

## **The complaint**

Mr M complains about Family Assurance Friendly Society Limited (trading as 'OneFamily'). He says OneFamily failed to send statements from 2014 for a Tax-Exempt Savings Plan (TESP) also referred to as a family bond to Mrs M. This meant that the bond hadn't been reviewed to see how badly it had performed against another, resulting in missing the opportunity to move out of an underperforming fund.

Mr M is the owner of both family bonds, but given the setup of the bond in question, I will also refer to Mrs M to throughout.

## **What happened**

Mr M is the owner of two bonds (00055899 and S100353A) held with OneFamily. The latter, which is the subject of this complaint, was opened under the Married Woman's Property Act with Mrs M being the beneficiary. As such, all correspondence, and instructions for bond S100353A have been addressed to and provided by Mrs M over the years whilst all correspondence and instructions for bond 00055899 was sent to and handled by Mr M.

In March 2001, One Family switched bond S100353A from the High Yield fund, into the Safety-First fund. OneFamily realised its mistake following an audit check and wrote to Mrs M in July 2002 explaining what had taken place. The letter outlined that although an error had occurred, Mrs M had benefited as the value of the unit linked fund at that time had performed better than had it remained in the equity fund, where it achieved £10,750.71 against a value of £10,615.33. Mrs M was informed she could switch back at any time so it said it would leave the bond invested in the Safety-First fund until she told it otherwise. The letter included information about funds Mrs M could invest in, but it warned OneFamily couldn't offer advice and that past performance wasn't necessarily a guide to future performance.

In 2004, Mrs M queried the value of the bond had the switch not taken place and asked which of OneFamily's current funds most resembled her previous investment, the High Yield fund. OneFamily responded to Mrs M's queries and confirmed that the Safety-First fund was still outperforming the High Yield fund as of February 2004. It warned her that her current investment in unit-linked funds were riskier but also offered a greater degree of potential for growth over the longer term when compared with interest-based funds. The letter went on to say Mrs M could switch funds at any time and again, and that past performance wasn't a guide to future performance.

Bond S100353A continued to remain invested in the Safety-First fund and up until October 2013, OneFamily correctly sent statements to Mr and Mrs M individually about each bond. However, in November 2014, following notification from Mr and Mrs M of a change in address, a system error meant that the details weren't updated for bond S100353A. Letters OneFamily sent to Mrs M were returned with the message "gone away", so it stopped sending her statements.

In May 2019, Mrs M reviewed her investment portfolio and realised she hadn't been receiving correspondence from OneFamily. A valuation was requested which showed bond

S100353A to be valued at approximately £8k less than bond 00055899. Unhappy with this, Mr M complained on her behalf. He said Mrs M:

- had been reassured by OneFamily's correspondence in 2002 and 2004 that the switch was beneficial
- hadn't been advised to take financial advice following the unauthorised switch in 2001
- couldn't have taken action any earlier as OneFamily's error meant that statements for bond S100353A stopped being sent and the difference in the value of the funds only dramatically changed in 2015.

To put things right, Mr M asked OneFamily to select a date when a switch would have been made and to recalculate the value of the bond.

OneFamily looked into the concerns and issued a response. It accepted that because of an error on its system, Mrs M didn't receive statements for bond S100353A from November 2014 until 2019 and that this meant Mrs M was unable to compare how the bonds had performed. OneFamily considered whether it was liable for Mrs M not being able to switch to a better performing fund, but it found that both bonds began to diverge in value from 2010 onwards and most notably, in 2013, where the difference between the fund values exceeded £2k. As these were periods Mrs M had received statements for, it wasn't convinced that its error prevented Mrs M from switching so it didn't agree it had to compensate her for the difference in the fund value. It did however recognise the frustration caused by the multiple times it was contacted in 2019 for an answer on the bond's value and offered £250 by way of apology.

Both Mr and Mrs M remained unhappy with OneFamily's response, so they referred the matter to this service. Our investigator looked into things. She said:

- although she accepted OneFamily was responsible for the address not being updated, the difference in fund values equating to £2,064.03 in 2013 didn't prompt Mrs M to switch so she couldn't be sure she would have taken action even if she had been receiving her statements
- as a result, OneFamily wasn't responsible for the difference Mrs M was now seeing in her bond
- she disagreed that OneFamily didn't suggest Mrs M take professional advice in relation to the investment switches. She referred to two pieces of correspondence sent to Mrs M in which she was told OneFamily couldn't provide advice, that past performance wasn't an indicator of future performance as well as suggesting that she should seek guidance from an independent financial adviser as to the ongoing suitability of the investment
- it was, however, responsible for Mrs M not receiving statements between 2014 to 2019 despite her notifying OneFamily correctly but the offer of £250 compensation was in line with what she would have suggested

Mr and Mrs M remained unhappy, so the matter has come 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.

Although I've concentrated in my decision on what I see as the key points, I've read and considered everything. I think the central issues are whether OneFamily should be required

to undertake any loss in value calculation and if the sums offered by way of compensation are appropriate.

Having done so, I'm in agreement with the investigator that OneFamily is not responsible for the difference in value for Mrs M's bond. And I think the sum offered by OneFamily for the distress and inconvenience suffered is fair and reasonable. I know Mr and Mrs M feel very strongly about what's happened and I realise that my decision will likely come as a disappointment to them.

Mr and Mrs M believe the central aspect of this complaint lies with the change of address. It's not in contention that OneFamily did receive notification of the change. So, it's against this that I've considered if OneFamily should be responsible for the fall in value of Mrs M's bond.

I could only make a direction if I was satisfied, firstly, that it was OneFamily's fault that Mrs M didn't receive statements and, secondly, if I thought she would likely have done something about it once she saw the fall in value. If that was the case, then I'd then need to go on to consider what she'd likely have done.

I'm satisfied on the first point – I think OneFamily did have the ability to do more to rectify the 'gone away marker' for Mrs M - particularly where it held the correct address for Mr M, so I think it's likely that it ought to have been straightforward to find her and send statements to the correct address. But the second issue isn't so straightforward. As the investigator noted, where what would have happened if things had been done differently isn't agreed, I have to reach a decision as to what's likely to have happened on the balance of probabilities, taking into account all the evidence and information that's been provided and the wider circumstances.

OneFamily's position is that Mrs M wouldn't have taken any action. Mrs M says differently – that if she'd been aware of the difference in value between the two bonds, she'd have reviewed them and made the decision to switch funds.

I note what Mrs M has said about not being happy with what she'd have viewed as a poorly performing policy, but that doesn't mean she'd have actually made any changes. I say this because whilst Mr M points to the difference in value in 2015, the fact is, the value of both funds began to vary much earlier, specifically 2010. But, even if I were to accept that the small difference at that point wouldn't have caused Mrs M much concern, that difference continued to steadily grow year on year whereby in 2013, the statement showed bond S100353A to be valued around £13k; more than £2k less than bond 00055899. To my mind and given the complaint now made, I view that as particularly significant and as something which ought to have prompted Mrs M to consider switching funds.

Furthermore, since raising the complaint in 2019, Mrs M has declined to change back from the Safety-First fund to one that resembles a similar fund before the switch. From what I've seen, I'm not persuaded Mrs M would have taken any action earlier. On balance, I think she'd have likely left the policies as they have been.

Mr M has said Mrs M didn't consider making changes to the bond after the error came to light in 2002 and again when Mrs M queried it in 2004 because OneFamily reassured her that the switch was beneficial. He also comments that Mrs M wasn't told to seek financial advice. I've noted all Mr M has said about that but that doesn't seem quite correct. The correspondence from around that time stated the following:

*"We are not able to advice you of the most beneficial investment option for the future, and past performance of the funds is not necessarily a guide to future performance"* in addition to

*“If you have doubts regarding the continued suitability of your investment you should seek advice from an independent financial advisor.”*

Despite this, it doesn't seem Mrs M was in contact with any financial adviser. It was a matter for her to decide whether she wanted to seek advice, invest differently or retain investment in the existing fund. As such, I disagree with Mr M and find that OneFamily gave Mrs M sufficient information.

Although I'm unable to ask OneFamily to recalculate the value of the bond, there was some distress and inconvenience as a result of the way OneFamily handled the matter in 2019. I can see there was some chasing before those queries were answered. OneFamily in its final response offered, in total, compensation of £250. Our approach to compensation for this type of award is to take an overall view. I think the sum of £250 is in line with what I'd expect in a case such as this especially taking into account the impact of OneFamily's poor handling of the situation.

### **My final decision**

Family Assurance Friendly Society Limited trading as OneFamily has offered to pay £250 for any distress and inconvenience. In all the circumstances, I consider this is a fair and reasonable way to settle this complaint.

My decision is that Family Assurance Friendly Society Limited trading as OneFamily should pay £250.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M and Mrs M to accept or reject my decision before 26 March 2024.

Farzana Miah  
**Ombudsman**