

The complaint

Mr and Mrs N complain about advice received from Skipton Building Society when taking out investments in 2002.

Mr and Mrs N are being represented in their complaint by a Claims Management Company (CMC). For ease I will refer to all actions as being those of Mr and Mrs N.

What happened

In 2002 Mr and Mrs N invested some funds after speaking with Skipton.

The investments were surrendered in 2006.

In 2022 Mr and Mrs N complained to Skipton saying the advice wasn't suitable because they were inexperienced investors and there was a Market Value Adjustment (MVA) in place.

Skipton didn't uphold the complaint saying the investment was appropriate to their circumstances. They also said the MVA was drawn to Mr and Mrs N's attention so they were aware of any effect it may have.

Remaining unhappy Mr and Mrs N brought their complaint to our service where one of our Investigators looked into what happened. Based on the available evidence they were unable to say that the advice was unsuitable. They also took into consideration that Mr and Mrs N made withdrawals from the investments, however this didn't change their opinion that the advice was suitable.

Mr and Mrs N didn't agree so the matter has come to me for a 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.

Mr and Mrs N have provided a lot of information about the complaint and it's clear how strongly they feel about what happened. I want to assure them that I have read everything provided even if I don't mention it in detail. I've summarised some of what happened which reflects the informal nature of our service.

The advice was given back in 2002 which is now some 20 years ago so it's unsurprising that there isn't a full record of what happened. Where there is missing information, I've come to a decision based on the balance of probabilities about what I think is most likely to have happened.

I also think it's important to say that the lack of certain pieces of information doesn't mean a complaint will be upheld. I would need to be persuaded by all the available evidence that an error was made, however that's not the case here.

From the available information it seems when taking the advice that Mr and Mrs N jointly

owned a property with no mortgage which they planned to renovate in the coming years. Mr N was aged 70 and retired, whilst Mrs N was 46 and not working at the time. They had no dependents or other liabilities – though it is noted the fact find didn't capture full expenditure details. Both Mr and Mrs N received the state benefits of some kind which totalled around £17,000 a year.

Mr and Mrs N had existing investments in bonds, premium bonds, as well as stocks and shares totalling over £60,000. They had £143,000 in cash savings and were looking to invest funds for growth and income with a time frame of around five years.

The attitude to risk is recorded as Cautious which is designed to provide steady returns and does not require capital guarantees. Mr and Mrs N invested £60,000 in with profit bonds that would give them the required quarterly income of £675.

There is no copy of the suitability letter and nor any copies of the Key Facts Documents (KFD) for all the bonds. Although I have seen copies of other KFDs from around the time.

Without a copy of the suitability letter I can't say what other options might have been discussed about Mr and Mrs N drawing an income. But I don't think what was taken out was unsuitable for that purpose.

With profit bonds are usually considered suitable for cautious investors. This also provided for the income requirements of Mr and Mrs N. So taking into account all of the available evidence I think, on balance, that the advice was suitable.

There's no information from the time to show that Mr and Mrs N were made aware of any MVA that might have applied. But this doesn't necessarily mean they weren't made aware. So I've considered the surrounding circumstances to see if, on balance, I think any MVA that might have applied at the time made a difference to the advice.

About a year after the investment was taken out a financial review was conducted by Skipton. At that time Mr and Mrs N were given full details of the MVA. It was explained they could take 7.5% income each year without any MVA applying. It was also explained how the product worked moving forward with bonus rates and the MVA. Mr and Mrs N agreed to keep funds invested in the bond.

I know this is a different piece of advice, but it comes fairly soon after the original investment was made. I can't see that a complaint was raised or that any funds were moved. So at that time it seems Mr and Mrs N were content with how things worked. Had a MVA been new information, or if it had been important to Mr and Mrs N and their plans, I probably would have expected to see some changes made. But this didn't happen.

Concerns have also been raised about the advice to invest into three different with profit bonds as these are all the same asset class - however the risk was spread across three different bonds. Each bond would've had its own spread of risk about how the funds were invested. And, as I've said above, with profit bonds are usually considered suitable for cautious investors.

Having carefully considered everything that happened I'm satisfied Skipton acted fairly and reasonably and that the investment advice was suitable. So I won't be asking Skipton to take any further action.

My final decision

For the reasons explained above, my decision is that I do not uphold this complaint.

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

Warren Wilson

Ombudsman