

The complaint

Mrs F complains about the investment performance of a Flexible Mortgage Individual Savings Account (FMISA) which was managed by Legal & General Investment Management Ltd.

Mrs F is being represented in her complaint by a family member. For ease I will refer to all actions as being those of Mrs F.

What happened

When Mrs F saw the value of her FMISA fall she complained to L&G.

L&G looked into what happened but didn't uphold the complaint. They said the investment was broken into two funds one of which was high on the risk scale. L&G went on to say that both funds had been subject to volatility in the market as well as inflationary pressures.

Overall L&G said the investment performed in line with the fund objectives and any fall in value was due to market conditions.

Remaining unhappy Mrs F brought her complaint to our service where one of our Investigators considered the issues. They didn't think there was any evidence of fund mismanagement that led to the poor investment performance. Mrs F didn't agree.

Mrs F said L&G had a duty of care to manage the funds to their full potential and that she wasn't provided with any warning about the performance.

Because an agreement couldn't be reached 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.

Mrs F has provided a lot of information about the complaint and it's clear how strongly she feels about what happened. I want to assure Mrs F that I've read and considered everything provided even if I don't mention it all in detail. I've summarised some of what happened which reflects the informal nature of our service.

There are three different businesses involved in the management and administration of the account. This is because the product is split into two parts – the ISA and the life insurance cover. So I can understand why it may not always have been clear to Mrs F which business was responsible for which activities. And I know there were some difficulties at times with this.

This decision only considers the role of L&G and that role is to manage the funds; they are not responsible for any other administration activities.

There were some administrative changes to the account over the years but the underlying

responsibility for management of the funds has always remained with L&G.

The account was taken out in 1999 which is over some 20 years ago so unsurprisingly there isn't a full record from that time. And it's important to say that this complaint isn't about the suitability of the product rather it is about the fund performance over the last few years.

I've looked at all the available information and having done so haven't seen any evidence that the funds weren't administered as they should've been. The value overall of the investments has certainly gone down, but that doesn't mean there were errors made by L&G. As with all investment of this kind there is no guarantee of a return.

The Index Trust part of the investment is designed to track the FTSE All Share Index, and from the information I have seen this is what happened. The value is always going to be subject to market fluctuations and this fund is marked as high risk so volatility is to be expected. This was especially the case post pandemic and at times of high inflation such as in 2022 and 2023.

The Worldwide Trust part of the investment is more actively managed and I can see that L&G took action in early 2023 to balance the return. High volatility in the markets over years from 2021 to 2023 due to external factors such as inflation, oil prices, and world events have had an impact on the value. From the evidence I'm persuaded that the make up of the fund is invested as it should be and that any decline in value is due to market forces rather than any mismanagement by L&G.

Mrs F made reference to investments held with a different business which increased in value during the same time period; and this might be the case. Each investment is different and carries a different risk so is managed in different ways. One investment might perform better than another for many reasons, but this doesn't mean that there was any mismanagement from L&G on this investment.

During the course of the complaint Mrs F also raised a possible data protection issue about a letter which was addressed to a different L&G customer. L&G said to disregard the letter. This matter doesn't appear to have been raised as an official complaint so isn't something I am able to make a finding on. But in general when these types of incidents happen I would consider the effect on Mrs F which appears to be minimal, but I can understand why she feels this raises wider concerns.

Having carefully considered everything that happened I'm satisfied L&G acted fairly and reasonably when dealing with Mrs F so won't be asking them to take any further action.

My final decision

For the reasons I've 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 Mrs F to accept or reject my decision before 9 December 2024.

Warren Wilson
Ombudsman