



## Case study: Investment/Funds

### DELAY INCURRED IN RECEIVING PROCEEDS WHEN COMPLAINANT'S JOINT INVESTMENT CLOSED

Themes: Delay; fund manager; process and procedures; account closure.

This complaint relates to a bank's delay in paying the proceeds of a joint fund to the complainant once it had closed.

In 2006, Mr F jointly invested in a fund with two family members. By 2015, the fund's value had increased to approximately £20,000. In 2016, the fund's management was transferred to another fund manager until 2020, when the fund was closed. Upon closure, the proceeds of the fund were not immediately paid to the investors by the bank, as they stated they needed updated information regarding each investor before they could release the proceeds. Mr F made a complaint to CIFO regarding the delay in receiving his portion of the proceeds.

In February 2022 the bank advised that during CIFO's investigation the proceeds were sent by cheques which were subsequently cashed. Mr F had requested the bank to split the proceeds between each joint investor and issue payments on that basis, but the cheques were made payable to, and sent to only one investor. Mr F again complained to CIFO about the method of the payment and further administration issues relating to the fund.

CIFO again investigated, but as CIFO is limited to consider complaints within a certain timeframe, specific elements of Mr F's complaint could not be fully investigated. However, CIFO did note that, from 2016, dividend payments were no longer credited to the joint fund account. The bank stated that this was because the fund managers had requested up-to-date documentation for the joint investors but had not received it and therefore could not continue to pay the dividends. The evidence indicated, however, that those dividends had been included in the cheque payments made in February 2022.

CIFO also noted that the bank had previously advised that there were outstanding due diligence information requests and that this was the reason for the delay in making the payments to the investors upon closure of the fund. It was therefore reasonable that the bank delayed payment until those outstanding requests had been answered. CIFO also reviewed the process in which the bank split the fund proceeds and paid the investment to the lead account holder only, rather than making separate payments to each of the three account holders. CIFO found that to be appropriate and in accordance with the bank's processes and procedures. CIFO did not uphold the complaint.