DRN-5646451

The complaint

Miss B complains about the value of her stocks and shares ISA provided by HBOS Investment Fund Managers Limited ("Halifax").

What happened

In 2004 Miss B opened her ISA and began investing £50 per month, which she reduced to £20 per month in 2008. Over the years she's invested a total of around £6,500. In 2024 the ISA was valued at £2,200, and following a conversation with her daughter, Mrs W, a complaint was raised about:

- the lack of communication regarding the ISA over the years.
- the lack of statements sent to Miss B for around ten years.
- the performance of the investments.

Halifax in part upheld the complaint, offering £150 as they found Miss B hadn't been sent statements since 2015. They said the value of the ISA was down to market volatility, and that communication would only be sent to Miss B if something was being done to her ISA. For instance, they explained that in 2024 letters would have been sent about a fund merger, which meant some of the four funds Miss B held in the ISA were merged, and she would hold two following it.

Miss B remained unhappy, as she felt the explanation wasn't enough to answer how the value was so much less than the amount paid in, as there appeared to have been just one withdrawal of £1,800 over the years. So, she referred the complaint to our service and is represented by Mrs W. Halifax explained to our service that there were actually three withdrawals, totalling £4,700, and increased their offer to £400 as apology for not explaining that sooner. Miss B didn't accept the offer, as she had requested information from Halifax about the fees and charges which she felt hadn't been provided, and nor had the statements that should have been sent over the years.

An investigator at our service considered the complaint and found the offer to be fair. She sent Mrs W a copy of the statements which Halifax had provided to us, with the latest dated 15 July 2024, as well as the withdrawal requests and paperwork from the start of the ISA in 2004. Mrs W disagreed, in summary because:

- Miss B was still unsatisfied with how Halifax had handled the account.
- The information provided wasn't enough, as they hadn't had confirmation of the charges applied.
- Had annual statements been sent, Mrs W could have advised Miss B of a better way to manage the investment at an earlier point.
- The lack of transparency from Halifax had caused Miss B considerable distress.

The investigator wasn't persuaded to change her opinion and as no agreement could be reached, the complaint has been passed to me for a final decision.

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.

Having done so, I agree with the conclusion reached by the investigator for largely the same reasons.

I've firstly considered the points raised about the charges. In June 2025 the investigator sent Mrs W the reconstructed statements from 2013 onwards, which were formatted as spreadsheets by Halifax. On the tab called "Investment details" each has a table setting out the details of the value of each fund and it includes the details of the charges. Taking the July 2024 statement as an example, it said:

Fund name	Annual management charge (%)
Corporate Bond Fund Share class C Accumulation	1.00%
UK Equity Income Fund Share class C Accumulation	1.20%
UK Equity Tracker Fund Share class C Accumulation	1.00%
UK Growth Fund Share class C Accumulation	1.20%

I can also see that on 31 January 2025, Halifax sent Mrs W details of the fund mergers that had taken place in November 2024. They explained that the UK Equity Income Fund and the UK Growth Fund had merged with the UK Equity Tracker Fund on 15 November 2024. Following that, Miss B only held two funds, the Corporate Bond Fund and the UK Equity Tracker Fund, both share class C.

Halifax also explained that on 24 November 2024, both funds underwent a share class conversion – instead of having class C, Miss B had class J. Halifax also set out the annual management charges of each of the new share classes – the UK Equity Tracker Fund would have charges of 0.62%, and the Corporate Bond Fund would have charges of 0.68%.

Mrs W hasn't specifically explained why the information in the 31 January 2025 letter is not enough to allow Miss B to consider what to do with the investment. However, I can see that when the case was referred to our service Mrs W said she'd like to know the monetary value of the charges applied. I can't see that this question has been asked directly of Halifax prior to the complaint being referred to our service, although I can see there were some phone calls which I don't have recordings of. In the interests of resolving things for Miss B and Mrs W, I'll explain how the charges operate here and why monetary values aren't given as standard.

I can see that in a letter of 29 November 2024, Halifax explained that the annual management charges are included as part of the ongoing charges that are set out in the Key Investor Information Documents ("KIID") for both funds and provided a link to where more information could be found. On that website, there's a link to the terms and conditions of the ISA. The terms say on page 16:

"What are the charges under the HBOS OEIC investment option?

a) *The only charges are those normally associated with buying, selling and holding shares in sub-funds of the HBOS OEICs. There are no extra charges for investing through an ISA Investor. These charges can be increased only in line with the relevant prospectus and the COLL Sourcebook.*

b) *There is no initial/entry charge when you buy shares. There is a charge payable, the level of which is determined by the aggregated value of the contributions you have* *made into an ISA Investor (excluding an ISA Investor which is part of a Halifax Home Plan). The ongoing charge is made up of the Annual Management Charge, this is for managing your investment and other expenses such as those associated with running the fund, for example, the transaction costs incurred when buying and selling investments in a fund."*

So, the only charges are those applied within the funds by the fund managers. There don't appear to be any other charges applied to the ISA itself by Halifax – for instance there's no fee for holding the account itself.

The way the fund charges work is that they are taken into account by the fund manager when they set the price of the fund each day. The type of fund Miss B holds are Open Ended Investment Company ("OEIC") funds. OEIC funds are valued on a net asset value ("NAV") basis.

This means the share price is linked directly to the value of the assets owned by the fund, factoring in any income that's been received, and any liabilities owed, by the fund. The liabilities include the annual management charge and any other charges incurred by the fund in buying and selling the assets the fund holds. The NAV will be calculated by dividing the value of the fund (after accounting for liabilities) by the number of shares owned by investors in the fund.

Since the charges are accounted for in the way the fund is priced, they are generally known as implicit charges, rather than explicit charges. Explicit charges are those that are deducted by selling the shares owned by the account holder to cover the charges. There aren't any regular explicit charges applied to Miss B's ISA, which is why Mrs W hasn't been given a monetary value of the charges when she's asked about them. It's normal for the implicit charges to be set out as a percentage, in the way Halifax did in their letters and statements.

Turning to Miss B's concerns about the performance of the funds. I should note that I am not considering the sale of the investments to Miss B, including whether any advice was given when the ISA was put in place and what she was verbally told about the investment. In my view, there aren't any guarantees in the funds chosen – the performance will fluctuate, as is normal for an investment of this type.

I appreciate Miss B has been investing in this ISA for a long time – but in the first few years especially there was only a small amount invested. The growth can't be expected to be the same as a lump sum of £6,500 invested 20 years ago. I'd also note the numerous world events that have taken place over those 20 years, which have negatively impacted the investment markets. Overall, while I can appreciate that Miss B was hoping for higher growth, I haven't seen evidence that persuades me Halifax is at fault for the performance of the investments.

I agree with Miss B and Mrs W that it would have been helpful for Halifax to have explained all of the information about what has impacted the value of the investments, when they replied to Miss B's complaint on 10 January 2025. Ideally that would have included the withdrawal information and details of the charges as they both impacted the value, as well as copies of the statements that weren't sent previously. That would have avoided the need for further correspondence and requests for information.

I note that Mrs W has argued that by not receiving the statements over the years, Miss B was unable to decide whether to continue with the investment and it prevented her from taking advice from Mrs W about what to do with it. Having considered these comments, I'm not convinced that it would be fair to say the lack of statements entirely prevented Miss B from deciding what to do with the ISA. There's no question that Miss B was aware of the ISA and she took withdrawals from it in 2017, at a time when she wasn't receiving statements. So, she was able to make decisions about it, despite the lack of regular statements.

In my view, Miss B seemed content to continue with the ISA and didn't appear concerned about the lack of statements until she spoke to Mrs W in 2024. This is because if she had been concerned, I find it likely she would have raised that concern with Halifax at an earlier point and requested statements when they hadn't been received, if she wanted them. On the other hand, I do agree that not receiving the statements would have made it more difficult and onerous to keep track of the performance of the investments in the ISA.

I appreciate Miss B remains frustrated about the experience she's had when she's tried to understand the ISA. I'm glad to see Halifax recognised they've caused problems here and have offered £400 to recognise the inconvenience caused by both the lack of information in 2024 and 2025, and the fact statements hadn't been sent over the years. Overall, I'm satisfied this is fair compensation for the distress and inconvenience caused, for the reasons set out above.

My final decision

I uphold the complaint. HBOS Investment Fund Managers Limited should pay Miss B £400 compensation for the distress and inconvenience caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss B to accept or reject my decision before 17 October 2025.

Katie Haywood
Ombudsman