

The complaint

Mr and Mrs W complain that HPB Management Ltd (“HPB”) have failed to administer their Holiday Property Bond fairly.

What happened

Mr and Mrs W invested £7,500 in a Holiday Property Bond (“the bond”) in November 1999. The bond was described as a single premium life assurance policy offering bondholders the benefit of holiday homes. For every £1 invested one holiday point would be allocated to bondholders to rent holiday properties, with the points allocation being inflation-protected and renewed annually.

Mr and Mrs W complained to HPB in 2024 that the promised inflation protection, which was a key feature of the marketing of the bond, had not been delivered. They said their holiday choices had been limited by higher than standard increases in the points charges for properties - both those that had been available in 1999 and newer properties added since then.

Mr and Mrs W initially said they were not seeking financial redress, but that HPB should be required to modify their advertising claims and amend their sales and product literature. More recently Mr and Mrs W have said that on further reflection, they think it would be reasonable to expect some sort of compensation from HPB and suggest that could be in the form of points to be added to their annual entitlement.

HPB did not uphold Mr and Mrs W's complaint. They said:

- In relation to holiday sites that were available in 1999, the points requirements were never increased in relation to Mr and Mrs W's points allocation, with the exception of sites listed with an asterisk at that time. Asterisks are used in their site lists where the costs of initial development are still unknown and where further development may be possible. That was explained in the Holiday Points Chart for 1999, which the sales representative would have discussed with Mr and Mrs W when they took out the bond. Points charts sent to Mr and Mrs W in subsequent years also included sites marked with an asterisk and an explanation of their use.
- Mr and Mrs W had said they were led to believe that the points protection included properties that might be added in future to cater for new investors. However, the product particulars do not say that bondholders' points would be increased in line with the points cost of future properties.
- Mr and Mrs W had said that possible exceptions to the points protection were given far less emphasis in the sales literature than the protection itself. HPB said that asterisks are never added to sites once they have been removed and it is for this reason that asterisks remain on sites for long periods where future development may be possible and the final cost of the building work is unknown. They do not agree that the product particulars and the rules and regulations are unclear, and the use of

asterisks would have been covered by the sales representative at the time of Mr and Mrs W's investment and explained in the points chart.

HPB also said that in July 2024 they wrote to Mr and Mrs W to recognise that they had raised a number of complaints over the previous years and offered to refund their entire investment, without the deduction of fees. They said that Mr and Mrs W declined the offer, but it remained open to them.

Our investigator looked into what had happened and didn't uphold Mr and Mrs W's complaint. She said:

- She was unable to consider Mr and Mrs W's concerns about the sale of the bond and what they were told at that time. Prior to 2004, HPB were not authorised or regulated in their own right but served as an appointed representative of a different firm who Mr and Mrs W hadn't complained to.
- Based on what she had seen, HPB had delivered the bond in line with the very few expectations they had set out.
- HPB had offered to allow Mr and Mrs W to leave their investment free of charge, and with a full reimbursement of their original deposit. Because of this, it was very difficult for her to conclude that Mr and Mrs W were locked in or being treated unfairly by HPB.
- HPB had now given a much clearer explanation of the inflation protection feature and how it is intended to work. If Mr and Mrs W remained unhappy, she was satisfied they had been offered a fair remedy. She couldn't fairly or reasonably recommend HPB offer them more than they already had.

Mr and Mrs W disagreed with our investigator and asked for an ombudsman to make a final decision. They said:

- The crux of their complaint is that their annual points allocation has not increased in line, or at same rate, as the varying costs of eligible holiday properties. Any limitation on the promised inflation protection was not, and is not, adequately explained in the product literature.
- HPB's reliance on vague or poorly described terms has locked Mr and Mrs W into a costly arrangement which has placed them at risk of financial harm if they wish to continue taking similar holidays. They have invested more but their holiday choices have been limited.
- The refund of their investment would have deprived them of their current opportunities. They believe the offer indicated a recognition by HPB that they had been treated unfairly, but being allowed to leave free of charge is not a concession as they have no contract and there is no exit charge.
- The original sum they paid in was for investment in a life assurance bond owning properties and securities. Their sons are additional lives assured and will inherit the benefits. Surrendering the bond is therefore not as straightforward as it may appear.
- They provided a copy of a recent advert which they say emphasises the inflation protection feature. They argue there is nothing to suggest, far less explain, that investors' points will be regularly devalued when asterisks are used to increase

property points and new properties with much higher points charges are developed.

- To put things right, they are seeking greater clarity in the product literature and advertising and additional points for themselves.

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 have summarised this complaint in less detail than Mr and Mrs W have done. The purpose of my decision isn't to address every single point raised by the parties involved. If there's something I've not mentioned, it isn't because I've ignored it - I haven't. I'm satisfied that I don't need to comment on every individual argument to be able to reach what I think is the right outcome. No courtesy is intended by this; our rules allow me to do this, and it simply reflects the informal nature of our service as a free alternative to the courts.

For the reasons explained by our investigator I will not be looking in this decision at the sale of the bond to Mr and Mrs W in 1999. Any such complaint would need to be made to the responsible business. The focus of my decision is on how HPB have administered the bond and on the crux of Mr and Mrs W's complaint which is that HPB have failed to provide the promised inflation protection, resulting in their annual points allocation not keeping pace with the cost of eligible holiday properties

HPB's position is that the bond has worked as intended and in line with the rules governing its operation, which were explained to Mr and Mrs W when they took the bond out and have been set out in various documents that have been shared with them.

The way in which the bond should work is described in the "product particulars" which are included in the "All you need to know about The Holiday Property Fund" document. While I am not looking at the sale of the bond to Mr and Mrs W, I note that HPB have said that document would have been discussed at the sales presentation Mr and Mrs W attended and I can see that it was sent to them after their application had been accepted.

Section B1(e) of the product particulars says the following:

"Revaluation Protection

The Holiday Points Chart is reviewed regularly (usually every six months) and increased or decreased to reflect the current value of the holiday properties and the cost of new accommodation for new investors. The review will also reflect the relative values of the properties in the portfolio to ensure that similar properties are similarly pointed. The revaluation may therefore not necessarily reflect the current market value of the Holiday Property. When such a review is made Bondholders receive a bonus or reduction of points of the same proportion. This ensures that their holiday entitlement remains unaffected from year to year and no further investment is required unless capital expenditure has been incurred on the improvement, modernisation or renovation of the holiday property they wish to use.

The amount of the investment will depend on the size and value of the property the Bondholder wishes to use, the time of year and the duration of the holiday.

Please refer to the Holiday Points Chart in order to calculate the number of holiday points needed to use the properties described. For every £1 of Gross Premium

invested 1 holiday point will be allocated and the number of points, adjusted for increases or decreases in the Holiday Points Chart, will then be reissued every year."

The more detailed bond rules and regulations, also included in the "All you need to know...." document state (section B9):

"The points chart may be varied by the Managers from time to time and in particular may be varied....

....(d) on the making of any additional capital expenditure on any of the Holiday Properties...."

The section of the product particulars that I quoted above referred to the Holiday Points Chart, which bondholders are sent each year. I've seen a copy of 1999 chart, which would likely have been discussed with Mr and Mrs W at the time they made their investment. A number of properties listed were marked with an asterisk and the following explanation was provided:

"The Holiday Points at this development may be changed once the final cost of the building work is known. If the cost is lower than anticipated, the Holiday Points will come down and if it is higher, the Holiday Points will go up."

On balance, looking at the rules governing the operation of the bond - including those I've quoted above - I think it is sufficiently clear that:

- All bondholders would receive a standard increase in their points entitlement which would be the same as the increase applied to properties based on their value.
- The terms allow for the points for individual properties to be increased by more than the standard increase where capital expenditure has been incurred, including both initial building work at newer sites and further developments. Any capital expenditure on sites resulting in an increase in the points required would be on sites marked by an asterisk in the Holiday Points Chart.
- There is no guarantee provided that bondholders' points would be increased in line with the points requirements of properties that would be added to the portfolio in the future.

As Mr and Mrs W have demonstrated, a significant number of properties in the portfolio have seen an increase in points greater than the standard increase. That is not in dispute, and I can understand why Mr and Mrs W are unhappy about the impact that has had on their holiday choices. However, based on the evidence I've seen and the provisions I've highlighted above, I don't think I can fairly say that HPB have failed to administer the bond in line with the rules.

Mr and Mrs W have drawn attention to some of HPB's product literature and marketing material which they think is unclear and have suggested that in some cases HPB have already made changes to explain the inflation protection feature more clearly. Our service is not the regulator, and we cannot tell a business how to describe and market their products. I won't therefore be commenting further on HPB's literature and marketing material.

Our role is to consider individual complaints and to put things right where we find that a consumer has lost out. In this case, while I appreciate that Mr and Mrs W feel strongly about their experience, I haven't found that HPB have failed to administer the bond in line with the rules and so I won't be asking them to do anything further.

I note that HPB have said their previous offer to refund Mr and Mrs W's investment still stands. If Mr and Mrs W would like to accept that offer, they should contact HPB directly.

I appreciate this will be a disappointing decision for Mr and Mrs W, but I won't be upholding their complaint.

My final decision

For the reasons given, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs W to accept or reject my decision before 30 December 2025.

Matthew Young
Ombudsman