

The complaint

Mr and Mrs S complain about advice given by The Royal London Mutual Insurance Society Limited when taking out investments in 2001.

Mr and Mrs S are being represented in their complaint by a Claims Management Company (CMC). For ease I will refer to all actions as being those of Mr and Mrs S.

What happened

Mr and Mrs S took out a CIS Platinum Plus Bond and two CIS Platinum Plus mini-ISAs (Individual Savings Account) after speaking with Royal London in 2001.

The ISAs were closed in 2006 and the bond was surrendered in 2007.

In 2021 Mr and Mrs S complained saying the investments had been mis-sold saying amongst other things that they didn't understand the risk they were taking.

Royal London looked into things and said there was no evidence the investments had been misrepresented and Mr and Mrs S had been given sufficient information about the nature of the risk they were taking.

Remaining unhappy Mr and Mrs S brought their complaint to our service where one of our Investigators looked into what happened. They thought the recommendations were suitable and the investments were affordable. Overall they didn't think the investments had been mis-sold.

Mr and Mrs S disagreed saying the advice to invest a lump sum in a bond and an ongoing amount into the ISAs was inappropriate.

Because an agreement couldn't be reached the matter has come to me for a decision.

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.

Mr and Mrs S have provided a lot of information about their complaint and it's clear to me how strongly they feel about what happened. I want to assure Mr and Mrs S that I've read and considered everything provided even if I don't mention it in detail. I've summarised some things which reflects the informal nature of our service.

The sales took place in 2001, which is over some 20 years ago, and the investments were surrendered in 2006 and 2007, so it's no surprise that there isn't a full record of everything from the time of the advice. Where information is missing or incomplete, I've come to a decision based on the balance of probabilities about what I think is most likely to have happened.

Our Investigator provided a comprehensive summary (over three pages) of the evidence,

and commentary on that evidence, from the time of the sale. I won't repeat all of it again here as I'm satisfied it's a fair representation of the information and Mrs and Mrs S have seen our Investigators view and been given time to comment. I think the outcome from our Investigator covered all the relevant points and I agree with the conclusions reached.

Having independently looked at all the information from the time I think the advice from Royal London was suitable.

I think the risk rating of 'cautious' for Mr and Mrs S was fair. They had some previous low risk investment experience with a variety of products. And looking at all the information I'm satisfied they meet the Royal London definition of a cautious investor at the time.

The bond was a suitable investment including considering it was with-profits and so benefitted from smoothing of fluctuations. Also the bond was only a portion the portfolio where there were also amount of deposit backed investments.

I think the bond and ISAs were affordable based on the information from the time. The £6,000 that went into the bond was around half the available savings and the monthly ISA contributions were within budget. Mr and Mrs S disagree the investment was affordable, and I've considered what they have said about their circumstances, however I'm satisfied the evidence from the time shows affordability.

From what I've seen I think the investments were explained to Mr and Mrs S and they were given time to consider their options. Whilst I can't say for sure how much detail was said about the Market Value Reduction I think it most likely was discussed and information about it appears in the product literature.

Having carefully considered everything that happened I'm satisfied Royal London acted fairly and reasonably when giving advice to Mr and Mrs S which I think was suitable.

My final decision

For the reasons I've explained above, my decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S and Mrs S to accept or reject my decision before 14 July 2023.

Warren Wilson
Ombudsman