



Case study: Investment/Funds

COMPLAINANT'S INVESTMENT LOSSES BELIEVED TO BE DUE TO INVESTMENT MANAGER

Themes: beneficiary; trust; investment manager; market fluctuations; capital withdrawal.

This complaint relates to a customer who believed he had suffered investment losses because of an investment manager's investment decisions and excessive fees.

In 2019 Mr Q initiated a trust, with him as the beneficiary, with assets totalling approximately £425,00. The trust's assets were to be held for a long-term period and were administered by an investment manager who applied a low-risk investment strategy in accordance with Mr Q's determined risk profile.

In September 2021 Mr Q's investment manager recommended a rebalancing of Mr Q's trust assets, now valued at approximately £460,000, because of market movements. Mr Q agreed. Later in September 2021, Mr Q requested his investment manager arrange for a capital withdrawal of approximately £30,000 from the trust to be used as Mr Q's pension income. Mr Q's investment manager suggested a further restructuring of the trust assets due to the current market impacts. Mr Q discussed the proposals with his investment manager and trustee. Mr Q's investment manager also reviewed the assets with Mr Q's request for a capital withdrawal and suggested that Mr Q's annual income should be increased instead of making a capital withdrawal. Mr Q's investment manager stated this was to ensure a portion of low-risk assets remained in Mr Q's trust.

In June 2023 Mr Q made a complaint to his investment manager as he questioned the long-term investment strategy that had been adopted along with the investment manager's fees that were applied to the annual income that Mr Q was receiving. Mr Q also questioned his investment manager's investment decisions as the trust's total assets had decreased by approximately £60,000 since the trust's inception and Mr Q was concerned with the drop in the value of his assets. Mr Q's investment manager rejected his complaint and stated that they had invested Mr Q's assets in accordance with the investment mandate and the assets had diminished because of market fluctuations that were impossible to predict. Mr Q decided to liquidate his investments as he believed the trust was not providing him with adequate capital certainty and referred his complaint to CIFO.

CIFO investigated and noted that Mr Q's investment manager had acted in accordance with the terms of the investment mandate and that the trust's assets had been suitably invested with appropriate fees applied. CIFO also noted that Mr Q's investment manager had taken precautions to diversify Mr Q's assets whilst maintaining the appropriate risk profile when market movements prompted a restructuring and that these decisions had been discussed with Mr Q prior to their initiation. CIFO did not uphold the complaint.