

The complaint

Mr P complained about Santander UK Plc (Santander). He said he received poor advice from it about a stocks and shares individual Savings Account (ISA). He said Santander pushed its poor advice on him so it could earn higher fees.

Mr P said Santander should not have done this and has made mistakes. He said it should compensate him for this.

What happened

Mr P said he was cold called by Santander. He said further calls followed with an adviser. He said the adviser said to him that he should invest £50,000 in a stocks and shares ISA with it. Mr P said he didn't want to invest as much as that but was pushed into it by the adviser. He said the adviser alternatively could have pointed him in the direction of free digital advice, or that he could have arranged a stocks and shares ISA himself through its investment hub.

Mr P said Santander pushed him into investing £50,000 because it wanted to earn a fee both for the advice it gave but also as an annual management fee of his ISA. Mr P said Santander advised him to invest in a fund that has since performed badly, and this could have been foreseen. He said with interest rates at that time increasing, it was clear that he shouldn't have been investing in a fund that was invested in mostly bonds. He said the advice from Santander was poor, ill-timed, and inappropriate. He said Santander put him in a position where losses were inevitable. He complained to Santander about this.

Santander said in response that it recommended to Mr P a Santander multi-index 2 RA fund. It said it is satisfied the fund it recommended to him was appropriate for his needs and circumstances at that time.

Santander said its adviser completed a fact find report and suitability report at the time and said from this recommended the product which its adviser thought was affordable and met the risk profile discussed with Mr P at the time. It said its fees were clearly laid out in its documentation. It could see after an initial call made on 6 April 2022, that its adviser held two meetings with Mr P on 11 May 2022 and 20 May 2022 to discuss this.

Santander said the fund Mr P has invested in has shown good long-term growth, but it is unfortunate the turbulent domestic and world events of late have had an effect on the funds performance. It said it was discussed by the adviser and Mr P that it would be a long-term investment though as set out in the paperwork.

Mr P was not happy with Santander's response and referred his complaint to our service.

An investigator looked into Mr P's complaint. She said Santander had done everything correctly when it assessed Mr P's suitability for the investment it recommended. She said it explained the costs involved and agreed how much risk Mr P was prepared to take on. She didn't uphold his complaint.

Mr P is not in agreement with the investigator's view. He said the advice given by Santander was poor, biased, and incompetent and not in the interests of the customer. He said Santander's financial advice was of exceptionally poor quality and fell short of what is expected of a service that commands a large fee. He said it made no mention of the current economic climate at a time when bond prices were likely to fall due to interest rate rises.

As there is no agreement between the parties, Mr P's 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 have independently reviewed Mr P's complaint and have arrived at the same outcome as the investigator, for broadly the same reasons. I will explain why.

Santander gave Mr P one off investment advice to invest £50,000 from his cash ISA into one of its managed funds held in a stocks and shares ISA. Santander has acknowledged it gave this advice and has provided records of this. I've seen enough from the documentation completed at the time, that shows me Mr P was recommended the fund and he accepted that recommendation, rather than the investment was pushed on him as such.

I can see Santander didn't give ongoing advice to Mr P; once it had arranged for the investment to happen. So, after Mr P invested in the fund as it advised, it was up to him to make any further decisions about whether to retain or keep the investment, and this is still currently the case.

Mr P said Santander ought to have known that the fund it recommended was going to go down in value and that actually it was recommending something that was very high risk. He said Santander's advice was poor and ill timed. Santander said in response that the market in 2022 was turbulent affected by domestic and world events, and these affected the funds performance during that period.

It would not be fair of me to look at this complaint with the benefit of hindsight. I do acknowledge that Mr P is not happy with the performance of his investment and his comments about what Santander ought to have known at the time. But I don't think Santander could have foreseen at the time how the investment would perform – and that the fund price would initially fall like it did. And even though Mr P's investment did initially fall in value, this doesn't mean necessarily the investment was wrong for him or otherwise unsuitable. What I need to consider is whether the fund was a suitable recommendation for Mr P based on his circumstances and what Santander knew about him at the time it recommended it.

At the time of the advice, Mr P's circumstances were that he was 51 years old and employed. He had around £117,000 in cash and within a cash ISA. Mr P's objective at the time, were to invest for growth so that he could get a better return and so his savings were not eroded by inflation. His attitude to risk was recorded by Santander as low-medium. He told it he hadn't invested before.

Considering all of this, I think the advice given by Santander for Mr P to invest in the fund in question was suitable. It matched his objective of growth over the long term. The recommendation also meant the risk profile of the fund was in line with his recorded attitude to risk. I can see it did this by completing a fact find with him, noting down his circumstances, objectives, and attitude to risk. It then recommended a particular fund for Mr

P based on what it had gathered. The recommendation was then presented to him in a suitability report.

Despite what Mr P has said about the fund, I haven't seen anything to suggest the risk level of the investment Santander recommended failed to match the level of risk Mr P said he was prepared to take, or the level of risk that best suited his circumstances at the time. I can see in a document entitled 'multi asset funds' and within the fund fact sheet, that Santander made clear the fund it recommended was suitable for investors with a lower medium attitude to risk. This is recorded in the suitability report, that I think was on balance, an accurate reflection of what Mr P and Santander discussed at the time.

I also think Santander gave Mr P enough information in its report to understand what lower medium level of risk would mean. Essentially, that he would be taking on some market risk in order to try and achieve his objective of growth. It also makes it clear I think that the investment was designed to be held over a longer period of five to ten years. It said in the report, Mr P had agreed he could tolerate periods of negative growth and hold the investment for a longer period, to give the fund the time to perform in the market. So, this meant that the fund could potentially go down in value as well as up.

I can see within the suitability report that Santander also considered Mr P's financial capacity and recorded down how much cash he was able to keep back in reserve and for emergencies. It also looked at the likelihood of Mr P being able to replenish any savings, in the scenario that he incurred losses. I can see that it made its assessment that Mr P had the financial capacity to be able to invest a proportion of his savings for growth and gave his objectives and also then formed how much risk he was prepared to take on. I don't think having read through the report, that Santander were being unfair or unreasonable to Mr P, in the way it recorded his financial circumstances and let this inform its recommendation that the investment was suitable for him.

Mr P has complained that the fees were excessive and in particular the one-off fee of £750 that Santander charged him for its advice. I can see that these fees have been clearly disclosed in its paperwork to him and can see that he accepted them and agreed to its recommendation. Mr P would have paid this fee, in exchange for Santander completing the fact find and suitability report and providing its recommendation. Something that I can see that it did do, and as I have already concluded, it resulted in a recommendation that I think was suitable for Mr P and one that he agreed to and accepted. So again, I don't think Santander has done anything wrong here either.

In summary, I think the advice given to Mr P was suitable. It matched his circumstances and needs and considered his objective and recorded attitude to risk. I also conclude he was given clear information about the fund and fees he was charged.

I appreciate that my decision will be disappointing for Mr P, and I acknowledge the strength of his feelings in the submissions provided. But based on everything I have read and the findings I have given, I don't uphold his complaint.

My final decision

My final decision is that I do not uphold Mr P's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 6 September 2024.

Mark Richardson

Ombudsman