



## Case study: Investment/Funds

### FUND PORTFOLIO CLOSED WITH INADEQUATE NOTIFICATION

Themes: Account closure; adequate notice; liquidation; grant of probate; inadequate communication.

This complaint relates to the closure of a fund portfolio belonging to a deceased relative, and the lack of communication regarding the closure to the inheritor of the fund portfolio.

In September 2020, Mrs F's family member passed away and she inherited a fund portfolio valued at approximately £300,000. Upon contacting the fund manager, she was advised that the fund portfolio account would be suspended pending receipt of supporting documentation, but the fund portfolio would still accrue distributions from the shares held within it. The fund manager sent forms to Mrs F to complete; however, Mrs F delayed the completion of these as she was going through the process to obtain probate, which continued until May 2021. Once the grant of probate was obtained Mrs F contacted the fund manager to request they change the address of the correspondence. She was asked to supply further documentation. Mrs F complied but never received confirmation of the requested change.

In August 2021, Mrs F again contacted the fund manager as she now had the necessary documents to support the transfer of the fund portfolio into her name, but Mrs F was told to complete a 'renunciation' form as the fund portfolio had closed. Mrs F made a complaint to the fund manager asking who had authorised the fund closure and was advised the closure had been affected in December 2020 upon the instruction of the fund manager. The fund manager also stated that Mrs F had been sent correspondence confirming the closure, but Mrs F said she had not received any communication. Subsequently, this meant the funds within Mrs F's fund portfolio had laid dormant since December 2020. Mrs F proceeded with the transfer. Once the necessary changes had been made and Mrs F had received the proceeds, she made a complaint to the fund manager regarding the lack of communication of the closure and requested compensation for the period the portfolio had laid dormant and uninvested. Mrs F received a response from the fund manager, which was addressed to the wrong person, which admitted that no closure letter had ever been sent to Mrs F and rejected her request for compensation. Mrs F referred her complaint to CIFO.

CIFO investigated and found that, as the fund was liquidated, no investors into the fund would have received returns since December 2020, only proceeds from the sale. CIFO noted that although Mrs F felt that the proceeds should have been reinvested, until Mrs F had provided all the relevant documentation to transfer the fund portfolio into her name, the fund manager could not accept instructions to reinvest the proceeds. However, CIFO also noted that the fund manager could have provided better communication regarding the closure of the fund portfolio to Mrs F as she had advised them of her family member's passing and that she would be inheriting the fund portfolio.

Therefore, CIFO sought to mediate the complaint and communicated these errors to the fund manager who offered Mrs F £500 compensation for the inconvenience they had caused, which CIFO felt to be appropriate and which Mrs F accepted.