



Case study: Investment/Funds

INVESTMENT RE-ALLOCATION RESULTS IN RE-INVESTMENT MISUNDERSTANDINGS

Themes: Situs of asset; terms and conditions; investment advice; tax implications.

This complaint relates to a restructuring of an investment which the complainant believed should have been more appropriately managed.

Mrs C held investments in some regulated funds which she had obtained through a local investment adviser. The investment adviser had ensured that none of the assets were located in the UK (no UK situs) as this would ensure Mrs C had a more tax efficient structure.

In July 2022, Mrs C's investment adviser contacted her regarding changes to the fund structure, which was being moved to the UK, meaning Mrs C's investments would be affected from a tax perspective. Mrs C had a meeting with her investment adviser to discuss other re-investment options, but Mrs C felt none were appropriate and requested details regarding her investment allocation and performance. In August 2022, Mrs C's investment adviser provided the requested performance data, but Mrs C requested further information which was provided approximately two weeks later. Mrs C contacted her investment adviser to arrange a further meeting to discuss options she had researched. In September 2022, after this meeting, Mrs C's investment adviser confirmed that they did not believe Mrs C's investments could now be reorganised within the remaining timeframe and therefore the solution she had found would be worse in terms of overall costs, fees, and tax implications.

In October 2022, Mrs C sold her investments in the fund and made a complaint, as she believed she had lost approximately £150,000 as a result of being forced to sell her investments as there was no other viable option and felt that her investment adviser had breached their terms and conditions. In addition, Mrs C believed that had her solution been fully reviewed earlier it may have been feasible to complete her investment reorganisation. Mrs C's investment adviser rejected her complaint, and she referred it to CIFO.

CIFO investigated and noted that it was not a term of Mrs C's contract with her investment adviser for them to provide an offshore investment product to meet Mrs C's tax requirements. The role of Mrs C's investment adviser was to provide advice and information and as soon as they were aware of the changes to the fund ranges, they had actually given Mrs C more time than was required to find an alternative solution. CIFO also noticed that Mrs C's investment adviser had provided various alternatives but although Mrs C did not think these were suitable, she had made no arrangements to contact any other fund adviser to see if they had more agreeable options. CIFO therefore did not uphold the complaint and concluded that Mrs C's investment adviser had provided ample time to consider alternative investment options and had also provided a number of solutions, but it was Mrs C's choice to sell her investments rather than to re-invest in any other products.