

The complaint

Mrs D and the late Mr C complain that Wesleyan Assurance Society failed to conduct appropriate checks when they received written instructions to withdraw funds from their Capital Investment Bond and Flexible Savings Plan.

What happened

When Wesleyan received a withdrawal letter from Mrs D and Mr C in October 2024, they completed the withdrawal as instructed. In January 2025 Mrs D and Mr C complained that the withdrawals had resulted in an unexpected tax charge. Mrs D believes Wesleyan should have queried the amount of the withdrawals before proceeding with them. Shortly after the complaint Mr C passed.

Wesleyan didn't uphold the complaint. They said that as they had not made an error, they could not consider reversing the withdrawals, and nor could they notify HMRC that this was the result of a Wesleyan error.

Mrs D and her representative brought the complaint to the Financial Ombudsman Service and one of our Investigators looked into things. Our Investigator thought Wesleyan acted in accordance with the written instruction received and didn't feel that they should have recognised the instructions weren't as Mrs D and Mr C may have intended.

Mrs D and her representative asked that an Ombudsman decides the complaint and it was passed to me to consider.

Although I reached the same outcome as our Investigator, I decided to issue a provisional decision to provide additional reasoning after Mrs D's representative provided comments to our Investigator's view. I asked all parties for further comments before considering a final decision. The deadline for both parties to provide any further comments or evidence for me to consider was 9 September 2025.

In my provisional decision I said;

"I understand Mrs D will be disappointed, but for very much the same reasons as our Investigator, I intend saying Wesleyan didn't treat Mrs D and Mr C unfairly or unreasonably in processing the withdrawal. I will now explain why.

The written instruction received by Wesleyan resulted in an unintended chargeable event. The crux of this complaint is whether Wesleyan should have checked with Mrs D and Mr C to see if the instruction was correct. In response to our Investigator's view, Mrs D's representative gives two main reasons for this.

- *The instruction – as it was received – would have given rise to a chargeable event on the Capital Investment Bond; and,*
- *Mrs D and Mr C were vulnerable clients, and Wesleyan didn't take this into account when they received the instruction.*

After our Investigator provided their view, Mrs D's representative told us that Wesleyan should have intervened in order to meet their obligations under the Consumer Duty. They believe Wesleyan treated the withdrawal as if it were routine. They say this represents a failure to meet even the minimum standards of care, especially under the Consumer Duty's requirement to act in good faith, avoid foreseeable harm, and deliver good outcomes for retail clients.

The Consumer Principle – Principle 12 – has been added to the FCA's Principles for Businesses, in the FCA Handbook. It says: "A firm must act to deliver good outcomes for retail customers." However, this doesn't mean that customers will always get good outcomes or will always be protected from poor outcomes.

Mrs D's representative also referred to other FCA Principals (6 & 7) relating to information needs and acting in clients' best interests. But as the Consumer Duty (Principle 12), is relevant here, this sets the obligations Wesleyan needed to follow and builds on the existing requirements under Principal 6 and 7. I've taken this into account, but for the reasons I will set out below, I intend saying Wesleyan haven't acted unfairly.

Mrs D's representative, who in 2024 became the Independent Financial Adviser (IFA) for Mrs D and Mr C, believes the withdrawal request Wesleyan received was a highly unusual, out-of-character and a high-risk transaction. And that Wesleyan didn't appropriately assess the clear and well documented vulnerability of Mrs D and Mr C.

Wesleyan accept they were aware of Mr C's health issues at the time they received the withdrawal request. They say that when they reviewed the markers on the accounts, they noted Mr C was supported by Mrs D and that no other support was required. Wesleyan say the withdrawal letter was specific about the amounts they wanted to withdraw, and from which investments the withdrawals should be taken from. Wesleyan says there were no other indicators to suggest they should have queried it before they processed it.

Before Wesleyan received the withdrawal request, they received an authority from Mrs D and Mr C to provide information about their investments to their IFA. The IFA contacted Wesleyan soon after and asked how withdrawals could be made and to confirm Mrs D and Mr C had been opted out of receiving on-going advice from them (Wesleyan). The withdrawal instruction, dated 23 October 2024 and Mrs D and Mr C signed it. This was the same date they met with Mrs D's representative to complete a financial review. The review document records that both Mrs D and Mr C had health issues, that Mr C maintained mental capacity and that Mrs D now oversees their investments. The same review noted that they felt comfortable and preferred to proceed independently, confident in their ability to manage their financial affairs without additional support from family or friends.

The position laid out in the review supports that Mrs D's and Mr C's vulnerabilities hadn't changed and were very much as Wesleyan believed them to be. In other words, Mrs D and Mr C were able to make investment decisions without any additional support. Regardless of this, as Mrs D's IFA had been calling Wesleyan about how withdrawals could be taken from the investments - with the authority from Mrs D and Mr C - it doesn't seem unreasonable for Wesleyan to consider they were being supported during the process. Therefore, I intend saying Wesleyan met their Consumer Duty obligations.

I've also considered whether Wesleyan acted in good faith and carried out a reasonable assessment of the instructions received to avoid foreseeable harm. Mrs D's representative suggests Wesleyan should have spotted that the instruction was incorrect, and that Wesleyan failed to bring this to the attention of Mrs D and Mr C. The withdrawal letter was typed and the instructions to Wesleyan were clear and specific, but the dispute isn't that Wesleyan made a mistake in executing the instruction. Instead, it's that Wesleyan should

have pointed out to Mrs D and Mr C that the withdrawals would create a larger chargeable gain than may have been intended.

It seems more likely than not that Mrs D and Mr C were attempting to mitigate any chargeable gains as the amounts of the withdrawals suggest this; but Wesleyan weren't asked for advice in this regard. I can't say how Mrs D and Mr C arrived at the figures they did, or indeed whether there was a genuine mistake when typing the letter of withdrawal. So, I've considered whether Wesleyan should have told Mrs D and Mr C that there may be a chargeable event.

In this case, before the letter of withdrawal was sent to Wesleyan, Mrs D and Mr C had already told them they didn't want any further advice from them. Mrs D's representative believes Wesleyan should have contacted Mrs D and Mr C before completing the withdrawal to tell them of the chargeable gain or that there had been an error. However, taking into account the circumstances of this case, I'm persuaded it was reasonable for Wesleyan to consider Mrs D and Mr C could make a decision about the withdrawals. Or, that they had discussed the withdrawals with the recently appointed IFA. This is supported by ongoing contacts with an IFA appointed by Mrs D and Mr C before the withdrawal request was sent.

Wesleyan met their regulatory obligation to record Mr C was supported in his decision making by Mrs D. I intend saying Wesleyan treated Mrs D and Mr C fairly and reasonably in concluding they were, at the time, capable of making financial decisions, or that they were receiving advice from another party about the withdrawals. In this regard I intend saying they acted reasonably in accepting the withdrawals in good faith.

I intend saying that although in hindsight the withdrawals created a chargeable gain, this gain wasn't caused by the actions – or failure to take action – of Wesleyan. I'm persuaded the error was in the instruction itself and, in this case, I think it would be unfair and unreasonable for me to conclude the actions or inaction of Wesleyan are responsible for the chargeable gain that occurred. Of course, I might have felt differently if Wesleyan had told Mrs D and Mr C that there was no chargeable gain, or if Mrs D and Mr C had relied on a calculation provided by Wesleyan. But, in the circumstances of this case neither Mrs D nor Mr C – or indeed their IFA – relied on any actions taken by Wesleyan, other than their carrying out of the instruction provided.

Wesleyan have explained that if they had been responsible for the error they could have taken steps to recover the funds from Mrs D and Mr C and liaise with HMRC to re-invest the amounts. Mrs D's representative believes that Wesleyan should do this. I do understand that this is something that could be done in conjunction with HMRC. But, this is something Wesleyan can do only if they had caused the error. In this case I'm persuaded Wesleyan acted in good faith and it's more likely incorrect amounts were withdrawn as a result of an error by Mrs D and Mr C. I intend saying it would be unfair and unreasonable for me to direct Wesleyan to take steps to liaise with HMRC to resolve this matter as they didn't do anything wrong.”

Wesleyan told me they had no further comments. Mrs D's representative provided no further comments for me to consider.

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.

As I received no substantive comments in respect of my provisional decision, I've decided to adopt it as my final decision.

My final decision

I've decided that, in the circumstances of this complaint, Wesleyan Assurance Society haven't done anything wrong.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs D to accept or reject my decision before 11 October 2025.

Paul Lawton
Ombudsman