilter with the market and it expects extended

periods of underperformance as well as out performance and that currently we are seeing one of the periods of underperformance. It points to Neil Woodford investing in sectors that rely on the UK economy at a time the UK market is unloved by investors and fund managers alike and that so far these investments hadn't paid off. It also points out that "the fund's future performance is likely to be heavily tied to the strength of the UK economy and how Brexit plays out."

The update concludes by saying:

"It's understandable that some investors are getting impatient with Woodford. We've been disappointed with recent performance ourselves. No manager outperforms every year through, so as investors we will have our convictions challenged. We back proven managers for the long-term and for longer than most. There's lots of great managers to choose from but as part of a diversified portfolio, we still think Woodford has a place.

We could be wrong. If we are we'll put our hands up. It might be tempting to change our opinion now to be rid of the current discomfort, but we don't think it would be the right thing to do. We still think long-term investors will be rewarded."

During this period HLAM was having regular meetings with Neil Woodford and WIM to discuss concerns with the fund and the information provided to clients reflected what was being discussed and its own views following such discussions. HLAM was obviously concerned about the performance of the fund and discussed this with Neil Woodford. It also raised with him the proportion of the fund invested in unquoted companies. But it made clear to clients that the fund wasn't performing as had been hoped and the proportion of the fund invested in unquoted companies and explained why it was maintaining its faith in Neil Woodford and the long-term prospects of the fund despite these issues. What it was telling clients was in accordance with what the evidence shows was its honest view at the time having been reassured by its discussions with WIM that it had taken on board issues that were being raised.

Having considered the information provided by HLAM both before he invested and in the years afterwards I am satisfied that HLAM provided Mr G with the information he needed to make an informed decision whether to remain invested. He was made aware of important issues about the fund through updates it provided – such as the change in the makeup of the fund, with more invested in small and medium sized companies and unquoted companies with the increased risk this presented.

At the same time HLAM also explained clearly why it continued to support Neil Woodford as a fund manager and the WEIF as a long-term investment – namely because of his long term success using the same sort of approach he was using with the WEIF. It was entitled to express its ongoing belief in Neil Woodford and the long-term prospects of the fund as long as this was what it genuinely thought and there was a basis for its belief. I have seen nothing that makes me think this wasn't the case.

I have considered what Mr G has said about HLAM putting its own interests above those of its clients by aggressively marketing the WEIF to generate income. However, whilst I accept this is a possibility I have seen no persuasive evidence that this is what HLAM did. From what I have seen I am satisfied that it complied with its regulatory obligations in its promotion of the fund and the information it provided to clients. I note Mr G has said it didn't provide him with any information during the period of his investment, but the extracts I have referred to above – which are not the full extent of the information HLAM provided to clients – shows it did make such information available to clients. If Mr G didn't consider this information that is something HLAM can't be held responsible for.

I acknowledge what Mr G has said about his decision not to sell his full holding in the WEIF being solely because of HLAM's constant recommendation or belief in the fund and its inclusion in the Wealth List. I accept what he has said, but given I am satisfied that HLAM did nothing wrong in expressing its ongoing faith in Neil Woodford and belief that the fund would be successful in the long-term, this isn't a basis for me to uphold the complaint. I appreciate that Mr G will be disappointed I have not concluded that HLAM was in breach of its regulatory obligations when providing information about the WEIF but I have seen no persuasive evidence that it did anything wrong.

In the circumstances I am satisfied that HLAM provided information that was fair, clear, and not misleading in compliance with Principle 7 and COBS 4.2.1R and that it paid due regard to the interest of Mr G and treated him fairly in accordance with Principle 6 and COBS 2.1.1R. In short, I am satisfied that it complied with its regulatory obligations."

I gave both parties the opportunity of responding and providing any further information they wanted me to consider before issuing my final decision. HLAM didn't provide any additional information. Mr G responded and said that he was shocked that the basis of his complaint had been misunderstood. He said it was nothing to do with his portfolio and the choice of funds but was about the inclusion of the WEIF and Neil Woodford's investment strategy, which was against his wishes when he was interviewed to assess the risk he wanted. He said that it has been proven that Neil Woodford dealt in risky companies and he had made it clear to HLAM that he didn't want to take any risk in the funds in his portfolio.

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.

In doing so, I've taken into account relevant law and regulations; relevant regulators' rules guidance and standards; codes of practice; and, where appropriate, what I consider was good industry practice at the relevant time. But I think it's important to note that while I take all those factors into account, in line with our rules, I'm primarily deciding what I consider to be fair and reasonable in all the circumstances of the case.

It is for me to decide what weight to give evidence a party relies on and where there is a dispute about the facts my findings are made on a balance of probabilities – what I think is more likely than not.

The purpose of my decision isn't to address every point raised and if I don't refer to something it isn't because I've ignored it but because I'm satisfied I don't need to do so to reach what I think is the right outcome. Our rules allow me to do this, and it simply reflects the informal nature of this service as a free alternative to the courts.

I have considered what Mr G has said in response to my provisional decision. Having done so I am not persuaded that I should change the findings set out in my provisional decision, which form part of the findings in this final decision unless I state to the contrary.

I note that Mr G is of the view that his complaint has been misunderstood. He has said that it isn't about the makeup of his portfolio and the choice of funds but about the inclusion of the WEIF and the investment strategy when this was against his wishes and the risk he wanted, as he said he didn't want any risk in the funds in his portfolio. This is to do with suitability of the recommendations made by HLAM, which I did briefly consider in my provisional decision.

In considering suitability of HLAM's recommendations what is important is whether the overall portfolio was suitable – was the recommended portfolio in accordance with Mr G's

objectives and risk profile. I am satisfied that it was and that the inclusion of the WEIF as one of the funds within the portfolio didn't make it unsuitable.

I don't accept his argument that he didn't want to take any risk with the funds in his portfolio and I am not satisfied that by including the WEIF in the portfolio HLAM went 'against his wishes'. I am not persuaded that the WEIF's investment in illiquid shares or Neil Woodford's investment strategy meant it shouldn't have been included in the portfolio or that it shouldn't have formed part of his portfolio for any other reason.

My final decision

I don't uphold this complaint for the reasons I have set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 28 October 2024.

Philip Gibbons
Ombudsman