

The complaint

Miss W is unhappy with an investment bond provided by Aviva Life & Pensions UK Limited ('Aviva').

What happened

Miss W took out an investment bond in 2007. In 2014, she raised a complaint with her financial adviser at Company S, because she felt they had mis-sold her the investment. Miss W has told us that this complaint was upheld by Company S, who found that the advice they'd provided to her in 2007 had been unsuitable.

Miss W retained her investment after this and has explained this was because she needed regular income and longer term capital growth for retirement.

In 2023, Miss W complained to Aviva, who are the bond provider. She was unhappy with a number of elements, including the performance of the bond. Aviva looked into her complaint but did not uphold it, so Miss W referred it to our service.

Our investigator considered the complaint but did not think Aviva had done anything wrong. As Miss W disagreed, the case has been passed to me.

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.

Miss W has raised a number of complaint points which I will consider in turn.

Advice

Miss W has raised several points which relate directly to the sale of the investment. These include the fact she cannot recall being told about the volatility of property investments or other higher risk funds, and the fact she wasn't offered regular reviews. I must be clear that Aviva is the bond provider here, and it did not advise Miss W to invest. The advice was provided by her financial adviser, Company S. As such, Aviva is not responsible for choosing which funds Miss W invested in and is not required to provide her with reviews to ensure the suitability of her investment.

Aviva sent Miss W annual statements outlining the bond's performance, and each statement includes a reminder that regular reviews will help her ensure the investment meets her needs. Each statement also clarifies that they are not able to provide financial advice, but that she can contact her financial adviser – or find one via an independent website.

In conclusion, I won't be considering the sale or suitability of the bond in this decision, because these do not relate to Aviva in this case.

Performance

The main complaint Miss W has made is about the performance of her investment. She has pointed out that annual growth has fallen below the estimated 4%. However this figure is illustrative - and Miss W has also taken regular monthly income from the bond, which will have had an effect on the growth it experienced. It's important to note that this product did not guarantee a specific rate of growth, or a minimum level of return, so, as with all risk-bearing investments, performance could be higher or lower than the illustration.

Nevertheless, Miss W is unhappy with the return she's made over the past 17 years. The day to day management of the funds Miss W's money is invested in is carried out by fund managers, who are separate to the bond provider. Aviva will not be responsible for the actions of third-party fund managers, but where Miss W is invested in some Aviva funds, Aviva fund managers will have oversight of those. However, performance will always be affected by external factors as outlined in Aviva's final response letter to Miss W. These factors are beyond the fund managers' control, which is why it's generally not reasonable to uphold a complaint about investment performance.

I appreciate that the risk levels of the funds Miss W is invested in are higher than what she is comfortable with. But as explained above, Aviva did not advise her to invest in this way. If Miss W was unhappy at any point with the performance of her investment, it was open to her to seek financial advice and review or amend where her money was invested. It was not Aviva's responsibility to provide or offer this service, and they cannot be held responsible for market movement, so I cannot say they have done something wrong here.

Fees

Miss W has also complained about Aviva's fees which she feels are complex and difficult to understand. I've considered the statements Aviva have produced, which include information about fees and charges. These charges, whilst not necessarily straightforward, are set out clearly and are typical for this type of product. I appreciate that charging structures can be complicated, even when they are set out clearly, but based on what I've seen, I'm not satisfied Aviva have done something wrong in relation to the fees they've charged Miss W or how they've presented these to her.

Life assurance

The investment bond incorporates life assurance which Miss W doesn't feel she needs. As explained previously, if Miss W feels what she was sold is unsuitable, this would be a complaint for the financial adviser who sold it to her. I should add that I've seen no evidence to show Miss W paid a separate premium for life cover.

Other points

Miss W has raised other points, including that she'd like Aviva to provide her with comparative benchmark calculations and an indication of how long regular income will be available for. These are services a financial adviser would offer, so I don't think Aviva have acted unreasonably by not proactively providing Miss W with this information.

The FCA's Consumer duty

Lastly, Miss W has said she believes Aviva's actions have resulted in a breach of the FCA rules and guidance contained in the Consumer Duty. The obligations within this apply to 'open' products and services from 31 July 2023 and to 'closed' products and services from 31 July 2024. Broadly, an open product is one that is still available for customers to buy or invest into, and a closed product is one that new customers can no longer purchase.

It appears to me that Miss W's bond is an open product. As such, and because she complained on 10 August 2023, after the Consumer Duty came into effect for these products, I've considered the duty in relation to this complaint. However, I'm not satisfied that it changes my conclusions here. I've explained above why I don't think Aviva has done anything wrong in relation to the performance of Miss W's investments and the fees they charged. And I've explained why Aviva is not responsible for other aspects Miss W has raised. The regulatory obligations within the Consumer Duty do not change those findings.

If this bond is in fact a closed product, then this complaint would fall outside of the scope of Consumer Duty as it was made prior to 31 July 2024. If this was the case, the Duty would not be a relevant consideration.

My final decision

I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss W to accept or reject my decision before 9 January 2025.

Artemis Pantelides
Ombudsman