

complaint

Mr M has complained about the investment he took out in 2009 following advice from Northern Bank Limited. He has said the investment was mis-sold to him. He has also said that he was harassed into making the investment, that his money was mismanaged and that his money was left in a dormant account without his knowledge.

background

I set out the background to this complaint and my provisional findings in the provisional decision I issued in December 2015. This forms part of my decision and a copy is attached.

Northern Bank hasn't provided any further information or comments.

Mr M didn't agree with the provisional decision and responded with the following points:

- The issue about the monies from the fixed term investment going into a savings account (which Mr M has described as a dormant account) without his knowledge is something he wants covered in the final decision.
- When his shares increased in value he wasn't informed of this. He says had he been told he would've sold them and made a profit. He feels that once Northern Bank got their money he was forgotten about.
- After investing the money he received no further contact from Northern Bank which disappointed him considering he and his wife had banked with Northern Bank for nearly forty years.

my findings

I've reconsidered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. And have considered the further points Mr M has made.

Firstly, looking at the issue of the proceeds from the fixed term investment, I have seen evidence that nine months after the fixed term investment was taken it matured and accordingly Northern Bank contacted Mr M and his wife asking for payment instructions. This letter also stated that if no instructions were received then the maturity proceeds would be put into a savings account. This letter gave Mr M and his wife around ten months to reply. A further letter was sent in May 2010 again asking for instructions but nothing was received. As stated in the letters, as no instructions were received Northern Bank transferred the monies into a Summit (Savings) Account.

Mr M says he didn't receive the letters. Whilst that may be the case, it is normal business practice for these types of letters to be sent out at maturity of an investment and I have no reason to think Northern Bank didn't send them. So if they weren't received then I can't reasonably hold Northern Bank responsible for any failures in the postal system. I therefore am not persuaded that Northern Bank did anything wrong in sending the maturity proceeds to a savings account until they heard further from Mr M and his wife.

I also think it's reasonable that Mr M would've contacted Northern Bank at the maturity point (only nine months after the invested started), or at least when they say they didn't hear from it around the time they were expecting the investment to mature.

Mr M has also said that he should've been told that the value of his ISA had increased so he could have sold the shares at a profit and that after investing he heard no more from Northern Bank. I appreciate his investment experience was limited but it is not usual for any bank to be in constant contact with its customers regardless of how long they had banked with them. Also the type of relationship where an investor is regularly updated about the value of his investment is one which only happens with a specialised investment manager where regular fees would be charged for such a service. This was not the relationship Mr M had with Northern Bank. There was no obligation on Northern Bank to update Mr M on the value of his ISA nor was there an obligation for Northern Bank to keep in constant contact with him. It is, in my view, for the investor to monitor their investments and decide what is best to do according to their needs. I am therefore not persuaded that Northern Bank has done anything wrong in this respect.

With regards to the focus of the provisional decision and the overall suitability of the advice given to Mr M, as no further comments have been provided in relation to this aspect I have no reason to depart from my provisional findings.

Whilst I appreciate the advice to invest into the fixed term deposit account and the ISA encompassed a large proportion of Mr M's available cash, the fixed term was for nine months, at which point the money was accessible, so I don't think this disadvantaged him to any extent.

While the fund the ISA was invested in had a slightly higher than *cautious* level of risk attached to it given, Mr M's objective was for capital growth, and the amount invested in the ISA represented a relatively small amount of the overall capital held after the fixed term investment matured, I don't think this advice was unsuitable for him.

In summary, therefore, whilst taking account of the comments Mr M has made and looking over the evidence and circumstances again, I am not persuaded to depart from my provisional findings. In my view, I think the advice to invest was broadly in line with Mr M's objectives and there just isn't enough evidence to conclude the complaint should be upheld.

my final decision

My final decision is that I don't uphold this complaint and I make no award.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 19 February 2016.

Ayshea Khan
ombudsman

copy provisional decision

complaint

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background

Mr M was given advice along with his wife, Mrs M, in 2009. They made a joint investment and also each took out an ISA. As they attended the meeting together and agreed on the same investments, the recommendations provided by the adviser were based on their joint circumstances.

Mrs M's complaint, which mirrors the points raised by Mr M, is being dealt with under a separate complaint reference.

From the paperwork completed at the point of sale it was recorded that Mr and Mrs M held around £63,000 in building societies. They were both employed earning about £25,000 jointly (Mr M earned around £20,000 a year). They had no liabilities and owned their home without a mortgage. Their net disposable incomes were around £300 per month (Mr M had a disposable monthly income of around £290).

Following the advice they invested about £42,000 in a fixed term deposit account for a period of nine months. This doesn't form part of the complaint. Mr M also invested £7,200 into an ISA invested in the CF Danske Fund Balanced (Accumulation) fund. One year later he invested a further amount into his ISA and then surrendered it in 2011.

The adjudicator who investigated the complaint felt it should be upheld. She was of the view that given Mr M's circumstances, what he was earning, how much was left in savings after the advice and the level of risk he was exposed to by the ISA was unsuitable for him.

She didn't, however, feel the complaint could be upheld on the other complaint points mentioned by Mr M.

Northern Bank disagreed with the assessment so the complaint has been passed to me to review.

my provisional findings

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 currently don't think the complaint should be upheld.

The focus of this decision is on the suitability assessment of the advice to take out the ISA. I agree with the adjudicator's view of the other points mentioned by Mr M. So I don't intend to cover them here.

I appreciate the advice to invest into the fixed term deposit account, plus the two ISAs, encompassed a large proportion of Mr M's available cash lump sum. But the fixed term deposit account was only for a period of nine months while offering a preferential interest rate of 2.24% per annum. So overall I don't think this disadvantaged Mr M. I don't think nine months was too long to

have to wait for the money to become available. And if he required that money because of emergencies he could have accessed it with the permission of his bank manager.

Furthermore, investing in the ISA left Mr M with joint savings of about £7,000. Considering he had no liabilities and no mortgage, and taking account of the fact that he would have access to £42,000 in a relatively short time from the date of investments, I think the amount invested and the amount he was left with wasn't detrimental to his overall financial circumstances.

Looking at the makeup of the fund, the equity proportion was 60% (although it could go up to 80%) and the fixed interest proportion was 40%, which the fund manager categorised as having a 'low-to-moderate' degree of risk. I accept this fund had a higher than 'cautious' level of risk attached to it. And it can be argued that based on Mr M's relative inexperience of investing in general this exposed him to a higher level of risk than was suitable. But given his objective was for capital growth, and the amount invested represented a relatively small proportion of his overall capital held with his wife, I don't think investing in this fund disadvantaged him. I think the equity exposure was balanced against the proportion of lower risk assets also in the fund. And I think this gave him the opportunity to make some money on his ISA investment.

Overall, I am satisfied that, on balance, Northern Bank's recommendation was broadly in line with Mr M's objectives for investing and was suitable taking account of his circumstances and amount committed to the investment.

my provisional decision

My provisional decision is that I don't currently intend to uphold this complaint.

Ayshea Khan
ombudsman