

## **The complaint**

Mrs E says that Vanguard Asset Management, Ltd ('Vanguard') should not have marketed a bond which she felt was incorrectly described as being 'inflation linked' when it was not linked to the UK Government retail price index ('RPI') or consumer prices index ('CPI').

To put things right, Mrs E would like Vanguard to restore her investment to its original value as the product was not what she believes was advertised.

## **What happened**

In March 2021, using Vanguard's online service, Mrs E invested a five figure amount in a bond she saw described as 'inflation linked'.

When her investment lost a third of its value, despite inflation having averaged 10% a year since her purchase, Mrs E complained to Vanguard saying that she felt the bond had been unlawfully misdescribed and mis-sold to her.

Mrs E brought her complaint to this organisation when she wasn't able to resolve her complaint directly with Vanguard.

Our investigator didn't recommend that the complaint should be upheld. He concluded that there was adequate information about the product on Vanguard's platform detailing the product and the associated risks, so Mrs E would've been able to make an informed decision about investing and he didn't think the product had been misdescribed.

Mrs E didn't agree and so the complaint comes to me to decide.

## **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.

We offer an informal dispute resolution service and we focus on deciding whether a financial business has made any error or acted unfairly or unreasonably. We are impartial and we make decisions based on a balance of probabilities.

Having considered everything very carefully, I have come to the same conclusion as the investigator. I'll explain my reasons.

I must take into account the relevant law, regulatory requirements and best industry practice when making my decision. But it's not for me to legally determine whether or not there's been a contravention of the UK Trades Description Act 1968 the way that a court or tribunal would. That would be outside the remit of this service and it's not what I'm required to do in order to reach a decision. I can consider the way Mrs E was treated by Vanguard. My starting point is that Mrs E was entitled to expect that Vanguard would act towards her in a fair and reasonable way.

Mrs E has said that she isn't complaining about the performance of her investment, only '*its nomenclature*'. I think Mrs E would've been able to see information making clear that past performance was no guarantee of future returns and, from what she's said, Mrs E understood that bond performance wasn't guaranteed. The heart of Mrs E's complaint seems to be her concern that she was misled by Vanguard into investing in a fund that was wrongly described by Vanguard as being linked to inflation. So this will be the focus of my decision

Vanguard told us that Mrs E had been 'an execution only client' since her account opened and that this was a 'non-advised' sale. I understand that Mrs E made an online application herself for the bond. It doesn't seem to be disputed that no tailored personal investment recommendation was ever provided to Mrs E by Vanguard – and that's what the evidence I've seen points to, so I don't need say more about this.

This means that it was up to Mrs E to decide whether the investment she chose was right for her – it wasn't up to Vanguard to assess suitability. Vanguard's responsibility was to provide Mrs E with accurate information so she was able to make her own informed investment decision.

There's only limited information now available from the point of sale and Vanguard can't provide the screenshots of Mrs E's actual online journey. But Vanguard has referred me to the information currently available on its website and said this is representative of what was in use in March 2021. So I consider this gives a useful insight into what Mrs E would've been able to see when she invested in the bond.

From what I've seen, Mrs E had access to information which explained that the fund was seeking to track the performance of the Bloomberg U.K. Government Inflation-Linked Float Adjusted Bond Index, currently described as follows:

- *The Fund employs a passive management – or indexing – investment approach and seeks to track the performance of the Bloomberg U.K. Government Float Adjusted Bond Index (the "Index").*
- *The Index includes UK government bonds denominated in UK pounds sterling with maturities greater than one year.*
- *The Index is a market-weighted index designed to reflect the total universe of pound sterling denominated United Kingdom treasury and government-related securities with maturities greater than one year.*

I don't know if this information appeared in exactly this format, but I think it's likely that this wording or something similar would've helped Mrs E to decide if this investment was right for her.

Mrs E takes issue with the fact that this index isn't the same thing as directly tracking the RPI or CPI, but this isn't a reason for me to uphold her complaint. The information stated reasonably clearly the index that the bond would track. And it's not unusual for this sort of index linked bond to be described as inflation linked.

To sum up, as the bond was structured and operated as described by Vanguard and it was Mrs E's choice to decide if the investment matched what she was looking for, I haven't seen enough to be able to uphold her complaint that it was mis-sold to her.

In order to uphold this complaint, I would need to find that Vanguard had provided misleading information to Mrs E or treated her unfairly or unreasonably. But I don't find that it did. It was only obliged to provide information to put Mrs E in a position to be able to make an informed investment decision – which I find it did. And Vanguard needed to ensure that the information it provided about the bond was correct and not misleading – which it was, so far as I can see.

For all the reasons I have set out more fully above, I consider that Vanguard didn't do anything wrong here and it follows that I am not upholding this complaint.

Mrs E has raised several different complaint points over the course of this matter and I acknowledge that she feels very strongly about this complaint. It's part of my role to identify and focus on the core issues I need to address in order to reach a fair outcome. I have concentrated on what I consider to be the main points that affect the outcome of her complaint. I appreciate that my decision will be disappointing for Mrs E but I hope that setting things out as I've done helps to explain how I've reached my conclusions.

### **My final decision**

I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs E to accept or reject my decision before 1 April 2024.

Susan Webb  
**Ombudsman**