

## The complaint

Mrs P and Mr P complain that Vision Independent Financial Planning Ltd ('Vision') provided incorrect information about the charging structure for an investment bond and that this made the investment unsuitable. Mrs P and Mr P say Vision failed to support them when they had difficulty raising their concerns with the investment provider.

## What happened

In 2021, Vision recommended an investment bond with a business I will call Company L for Mrs P and Mr P. Vision recommended the option of a capital guarantee to ensure the original amount invested less withdrawals, product wrapper fees and adviser fees would be returned on the 10th anniversary of the bond.

Mrs P and Mr P had issues accessing the portal operated by Company L and raised concerns with Vision in late 2022. Access to the portal was put in place shortly after and when this happened Mrs P and Mr P complained to Vision that the monthly charge for the guarantee was higher than they had expected. Vision raised this with Company L. When Company L provided a final response to Mrs P and Mr P, Vision told them they could raise the complaint with the Financial Ombudsman Service.

Mrs P and Mr P complained to Vision that it had provided incorrect information about the charging structure of the bond and about the service it had provided. Vision didn't uphold the complaint. Mrs P and Mr P brought the complaint to the Financial Ombudsman Service and one of our Investigators looked into things. The Investigator thought that Vision hadn't done anything significantly wrong. Mrs P and Mr P asked that an Ombudsman decides the complaint.

As I reached a significantly different conclusion to the Investigator, I issued a provisional decision that said:

### *"Monthly charge for the guarantee*

*When recommending the investment bond to Mrs P and Mr P, Vision provided a recommendation letter, terms and conditions, a personal bond illustration, a Key Features Document (KFD) and a Supplementary Information Document. There's no dispute that the bond illustration, the KFD and the terms and conditions explained the monthly charge for the guarantee was based on the guaranteed amount. However, the SID Vision provided said the charge for the guarantee would be based on the current value of the bond each month. The terms and conditions further explained the charge for the guarantee is based on the guaranteed amount which was specified within the personal bond illustration. I'm satisfied that Mrs P and Mr P received all of these documents at the time of the sale.*

*Mrs P and Mr P say their adviser told them the charge would be based on the value of the bond each month. Vision says that its adviser was entitled to rely on the documents Company L had provided and that the adviser relied solely on the SID to explain the charging structure. Vision says the adviser was in no doubt about the method of charging for the guarantee and could not be expected to identify the discrepancy between the SID*

and the other documents. Vision says the information provided by Company L wasn't of an adequate standard.

As a distributor of the investment bond, Vision should ensure its advisers understand the financial instruments it distributes to clients. Vision should also assess the compatibility of the financial instruments with the needs of the clients. In this case, Vision provided documents to Mrs P and Mr P containing a contradiction in how the charge for the guarantee is calculated. Vision's adviser chose to rely solely on the SID. I intend saying that this is unreasonable, as although the information provided by Company L wasn't perfect, the information overall was of an adequate standard to enable Vision to distribute and recommend the investment bond properly. And, if Vision had considered the personal bond illustration, terms and conditions, KFD and the SID, rather than relying 'solely' on the SID, I think it would have been reasonable for it to clarify with Company L precisely what amount the charge for the guarantee was based on.

When Mrs P and Mr P complained to Vision, the adviser explained he thought the monthly charge for the guarantee was based on the value of the bond each month. This is despite other key documents explaining how the charge was calculated. Mrs P and Mr P say this is also what the adviser told them at the time of the recommendation. I intend saying that it was reasonable for Mrs P and Mr P to rely on Vision to ensure it understood how the charge worked. It's a key role of a financial adviser (distributor) to understand the charges within an investment. In this case, Vision didn't address the contradiction in the documents provided by Company L. This meant that Mrs P and Mr P were shocked that the charges were higher than they expected. This resulted in distress and inconvenience and a loss of expectation that could have been avoided if Vision had reviewed all of the documents Company L had provided, rather than relying solely on the SID.

I intend asking Vision to pay Mrs P and Mr P £500 to recognise the distress and inconvenience they experienced when they found out the charging structure was different to what the adviser told them it was. Having lost confidence in Company L, Mrs P and Mr P felt they needed to make significant changes to their investment plans and the £500 takes into account the distress and significant inconvenience this caused them. I want to make it clear here that the charges for the guarantee in the bond would have been refunded after 10-years, so I intend saying I don't think it would be fair and reasonable to ask Vision to do anything else in this regard as it was the decision of Mrs P and Mr P to encash the bond and lose this guarantee. I have explained this further below.

### *Suitability*

Before Vision recommended the investment bond, the adviser completed a fact-find to understand what Mrs P and Mr P required. This recorded that Mrs P and Mr P wanted to hold an investment over a long-term that was low-risk and that would provide a guarantee in respect of the original amount invested. Another key requirement was the ability to take an income of about 2.4% per year (payable monthly) from the investment.

After seeing the monthly charge for the guarantee was based on the value of the initial guarantee – not the value of the bond - Mrs P and Mr P decided to surrender the investment in mid-July 2023. By this time, the underlying value of the investment - after charges and withdrawals – had reduced significantly. When the investment was surrendered any guarantee was lost and the value of the units held was paid.

Mrs P and Mr P say they'd lost confidence in Company L and made the decision to encash the bond. Meeting notes Vision's adviser took at the time supports this. I can understand why, after seeing the underlying investment fall significantly, Mrs P and Mr P may have felt this way. However, I intend saying the bond was suitable at the time of the sale. It provided

*the regular income Mrs P and Mr P required and met Mrs P and Mr P's attitude to investment risk. It also provided a guarantee to return the amount invested after 10-years - less any withdrawals taken, product wrapper fees and adviser fees. I'm persuaded this was important to Mrs P and Mr P at the time. Although the charge for the guarantee was higher than Mrs P and Mr P expected, Company L guaranteed to refund all the charges it took for the guarantee after 10 years. Therefore, the guarantee – less the deductions I've previously mentioned - would have been met if the bond had run for 10 years as Mrs P and Mr P intended. In this regard, I intend saying that Mrs P and Mr P's decision to encash the bond isn't enough to persuade me the bond was unsuitable at the time it was sold.*

#### *Support provided by Vision*

*Mrs P and Mr P told their adviser they were having problems accessing information about their investment on Company L's portal in late 2022. I've reviewed the emails between Mrs P and Mr P, their adviser and Company L and I'm satisfied Vision took on the concerns raised and provided a reasonable level of assistance to Mrs P and Mr P until this matter was resolved in January 2023.*

*When Mrs P and Mr P first raised concerns about the monthly charge for the guarantee, the adviser contacted Company L and continued to chase up a response. When Company L were slow in responding, I've seen the adviser continued to press for a response. After about two months Company L accepted that the information in the SID wasn't consistent with the information in the other documents it had provided. Company L issued a final response to Mrs P and Mr P in May 2023. I'm satisfied the adviser provided a reasonable level of support to Mrs M P and Mr P in this regard, including explaining that Mrs P and Mr P could escalate the complaint to the Financial Ombudsman Service if they were unhappy with the response from Company L. Shortly after this, Vision provided Mrs P and Mr P with a breakdown of the difference between Company L taking a monthly charge on the guaranteed amount versus the amount charged on the fund value. I intend saying this was a reasonable service and demonstrates that Vision did support Mrs P and Mr P at this time.*

*For the reasons outlined above, I intend asking Vision Independent Financial Planning Ltd to pay Mrs P and Mr P £500 to resolve this complaint."*

Mrs P and Mr P asked that I consider asking Vision to refund the £522 difference in charges that its adviser had confirmed was the difference in what the adviser thought the charges should have been and what Company L charged. Mrs P and Mr P also asked that I consider directing Vision to refund fees it had charged during the time they held the investment.

Vision said that it accepted my provisional 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.

I would like to thank Mrs P and Mr P and Vision for providing their comments to my provisional decision. I have considered them very carefully, but I've decided to adopt my provisional decision as my final decision. Will now explain why.

It's important for me to make it clear that Vision provided Mrs P and Mr P with copies of the KFD, SID, terms and conditions, and a personal bond illustration at the time of the sale. The personal illustration, the KFD and the terms and conditions – which Mrs P and Mr P signed to say they had received at the time of the sale – provided adequate information for them to understand the monthly charge for the guarantee was based on the amount guaranteed. The

fact-find and suitability letter Vision provided supports that Mrs P and Mr P weren't novice investors and that they had experience of investing in various products. So, although I think it's likely Vision's adviser focussed on what he believed the monthly charge was, rather than what the majority of the documents provided said, I don't think it would be fair and reasonable for me to ask Vision to refund any difference. The monthly charge for the guarantee was clearly explained in the majority of the documents I've previously referred to, and I don't think it would be reasonable for Mrs P and Mr P to solely rely on what Vision's adviser said when other key documents said something different.

I'm satisfied that my decision to ask Vision to pay Mrs P and Mr P £500 is a fair and reasonable one in the circumstances of this complaint. Mrs P and Mr P were shocked when they discovered the charges were higher than they expected. But I'm satisfied the remedy addresses the distress and inconvenience and a loss of expectation that could have been avoided if Vision had not focused on the information within SID.

I appreciate Mrs P and Mr P are disappointed that I haven't asked Vision to ensure their investment was brought back to the position it would have been in if they hadn't been overcharged. However, at the crux of this complaint is that Mrs P and Mr P weren't overcharged – Vision created an expectation that it shouldn't have, and I'm satisfied my decision addresses this.

### **My final decision**

For the reasons above, I've decided that Vision Independent Financial Planning Ltd should pay Mrs P and Mr P £500 to resolve this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs P and Mr P to accept or reject my decision before 27 June 2024.

Paul Lawton  
**Ombudsman**