

## **The complaint**

The estate of Mrs B represented by Ms C and Ms J, have complained about Barclays Bank Plc. They said it gave unsuitable advice when it recommended investments to Mrs B and Mr B. They think the estate of Mrs B has suffered investment losses because of the unsuitable advice given and would like the estate to be compensated for this.

Ms C and Ms J on behalf of the estate of Mrs B has been represented by a claims management company throughout the complaint.

## **What happened**

Mrs B and Mr B jointly took out investments on Barclays' advice in 2002. They invested £100,000 in three bonds. They surrendered the three bonds between 2005 and 2006.

Ms C and Ms J on behalf of the estate of Mrs B said Mrs B and Mr B were given unsuitable advice from Barclays. Their representatives said Barclays advised them to invest too much of their savings and subsequently too much risk was taken on. They said Mrs B and Mr B suffered investment losses due to the advice given by Barclays as they had to surrender the policies early.

Barclays replied and said that it would uphold the complaint. It said the principle of investing some of the savings was appropriate. But it said overall it recommended Mrs B and Mr B invest too much of their savings. It said one of the three bonds also attracted too much risk that it felt Mrs B and Mr B ought to have been exposed to. Barclays made an offer of compensation and said it would put things right, as if Mrs B and Mr B had invested £75,000 instead of £100,000 and that one of the bonds was invested in a lower risk investment instead. The estate of Mrs B's representatives responded and said it didn't think Barclays had gone far enough. It said the advice given to Mrs B and Mr B was unsuitable overall, and that they shouldn't have been advised to invest so much of their savings. They referred the complaint to our service.

An investigator looked into the estate of Mrs B's complaint. He said it was not clear why Barclays now thinks one of the bonds was too high risk, but it does and that this is not in dispute between the parties. He said the other two bonds were not exposing Mrs B or Mr B to a higher level of risk than was their tolerance. So, he didn't recommend Barclays offer of redress for this. He said he could see that the amount Barclays recommended they invest was high in relation to their total savings. He said in summary that Barclays' advice wasn't entirely suitable, but its offer made puts things right. He concluded Barclays' offer is in line with what we would expect a business to do.

Ms C and Ms J through their representatives are not in agreement with the investigator's view. So, as they do not agree with the investigator's findings, their complaint has been passed to me, an ombudsman, to look into.

## **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.

I've looked at the complaint afresh and I've independently reached the same conclusions as our investigator. I will explain my reasons.

I've had the benefit of seeing some of the paperwork completed by the parties in the meeting. This includes information recorded by the advisor in the "financial report" (the 'fact find'). I think it is reasonable for me to rely on the information in this report and other sales documentation, to give me an idea as to what was discussed in the meeting. The fact find also gives me some idea as to what Mrs B and Mr B's risk approach was at the time along with their financial circumstances.

The following information is recorded in the fact find:

- Mrs B and Mr B were both retired. Mr B received income from his pension.
- There were no significant household or other liabilities recorded down.
- Mrs B and Mr B had access to savings of around £143,000.
- It is recorded in the fact find that Mrs B and Mr B wanted to keep cash reserves available for emergencies and short-term needs.
- But also, to invest for income over 5 years in low-risk investments.

The advisor from Barclays recommended Mrs B and Mr B keep £32,000 for cash reserves and then suggested £11,000 be invested in ISA's. Mrs B and Mr B did not take Barclays' advice regarding the ISAs.

Barclays then advised Mrs B and Mr B to invest £100,000 in three with profits bonds and they agreed with this.

Looked at overall, I can see that Barclays recommended that Mrs B and Mr B invest around 70% of their savings in the with profits bonds. I can see that the adviser was trying to obtain the levels of income that Mrs B and Mr B were looking for to supplement Mr B's pension. But I don't think the advisor from Barclays considered Mrs B and Mr B's financial capacity at that time when it recommended, they did this. Mrs B and Mr B were retired and only had Mr B's pension as their source of income. Mrs B and Mr B had stated in the fact find that they wanted to keep cash reserves available for emergencies and short-term needs. I think it would have been more suitable, if Barclays had advised them to keep more of their savings back for this purpose, as they stated their priority was to do so.

Barclays in response to the estate of Mrs B's complaint said the principle of investing some funds were appropriate. I understand why it has drawn this conclusion. Mrs B and Mr B were seeking income from some of their savings to supplement Mr B's pension. Barclays then went on to say its advisor should have recommended they invest in around £75,000 of their savings in bonds. This would have represented around 52% of Mrs B and Mr B's savings and it says would have been more reflective of their needs and their financial circumstances at that time. Barclays has offered to put the estate of Mrs B back in a position it would have been in if it had recommended this. Based on what I have concluded about Mrs B and Mr B's financial capacity above, I find Barclays offer of compensation a fair one.

The advisor from Barclays recorded down Mrs B and Mr B's appetite for risk at that time as 'low' with regards to investing in the with profit bonds. This rating was the second most conservative option, out of a choice of four. It also recommended a medium risk investment ISA for Mr B, but this recommendation was turned down. An explanation of the risk ratings was described within the fact find under appendix II. I can see from what has been written down that the amount of risk Mrs B and Mr B was prepared to take on would've most likely

been discussed in the meeting. I've been provided with no evidence to suggest that Mrs B or Mr V raised any objection about the way the advisor recorded their risk approach at the time, which is something I would have expected to have seen, if they had disagreed with it.

As I've already concluded, Mrs B and Mr B were looking to obtain a better return than what they were receiving or could receive in cash deposits and savings accounts. It looks like, based on what I have seen that they were prepared to take on at least some risk to obtain that. Overall, with two of the bonds that were recommended to them, I don't find that they were exposed to more risk than they wanted to take.

Barclays has looked at the third bond and decided that it recommended an investment that held too much risk for Mrs B and Mr B at that time. It has offered to put them back in a position they would have been in, if they were recommended an investment that it felt met their needs and attitude to risk at that time. Barclays has not gone into detail about why it felt this third bond carried more risk than it feels Mrs B and Mr B were prepared to take on at that time. But as Barclays offer here is not in dispute by the parties, I don't need to make any findings. Only that I acknowledge Barclays comments and its offer to compensate the estate of Mrs B with regards to the third bond.

Finally, Barclays has also offered to pay £150 as a payment for distress and inconvenience. I can see that it took nearly six months to reply to the original complaint and so understand why it has offered to make this payment. That said I can't direct a business to compensate an estate for distress and inconvenience, so it is now for the estate of Mrs B to decide whether to accept this.

Barclays has calculated and offered compensation of around £1574 for investment losses along with £150 for distress and inconvenience. It has calculated this by working out what Mrs B and Mr B would've had if they had only invested £75,000 in bonds and the remaining £25,000 was held in fixed rate bonds. It has then calculated what Mrs B and Mr B's financial position would be if their investment in one of the bonds was instead invested in a more cautious way.

Looked at overall, based on what I have already concluded, I think Barclays' offer is a fair one and I don't think it needs to do anymore. Ms C and Ms J's representatives have said they think Barclays shouldn't have recommended investments to Mrs B and Mr B – but I don't think this is right. I can see from the fact find that they wanted to invest to receive more income that they could get by simply keeping the money in a savings account. I am satisfied that they wanted to invest some of their savings at that time. Looking at Barclays' offer, I think it addresses this and is a fair one based on what I have concluded above.

I appreciate that what I've said here will come as a disappointment to Ms C, Ms J and their representatives, but I hope that setting things out as I've done helps explain why I have come to this overall conclusion.

### **My final decision**

Barclays Bank Plc has already made an offer to pay the estate of Mrs B around £1574 to settle the complaint, which I think is fair and reasonable.

So, my decision is that Barclays Bank Plc should pay around £1574 in total if it hasn't done so already.

Barclays Bank Plc has also offered to pay £150 as a payment for distress and inconvenience. It is for the estate of Mrs B to decide whether to accept this.

Under the rules of the Financial Ombudsman Service, I'm required to ask the estate of Mrs B

to accept or reject my decision before 29 November 2023.

Mark Richardson  
**Ombudsman**