

The complaint

Mr and Mrs B complain that they were given unsuitable investment advice by The Prudential Assurance Company Limited, referred to as “the business”.

In short, they’re unhappy that despite the charges, their investment bond has gone down by 13%.

What happened

The business didn’t uphold the complaint. In summary, it said the bond worked in the way that it was designed to and that it wasn’t responsible for extreme market conditions caused by Covid-19. The documentation provided showed that investments can go up as well as down and that there were no guarantees.

One of our investigators considered the complaint but didn’t think it should be upheld for much the same reasons as the business. In summary, he said that Mr and Mrs B were told that the investment could go up as well as down, and that there were no guarantees in terms of returns. The drop in the value was down to adverse market conditions which are beyond the control of the business. The business couldn’t have been able to predict or control the impact of a global pandemic, for which it isn’t responsible.

He also said that the value of the bond was recovering, so it’s unlikely that Mr and Mrs B suffered a loss.

Mr and Mrs B disagreed with the investigator’s conclusions and asked for an ombudsman’s decision, providing it was at no cost to them. They provided no further points for consideration.

As no agreement has been reached the matter has been passed to me for review.

What I’ve decided – and why

I’ve considered all the available evidence and arguments to decide what’s fair and reasonable in the circumstances of this complaint.

Having done so, I agree with the investigator’s conclusions for much the same reasons. I’m not going to uphold this complaint.

On the face of the evidence, and on balance, despite what Mr and Mrs B say, I can’t safely say that the business is to blame for their bond going down by 13% or that the business made an unsuitable recommendation because of this.

I should point out that our service doesn’t generally consider complaints about investment performance alone, which can be dependent on a number of factors – including the stockmarket for example – which are outside the control of the business.

I appreciate that Mr and Mrs B have held their bond for over 20 years, and that it was steadily growing, and that they thought that it would continue to do so. This suggests that there's no likely correlation between the charges that have been applied over the years and the recent fall in value.

I note that Mr and Mrs B were aware that the investment value could go up as well as down, and that no guarantees were given about the value. But I've seen nothing to suggest that past performance was a guarantee of any future performance. The bond appears to have worked in the way that it was designed to work.

I appreciate that Mr and Mrs B thought that the value could fluctuate, but only by a few percent. But I can't say that the business told them or led them to believe that this would be the case. I appreciate their shock and disappointment after receiving the statement in November 2020 and discovering that their bond had gone down by 13 %, but I can't blame the business for this.

It's likely the effects of a global pandemic has had some impact on how well the bond has done, but whatever the reason I can't safely say that the reduction in value means that the bond was mis-sold or unsuitable.

I'm aware that the bond had recovered/was recovering at the time of the investigator's view, and hopefully it will continue to do so, but Mr and Mrs B must be aware that there are no guarantees that they might not get back less than they put in.

My final decision

For the reason set out above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B and Mrs B to accept or reject my decision before 18 August 2021.

Dara Islam
Ombudsman