

The complaint

Mr G complains that Barclays Bank Plc provided poor advice when recommending that he invest into the PIMCO Global Real Return Fund.

What happened

Mr G invested £1.2million across four assets in May 2021. The breakdown of the investment was £230,000 in Montanaro European Smaller Companies (Montanaro), £230,000 in Global Access US Small & Mid Cap Equity Fund (Global Access), £240,000 in Jupiter UK Mid Cap U2 (Jupiter) and £500,000 in PIMCO Global Real Return Fund (PIMCO).

Mr G's complaint relates to the investment in PIMCO only.

In his submissions to our service Mr G has said that he had significant worries regarding inflation; he did not want to have too much cash in his bank accounts and wanted a short-term investment whilst inflation persisted.

Mr G has explained as of 13 June 2024 his initial £500,000 investment into PIMCO was worth £385,477 and had received approximately £65,000 in income from the fund across the three years it had been active.

In October 2023, Mr G complained to Barclays that the PIMCO element of the advice he received was misrepresented. He said he only wanted to invest for a short period of time and as he had not invested in a bond fund before he felt the adviser owed him a higher duty of care to ensure he understood it would work in the way he expected.

Mr G also explained that he had been involved in an accident less than a month before the advice was received and was vulnerable as a result.

In its response Barclays said that it felt it met all of its regulatory requirements in how the advice was presented and that the advice to invest in PIMCO was not misrepresented. Mr G was able to fully review the paperwork before proceeding with the recommendation.

Unhappy with the response, Mr G referred his complaint to our service. Our investigator reviewed the complaint and found the fund was not misrepresented.

Mr G disagreed with the outcome reached by our investigator and requested that his complaint be passed to an ombudsman to consider.

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 Mr G has indicated that he is only unhappy with the advice he received to invest in PIMCO I have reviewed the advice he received in its entirety. The advice Mr G received was

given on a range of investments and I'm required to holistically review all the advice to consider its overall suitability.

I have reviewed the Investment Recommendation paperwork dated 26 May 2021 where it outlines that the advice provided will not recommend that clients adjust the portfolio held with Barclays.

The documents note Mr G's reason for investment was to adopt a balanced investment objective between income generation and capital growth. The investments recommended provide the potential of attaining both income and growth with the ability to "*proof the value*" of the asset against Global inflation from the Global Real return funds. And would have allowed, Mr G access to income and capital in retirement in line with his objectives.

It is noted that Mr G has held a wide range of fund investments previously outside of Barclays and with that, had a higher understanding and experience of investments of this nature.

Outside of Barclays it is further noted Mr G had a 50% ownership of cash and investment assets with his share valued at £6,155,000 in cash with a further £750,000 held in other investments. There were no recorded debts or liabilities, and no withdrawals planned for the holding period of five years. This would indicate Mr G had sufficient liquidity to meet both expected and unforeseen expenditure.

In respect the investment period, specifically, it is noted that Mr G is looking to construct a long-term investment horizon with no withdrawals planned during the recommended holding period of five years. The report also explains the investment is in keeping with Mr G's portfolio which is to provide access to income and capital in retirement.

I've also seen under the heading "*Additional Details*" between the second and third pages that Mr G is invited to contact the adviser without delay if any of the recorded information is inaccurate or if he wishes to make any changes as the recorded information forms the basis for the advice provided.

A further document dated 18 May 2021 addressed to Mr G confirms his investment objectives and explains the agreed risk profile that will form the basis of the investment advice.

I have noted that under the "*Investment Objective Statement*" it is recorded that the primary objective is growth in the value of the capital in the long term, that the time horizon is at least five years and that the capacity for risk is being changed to high in order to achieve the investment objectives.

The document also goes on to explain that Mr G's risk profile has increased to high. The explanation provided within the document describes a high attitude to risk as being someone who is comfortable with significant short-term fluctuation in the valuation of the investment in exchange for superior returns over the long term. That the investor recognises the investment will be linked to various markets possibly with some exposure to high risk/high return markets such as emerging economies. There is a possibility that you may not get back as much as much money as you put in.

In the 18 May document, it is recorded that Mr G was happy to consider ideas that provided a combination of income and growth. It was also stated that he was comfortable with significant short-term fluctuations in exchange for superior returns over the long term. From what I've seen the objective of growth and income is a common theme and I'm satisfied that to achieve a combination of both a higher level of investment risk was required.

I'm also satisfied that Mr G was capable and willing to take this level of risk. Additionally, Mr G has not suggested, in his submissions to our service, that the level of risk was inappropriate which persuades me that he was comfortable with increasing his risk level.

Overall, the £1,200,000 that Mr G invested represented approximately 9.7% of his overall combined liquid wealth and approximately 19% of liquid wealth held in his sole name. Which I'm satisfied was affordable for him and that he wanted to invest in riskier assets to achieve the growth and income he wanted.

Turning to the funds themselves I can see that the fact sheets provided to Mr G outlined the risks involved and how they were to be invested.

Mr G had no recorded liabilities and sufficient assets outside of the investment which would allow him to take this level of risk. From what I've seen I'm satisfied that Mr G was aware what level of risk was required to achieve his objectives, and he was willing to take it.

I've looked into the funds that were invested in themselves and have noted the following:

The Montaro fund was described as being primarily invested in Small Cap companies which were growing companies with room for expansion allowing investors to capitalise on future earnings as the companies grew. It was described as a higher risk fund (risk profile six out of seven) and stated that dividends would, if performance allowed, be paid annually or be reinvested in to the fund.

Global Access fund was explained to have been invested in small to medium sized US companies and described as a higher risk fund (risk profile six out of seven). The aim was to increase the value of the investment over the long term with an income to be paid quarterly.

The PIMCO fund aimed to maximise the return on the investment by investing in a range of inflation linked income securities and instruments issued by governments. The risk profile is detailed as less riskier than the Montaro and Global Access funds (risk profile four out of seven) and that distributions of income generated by the fund can be paid to the investor or reinvested if elected.

The Jupiter fund primarily invested in medium sized UK companies seeking to achieve returns greater than the FTSE 250 ex Investment Trust index.

Having considered the risk profiles, objectives and the assets of the funds Mr G invested in, I'm persuaded that these aligned with his recorded objectives for growth and income over the long term. Mr G elected to take a higher level of risk with this investment and the composition of the four funds selected meets that level of risk.

From Mr G's submissions I understand, as I've stated above, it is only the PIMCO portion of the investment he is unhappy with however after considering the advice I'm satisfied that it was suitable for him.

I've also considered Mr G's comments that he was looking for a short-term investment to beat inflation. Like our investigator, I've not seen any evidence within the documents I've been provided by Barclays that suggests Mr G was looking for a short-term investment or that his objective was to beat inflation over the short term. In fact the suitability report says on a number of occasions that it's the opposite - this was advice with the aim of generating long term returns and as I've highlighted above the documentation refers to minimum terms of five years with long term timescales in mind.

I am aware of Mr G's email of 19 May 2021 where he questions the entry fee of 5% and states "*That seem to be a lot, especially if I don't stay in there for a long period*". I've taken this into account, but overall, on balance I'm not persuaded Barclays advice was unsuitable due to the time horizon. I think it's more likely than not Barclays advised him on a long-term basis and Mr G was happy with that.

Regarding the investments that Mr G did take out I'm satisfied that the risk involved is suitability explained and whilst Mr G may have had no experience with investments of this nature he would have been aware of the risks involved. I have not seen any wording contained within the product literature that would indicate that the PIMCO investment or any other investment was designed as a short-term product to hedge against inflation. I'm satisfied that Mr G did receive these documents and had read them due to the email Mr G sent his adviser questioning fees.

Mr G has made the point that Barclays' documentation has contained standard wording and has ignored what was discussed concerning short-term investing and his desire to beat inflation over the short term. As I've said above, I'm convinced that Mr G did receive the documentation and the adviser's recommendation letter before investing. I think it would be reasonable to expect Mr G to have challenged what was recorded at the time if it contained any inaccuracies or the recorded objectives were not aligned to what was discussed. I've not seen any evidence to suggest Mr G questioned the accuracy of what was recorded and as such I'm not persuaded that the objectives or the information recorded was inaccurate.

I have listened to the telephone conversation of 26 May 2021 in which the recommendation was discussed. I did not hear any reference to it being a short-term hedge against inflation, but the adviser did go through each investment within the portfolio and talked about how it would contribute to Mr G's overall goals. Mr G did not mention on the call that any of the recorded objectives or goals were recorded incorrectly or that he felt the recommendations were unsuitable for his recorded objectives for the investment.

During the call I did not get the impression that Mr G did not understand was being discussed and he actively contributed to the discussion.

Mr G has said in his submissions to our service that prior to receiving the advice he was involved in a serious accident which would have affected his ability to understand what he was being told. I have given this point a great deal of consideration however from what I have read and what I have heard I'm not persuaded that Mr G was unable to understand the investment he was making. From what I've seen he was actively engaged with the process, and I've not seen anything in the interactions between him and Barclays that has given me cause for concern or that Barclays should have treated Mr G any differently.

I'm satisfied that Barclays gave clear information concerning Mr G's investments and that the selected investments were suitable for Mr G's objectives and attitude to risk. I do acknowledge that Mr G states his objective was short term hedging against inflation, but I have not seen sufficient evidence to safely conclude that this was the primary objective at the time the advice was given.

I realise this will be a disappointing decision for Mr G, but in light of everything I've seen, I won't be upholding his complaint.

My final decision

I do not uphold Mr G's complaint against Barclays.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 7 October 2025.

Rob Croucher
Ombudsman