Ombudsman Decision
CIFO Reference Number: 25-000247
Complainant: Mrs S
Respondent: Utmost Worldwide Limited

The complainant, Mrs S, complains about Utmost Worldwide Limited and its mismanagement of her retirement portfolio. As a result, she says she has suffered severe financial detriment.

Mrs S is represented in this complaint, but I will refer to Mrs S throughout unless clarity is better achieved by referring to the representative, who I'll call Mr S.

Background

The background facts and circumstances are well-known to the parties, so I won't repeat everything here. Mrs S's complaint included a failure to disclose the total fee structure, excessive fees given poor performance of the portfolio and an absence of an explanation about the poor performance. To put things right, Mrs S calculated her losses in the region of £400,000 and wanted a full return of the administration charges since 2005.

My initial findings

In my initial assessment I explained why I didn't think Mrs S's complaint should succeed, saying:

- The law (the Financial Services Ombudsman (Bailiwick of Guernsey) Law, 2014 (2014 Act) Section 11) prevented me from looking at the alleged failure to clearly disclose the total fee structure. This was because the structure had been in place since 2005 and the law

[1] Financial Services Ombudsman (Jersey) Law 2014 Article 16(11) and Financial Services Ombudsman (Bailiwick of Guernsey) Law 2014 Section 16(10)

doesn't permit us looking at complaints where the act complained about occurs before 2 July 2013.

- Regarding excessive fees for persistent poor performance, I pointed out that the fees had been signed by Mrs S and her joint portfolio holder at the time. And having read everything I couldn't see that documentation stated or implied fees were linked to performance.

- On the performance shortfall, I noted Section 12 (2) (d) (ii) of the 2014 Act states the subject matter of a complaint is inappropriate for this office, such as where the complaint is about investment performance.

- I was not persuaded that Utmost had managed the portfolio outside the investment aim for *"conservative growth over the longer term, within the context of a medium risk balance portfolio, diversified by both asset class and geography."*

Subsequent submissions

Mrs S, through the representative, submitted further information, in summary, saying:

- There was an ongoing lack of transparency with the fees post-2013 and represented a continuous service failure and could be considered in this complaint.

- When considering fairness, combined fees of 1.8% per annum for a service that failed to meet the objective of 'conservative growth' is inherently unfair, and poor value.

- Regarding poor performance, the issue was with Utmost's long-term strategy and actions / inactions and whether they were appropriate and competent for the stated objective of 'conservative growth'. In 2005 Mrs S entrusted £310,000 to Utmost instructing investment for 'conservative growth'. Average inflation at 2.9% would have achieved a value of £549,000, a modest return of 5% £820,000 and on Utmost's net return of 3.47% £613,000. Even considering withdrawals (circa £85,000) the investment on Utmost's net return should be £513,000. However, Mrs S's fund is only valued at £367,189.00.

- In total, fees of around £158,000 have been collected and Mrs S's net gain after 20 years is around £156,000. It appears more money has been made by the fund manager than the client.

I made further enquiries with Utmost and having done so, explained to Mrs S why I was satisfied it had exercised its management of the portfolio reasonably:

- Utmost as managers of the assets within the existing fund were appointed as of 13 May 2005 (the date of the Discretionary Investment Management Agreement signed). The fund had decreased from £310,000 to just under £242,000 at that point. There had been a period of volatility between 1999 and 2005 due to market conditions of dotcom boom and market crash.

- The fund grew to £384,000 by June 2025 despite withdrawals of £85,000 so, the gain was £227,000 showing that the annualised return was 3.5% after all fees. Compounding the same figure for circa 20 years equated to a 100% return after all fees.

- Several market factors had impact, and during these challenging periods, Utmost adjusted the portfolio in response to risks and opportunities across both equity and bond markets:
    - the Global Financial Crisis (when interest rates were at or close to zero for several years).
    - the COVID Pandemic (when markets were extremely volatile).
    - the Cost-of-Living Crisis and the war in Ukraine (when both equity and bond markets fell significantly in value).

- Regarding the fees, Utmost conducted annual reviews and evolved from paper-based to an increasing use of technology and digital equivalents updated daily that supported the portfolio management. Some activities included checks on exposure to equities and asset allocation and regular reviews took place.

- Regular contact was held with the joint portfolio holder and agreement was always confirmed. After the passing of the joint portfolio holder, Mrs S confirmed in an email that she was "*happy for [Utmost] to continue managing the portfolio as it stands.*" A new Discretionary Management Agreement was signed at the start of

2016 restating the portfolio's objectives and risk profile, along with confirmation of the management fee.

- The portfolio management was active and allocated assets by class (e.g. equities, fixed income, cash, real estate, infrastructure) and within upper and lower exposure guidelines. Utmost provided a chart to show the allocations from 2016 to 2025.

- While the 0.8% charge / administration fee was signed and agreed in an email of 2005 it was also clear this was a separate fee to the 1% fee for the discretionary management. The separation of fees was specified in transaction reports on an ongoing basis.

- Utmost accepts that on reflection, when dealing with the representative Mr S, it could have been clearer in the narrative it gave him.

I continued to be of the view that Mrs S's complaint should not be upheld. Mrs S responded further to disagree on the basis that:

- Utmost mismanaged the portfolio and had a failed strategy, simply beating inflation by a fraction of a percent is an inadequate measure of professional skill, and insist there should be a benchmark comparison against a standard medium risk balanced portfolio.

- While Mrs S may have sent an email saying she was happy for Utmost to continue managing the portfolio, this is not a sophisticated endorsement of Utmost's long-term strategy.

Findings

I have carefully considered the available evidence and arguments to decide what is, in my opinion, fair and reasonable in the individual circumstances of this complaint.

Fees
I remain satisfied that the fees were appropriately explained as a 1% per annum all-inclusive management fee, with a minimal annual fee of £1,000. And it was explained that there was a separate and distinct management charge of 0.8% per annum. The joint policyholder had responded by email thanking Utmost for what was a 'reduced' fee and that he appreciated the

gesture. The different fees were apparent in the material prepared for and sent to Mrs S on a continuing basis and so I don't find they were opaque.

The fact that the portfolio has not performed to the level Mrs S had envisaged or hoped, is not indicative that the fees were not properly chargeable.

Portfolio management

I have carefully reflected on Mrs S's point about the lens of fairness and competent management. While Mrs S has specified that the complaint is not about the portfolio's performance, the reality is that if returns had been more in keeping with her expectations with the same management, I doubt this complaint would have been made against Utmost. The mere fact that the returns are not as Mrs S hoped for is not evidence of incompetence or poor management. Fairness in my view is not dependent on the size of the appreciation or depreciation of the portfolio.

Investment carries a risk that an investor might not get back what they invest. Utmost sent Mrs S regular reviews of her investment portfolio giving detailed analysis and observations as to how the portfolio had performed and global factors that could have impact. Utmost also referenced in their reviews how Mrs S's fund had performed against the 75% MSCI© Equity Risk benchmark.

Utmost was, in my view, clearly active in its management of the portfolio and so I remain satisfied that Utmost acted within the terms of the Discretionary Management Agreement. I have not seen evidence of mismanagement and, as stated previously, the fund growth being less than Mrs S may deem 'conservative' is not in and of itself proof of mismanagement.

The management of the fund, in my view, was in keeping with the aim of conservative growth over the longer term within the context of a medium risk balanced portfolio.

Final Decision

For the reasons I have explained, my Final Decision is that I do not uphold this complaint.

Sean Hamilton

Ombudsman

Date: 17 November 2025