

## The complaint

Mr M has complained about the estate planning advice he received from Barclays Bank UK PLC ('Barclays').

## What happened

In March 2022 Mr M was given advice by Barclays about three Business Property Relief ('BR') investments for a total investment of £200,000 of which he invested £65,000 into an investment I shall refer to as 'BR G' in my decision. In turn, BR G was a discretionary investment management service who invested Mr M's funds.

After the first year of being held BR G's share price dropped by 30% and went into liquidation in June 2024 at which point Mr M complained to Barclays. His recollection was that the investments only needed to be held for two years to be free of inheritance tax ('IHT') but when he found out they needed to be held until his death he found he was trapped into a failing investment with BR G. Mr M also thought the investments were unsafe and communication with Barclays had been poor.

In its final response Barclays of 2 August 2024 didn't uphold the complaint. It said;

- It referred to the advice call and video meeting during which Mr M confirmed he wanted to help his family and reduce the inheritance tax ('IHT') exposure of his estate. Options were discussed.
- Mr M was happy with the BR option as a key benefit was the funds invested would fall outside of the estate if held for two years. Mr M and his son were engaged in the advice and were keen to understand the product.
- Cash could be taken out of the investment but would lose IHT protection. The call made clear the investments were to be held until death to benefit from the IHT mitigation.
- Mr M and his son were told the investment was high risk and was never described as 'safe'.
- Bearing in mind Mr M's age and objectives the advice was suitable. The suitability report made clear that if held until death the amount invested would be free of IHT, Mr M didn't need access to the funds, the investments were high risk and Mr M's son was present at the meeting.

Unhappy with the outcome, Mr M brought his complaint to the Financial Ombudsman Service. Our investigator who considered the complaint didn't think Barclays needed to do anything more. She said;

- Mr M was aware he had a significant IHT liability and was looking to mitigate the IHT liability. She detailed Mr M's circumstances and assets etc.
- During the call with Barclays the adviser did highlight the investments were high risk and needed to be held for two years. Mr M was also told he should keep the investments for the rest of his life to benefit from the IHT mitigation and ideally not

make withdrawals.

- The advice given at the meeting was followed by the Wealth Planning Report ('WPR') which described the risk rating compared to Mr M's usual attitude to risk of lower medium.
- The application forms were completed in April 2022 and Mr M was told Barclays wouldn't be monitoring the ongoing suitability of the investment.
- The application for BR G confirmed that Mr M had read the investment brochure, understood the investment objective and risk. Mr M was willing to take a higher risk in order to mitigate IHT more quickly than other estate planning options.

Mr M didn't agree. He said his complaint is that he was told by Barclays to expect low or non-existent returns. He agreed to invest because that wasn't the purpose of investing so how could Barclays now say it was high risk. Two of the investments were still in place with very little return and it was difficult to get information about them. He questioned how his adviser thought BR G would be safe.

Mr M's comments didn't change the investigator's view. As the complaint remains unresolved, it has been passed to me for a decision in my role as ombudsman.

### **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.

After doing so, I've reached the same conclusions as the investigator and broadly for the same reasons. I'll explain why.

I understand Mr M initially spoke with Barclays a few times since 2020 and had a further call on 10 March 2022 when IHT planning was again discussed. Mr M was joined by his son on 16 March 2022 during a virtual hour-long meeting and Barclays has provided a recording which I have listened to.

The adviser provided a background for Mr M's son about what had previously been discussed and which included the potential of investing into trusts but Mr M didn't like the timespan of seven years being needed before the investment fell outside of his estate. Life assurance was discussed but came with a cost of premiums for the rest of Mr M's life. So, BR providers were considered which only needed a two year qualifying period before the amount invested fell outside of the estate. Mr M did want to help with his grandchildren's school fees.

The adviser explained the investments would be in Mr M's name and the funds could be accessed – for school fees – but this wasn't recommended and said ideally funds should be taken from other assets as the intention with the BR schemes is that they should be held for the rest of Mr M's life.

The risks of the schemes were explained compared to Mr M's usual low to medium attitude to risk. It was made clear they were high risk – as determined by Barclays and the regulator, the Financial Conduct Authority – and tended to be illiquid as the underlying investments were unquoted. The returns on the investments were modest – 3% to 4% - as the profile of the BR investments was for capital preservation.

Mr M queried whether he could drawdown on the funds invested to pay school fees each year. But again, the adviser reiterated that while this could be done it wouldn't recommend it,

and funds should be taken from other assets. The adviser said Mr M needed to invest in the BR schemes for his lifetime in order for his estate to reap the IHT benefits.

Mr M voiced his awareness that the investments could go down in value – I note that he did have investment experience – and the adviser confirmed it couldn't guarantee the performance, but said the returns had been consistent. The adviser had previously only recommended two BR providers but a third had been added to Barclays' panel in the previous 12 months and that was BR G.

Mr M agreed to go ahead with the investments and at the end of the call the adviser explained that he had only been brought in to provide this one-off IHT planning advice and Mr M's relationship remained with his Wealth Manager.

The above was followed up by a WPR – the suitability letter – on 5 April 2022;

- It confirmed Mr M's investment objective of tax efficient investments that could be passed to his family and that he was willing to take a higher level of risk than usual. He didn't need the capital during his lifetime.
- It noted Mr M's son had joined the meeting which it advised for clients aged over 70 years.
- Mr M's then current IHT liability was £239,600 and an investment of £200,000 could reduce that by £80,000.
- The three BR schemes were recommended which would allow Mr M;  
'to potentially transfer more of your assets free of inheritance tax to your children if they are held for 2 years or longer, and held until death.'  
...  
'...to be effective for IHT planning these investments need to be held for life and not accessed.'
- The other investments that had been considered were referred to as were the potential tax benefits and that the BR investments were high risk and could be;  
'subject to higher levels of volatility which could lead to the potential for larger capital losses'.
- The investments were high risk compared to Mr M's medium-low attitude to risk.
- Mr M 'should be prepared to hold the recommended investments for life.'
- The investment aims of the BR schemes was for capital preservation but this couldn't be guaranteed and;  
**'Please note there is also no guarantee that the target return objectives will be achieved.'** [original emphasis]
- The investments were deemed as being affordable and the £200,000 was to be raised from Mr M's ISA and taxable portfolio, which was Mr M's own decision. Mr M was to retain £40,000 as a cash reserve.
- Mr M had confirmed he had surplus income after expenditure and that would remain the case after the investment. He had the ability to absorb falls in value of the investments and it wouldn't affect his standard of living. The investments were affordable and Mr M had no planned expenditure.

- The key risks were outlined and;
  - **'It is possible for an investor to lose the whole of their capital.'** [original emphasis]
- The risk relating to business relief was outlined and the fact the investments would have limited liquidity when compared to listed companies.

The suitability letter also confirmed Mr M's circumstances. He was 77 years of age, widowed and had two financially independent sons. Mr M was retired and had an annual income of £22,000 which exceeded his annual expenditure by £10,000. Mr M had total net assets of £1,599,000 which, apart from his main residence valued at £420,000, was made up of various investments and £40,000 cash.

Mr M's comments in his response to the investigator suggests to me that he considered that as he would be expecting a low return on his investment then the risk of those investments should be low. And generally, for investment returns, the higher level of risk and investor is prepared to take the higher the potential reward. But these BR investments were different. Their main investment objective was for capital preservation and the schemes would allow tax mitigation for IHT purposes.

I've reviewed the application forms for the BR schemes. I note for BR G Mr signed the form and confirmed that he had fully read and understood the brochure. And the application form itself confirmed it was higher risk and took no account of Mr M's personal circumstances;

'Investment in the Service involves a high degree of risk and may not be suitable for All Applications. The Service has been designed with a very specific focus on Business Property Relief (BR) and, as such does not consider your wider financial needs or objectives....therefore this Service is only suitable for those investors who have taken financial advice...'

Mr M then had to tick responses to various questions about his understanding of the above statement. For another of the schemes Mr M signed the application and confirmed he had;

'...read and understood the Investor Guide and Customer Agreement dated March 2022 and the risk factors set out in it..'

And for the third of the schemes Mr M signed the application which said;

'I confirm that I have received a complete copy of the Application Pack and have read and understood its contents, including the risks explained in the Brochure...'

By completing those applications and confirming he had read and understood the accompanying documentation, I'm satisfied that Mr M knew he was taking risk in investing in BR schemes.

And looking at all the above, listening to the recording of Mr M's meeting and the further information provided in the suitability letter, I am satisfied that the risk of investing into the schemes was clearly made – both during the meeting and in the suitability letter. The fact that BR schemes invested into unquoted investments meant there was a chance of illiquidity and capital loss. But I am satisfied this was clearly explained to Mr M and he was willing to take the higher than usual – for him – level of risk in order for his estate to potentially benefit from the tax mitigation offered by the schemes.

Mr M had the support of his son during the meeting so I can't see there was potential he was vulnerable and there was nothing in the call recording that suggested they didn't understand

the schemes. While at times during the meeting it's clear Mr M and his son raised questions about how the schemes worked but this was talked through by the adviser and Mr M was confident enough at the end of his understanding when he gave his agreement to invest.

I'm satisfied that Mr M was also advised that to benefit from the IHT mitigation, the BR schemes had to be held until death. Clearly, it's extremely unfortunate that BR G failed but that was one of the risks implicit in investing in the high risk schemes about which Mr M was made aware. Those risks were explained to Mr M and he confirmed that he could withstand such a loss which taken together with the other assets he held, suggests to me that the investments were affordable for him and he had the capacity for such a loss.

Mr M paid a one off advice fee for the advice he received about the BR investments. The adviser mentioned in the meeting that Mr M should refer to Barclays Wealth who managed his general investments and ISA portfolio as he had been brought in just to provide that specific advice. But I note in July 2024 Mr M was contacted by a different colleague at Barclays in the absence of the adviser who provided the BR advice and he was given some information with regard to Mr M contacting BR G direct. Mr M was able to raise a complaint which was confirmed to him. So, I can't agree Mr M wasn't able to contact Barclays, albeit I can see he preferred not to make contact online.

It follows that I don't uphold Mr M's complaint. I appreciate this will come as a disappointment to him. It's clear he understandably feels strongly about it. And I'd like to thank him for the effort and time spent in bringing his complaint. But I hope I have been able to explain how and why I have reached my decision.

### **My final decision**

For the reasons given, I don't uphold Mr M's complaint about Barclays Bank UK PLC.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 16 October 2025.

Catherine Langley  
**Ombudsman**