

The complaint

Mr K complains that Nationwide Building Society (“Nationwide”) failed to action his fund switch requests following receiving investment advice.

What happened

Mr K met with his advisor at Nationwide in January 2020. Mr K says that it was during this meeting that Nationwide suggested he switch out of two of the funds he was invested in.

Mr K complained to Nationwide in June 2022 as he’d found out that it had failed to action his fund switches.

Nationwide considered Mr K’s complaint but didn’t uphold it. In summary, it said:

- It had looked at the correspondence Mr K had with his advisor and noted he’d considered opting out of its advisory service in January 2020 but hadn’t confirmed he wanted to opt out until June 2020. At which point, Nationwide ended the service and put a stop on commission payments made to it.
- It had noted that Mr K’s advisor had identified two funds he should switch out of in January 2020. However, Mr K had concerns around the FSCS compensation limit involved and wanted time to consider the changes. So these changes weren’t implemented. Nationwide says it confirmed that any fund switches would require a follow up advice meeting and couldn’t be requested in writing.
- It said it had confirmed the fund switches hadn’t taken place because of these concerns again in a letter to Mr K in June 2020.
- It clarified that Mr K had been paying commission until he cancelled the advisory service in June 2020 as he hadn’t switched to a new product involving an optional Ongoing Advice Charge (“OAC”). As such, Nationwide was under no obligation to provide Mr K with annual reviews, but he was entitled to have a review at his request.

Mr K didn’t accept Nationwide’s findings and so he referred his complaint to this service for an independent review.

One of our investigators considered Mr K’s complaint but didn’t think Nationwide had acted unfairly. In summary, they were satisfied that the fund switches didn’t take place as Mr K had concerns around the FSCS compensation limit and that Mr K hadn’t given Nationwide a clear instruction to proceed.

Mr K didn’t accept the investigator’s findings. In summary, he said he is a financially vulnerable customer and didn’t understand how the switch process would work. He said Nationwide’s June 2020 letter didn’t make it clear that an advice meeting was required in order to action the fund switches. He added that as far as he was aware, Nationwide would action the switch when the time was right on his behalf.

As Mr K remains unhappy, the complaint has been passed to me to decide.

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 understand that Mr K feels strongly that Nationwide failed to action the fund switches which he felt had been agreed. However, having reviewed all the available evidence, I'm satisfied that Nationwide hasn't acted unfairly. I'll explain why.

Nationwide has confirmed that no meeting notes are available from the January 2020 meeting and so I've had to rely on the correspondence sent by Mr K and Nationwide following that meeting in order to determine what was discussed.

Mr K wrote to Nationwide on 3 June 2020 to explain:

"As a result of our last meeting in January, when it came to light that the funds that I hold in the Nationwide portfolio have in fact been superseded by others deemed more appropriate, thank you for instigating the change to update them. I read your advice that due to the ongoing covid-19 situation and stock market volatility it is Nationwide's view to wait for a beneficial time. I leave that and any restructuring of funds with Nationwide's experts.

[...]

I would like our meeting in January to be the last for now and take an independent path from Nationwide's input".

From this letter, I think it's clear that Mr K was aware that Nationwide hadn't actioned the fund switches as Nationwide's advice was to wait for a beneficial time, due to the stock market volatility at that time. Mr K says he will leave any restructuring to Nationwide and so I think he may have misunderstood that Nationwide wouldn't be able to take any action until he instructed to do so. It's also clear from his letter that he didn't require any further advice meeting with Nationwide as it would appear he was looking to get advice from elsewhere in the future.

Nationwide has provided a copy of the letter it sent Mr K on 15 June 2020. Under the heading 'Fund Switch Recommendation' it says:

"As stated in your letter Nationwide have identified funds held within your portfolio they would recommend you switch out of. My recommendation when we met in January would be to switch your portfolio into a new portfolio which matched your level of risk [...] When we spoke in January you felt uncomfortable moving your [...] investment [...] as you had concerns around the FSCS £85,000 limit and you wanted time to consider your options."

Whilst I appreciate this letter doesn't make it clear that Mr K would need to arrange for a new advice meeting in order to action the fund switches, I'm satisfied it clearly explained that Nationwide wasn't going to take any action at this point, as Mr K wanted time to consider his options. As such, I think Mr K ought to have known, having read this, that he would need to contact Nationwide in order to action the switch. Furthermore, I think Mr K ought to have expected to receive some written confirmation of the fund switches if he thought Nationwide had actioned this, despite receiving the letter above.

As Mr K didn't contact Nationwide to provide an instruction to make the fund switches, I don't think it has acted unfairly. I'm satisfied that Nationwide could only take such action with a

valid instruction from Mr K to do so.

I understand Mr K feels that Nationwide should have reviewed his investments on an ongoing basis and advised him on any changes he ought to make. However, I don't think Nationwide were under any such obligation. I say this as Mr K's investment was taken out prior to the Financial Conduct Authority introduced the Retail Distribution Review ("RDR"). As such, Mr K was paying commission meaning Nationwide wasn't under an obligation to provide ongoing advice on an annual basis (as is usually the case post-RDR when consumers are charged ongoing advice charges) and instead, Mr K was entitled to receive a review whenever he requested one. As such, the onus was on Mr K to contact Nationwide whenever he wanted to discuss his investment options. I'm aware that Mr K cancelled all advisory services in June 2020 but he was told in the letter dated 15 June 2020 that he could receive any future advice on a pay as you go service and so he could've contacted Nationwide, despite cancelling the advisory service, to arrange for the fund switches to take place.

On a final note, I appreciate that Mr K considers himself to be particularly vulnerable when it comes to his financial affairs as he says he lacks the understanding and knowledge required. He says he should have been offered further support. Nationwide says that it has measures in place to protect vulnerable consumers such as inviting someone else to be present at any review meetings. I understand Mr K's brother may have attended some meetings and so I think he did have support in place to help him if he didn't understand any of the information provided to him in the letter dated 15 June 2020. Furthermore, he did have the option, having received the letter, to have called Nationwide if he wanted further clarity around why the fund switch wasn't being actioned at that time.

Considering all of the above, I don't think Nationwide has acted unfairly in not proactively managing Mr K's investments and instead only providing advice when he requested it. I'm also satisfied that Nationwide hasn't acted unfairly by not actioning Mr K's fund switches without receiving an instruction from him to do so.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 2 December 2024.

Ben Waites
Ombudsman