

The complaint

Mr L complains about Skipton Building Society they have lost the money he invested for his son.

What happened

In February 2010 Mr L invested some money on behalf of his children. His daughter withdrew her portion of the investment in April 2012 with the remaining amount being left invested for his son.

Mr L has explained that his son has never withdrawn any of the money. Recently Mr L's son enquired at a Skipton branch about the investment only to be told they have no record of the amount.

When Mr L complained about this, he was told by Skipton that he withdrew the money and that the account was closed. Mr L has said that the money was clearly designated as money for his son and that he never authorised the closure of the account.

Skipton has explained that when Mr L invested the money it was only designated for his children not actually placed into their names. This meant the money was still in Mr L's name and not automatically held by his son. Skipton have said that the designation was a way of marking the funds separately to the others held within Mr L's investment. In this case even though a portion of Mr L's investment was designated for his son the investment was still held by Mr L.

Skipton has also explained that when Mr L transferred his investment to a new provider that the marker showing a portion of the investment was designated to his son was not applied at the new provider. Until Mr L complained, Skipton was not aware that the designation had been removed. In their final response letter Skipton offered £100 for the inconvenience of the designation not moving across to the new investment provider. Mr L did not accept Skipton's offer and asked our service to investigate further.

Our investigator looked into the complaint and determined that Mr L was the sole owner of the investment in question. They also determined that the offer Skipton made for the error in communication was fair in the circumstances.

Mr L did not agree and requested that his case be considered by an 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.

The main element for me to consider is whether Mr L has suffered a financial loss as a result of Skipton's actions. Based on what I've seen I'm not persuaded that he has. This is because the total amount of the investment was transferred to the new provider.

I have reviewed the “*Limited Advice Investment Questionnaire*” that Mr L completed with his financial adviser in May 2011. I have noted that Mr L is the only person that the advice received relates to and the wealth involved was his own.

I have seen in the same document that Mr L set aside an amount to be invested for his children and that portion of the investment was identified by designation of the children’s initials.

There is nothing contained within the questionnaire that suggests that the amount was transferred into a product solely held by Mr L’s children.

I have reviewed the form Mr L completed for the transfer of the funds mentioned above. Mr L’s name is the only account holder noted. There is a note confirming the designation for the funds but nothing to indicate any other account holders.

I understand what Mr L was trying to achieve by designating the funds for his children. However, I have not seen any documentation from the time the investment was created until it was transferred that would suggest Mr L’s children were the account holders or the legal owners of the funds contained within it. Skipton would not need to seek their permission when following Mr L’s instruction or make them aware of any action he had taken. Had Mr L’s children been the legal owners of the funds then Mr L would not have been able to transfer, re-invest or surrender them without their involvement.

When Mr L received further advice from Skipton in 2020 to transfer his investments to a new provider the account designated for his children was part of that transfer. I have not seen any notes concerning the designation that the funds were previously held under or that there was a need to ensure a designation was applied on the new platform the funds would be held in. So, I can’t be certain that the adviser providing the advice in 2020 would have known that some of the transferred funds required any extra steps to be taken with them.

That being said I acknowledge that Skipton has confirmed in its response to the complaint that it should have made Mr L aware that when transferring his funds the designations would be lost.

In May 2023 Mr L contacted Skipton to request a withdrawal from his investments. Skipton has provided a copy of the letter sent to Mr L dated 12 May 2023 which confirmed that following a call he had with them they would be arranging the encashment. The letter also points out that Mr L has made this request on an execution only basis which means Skipton did not provide any advice and would have solely acted on his instructions without questioning the surrender of certain holdings.

In summary I am satisfied that the money Mr L set aside for his children was never in their sole names, meaning he was always the legal owner of these funds. This meant when Mr L transferred his investments Skipton had not acted incorrectly by moving the sum he had set aside. When Mr L requested the encashment of his investments he did so without any advice and Skipton have acted appropriately when carrying out his instructions.

I have considered the offer Skipton have made and I agree that the service they provided could have been better in relation to making Mr L aware about the loss of designation. I have also considered that Mr L has not been financially disadvantaged by the loss of the designation and ultimately the money in question was his own. For this reason, I am not persuaded to increase the offer Skipton has made.

Putting things right

To put things right Skipton Building Society should:

Pay L £100 for the distress and inconvenience Mr L experienced as it had previously offered.

My final decision

My final decision is that this complaint should be upheld. To put things right Skipton Building Society should take the actions I've outlined above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L and Mr L to accept or reject my decision before 25 February 2025.

Rob Croucher
Ombudsman