complaint

Mr and Mrs G's complaint concerns a Guaranteed Investment Bond taken out with Lloyds Bank PLC in 2006. They say they were assured of a reasonable return on their investment but on maturity the bond returned very little. They therefore feel that it was mis-sold.

background

Our adjudicator didn't recommend the complaint should be upheld. In brief, she considered that the bond had been a suitable recommendation for Mr and Mrs G given their circumstances at the time and their attitude to risk, which was recorded as 'cautious'.

She didn't feel that the evidence supported Mr and Mrs G having been given a guarantee of what return might be achieved, beyond the assurance that the original money invested would not be lost.

Mr and Mrs G didn't agree with the adjudicator's view and highlighted a number of newspaper articles that raised concerns about this type of product. They also questioned the accuracy of the details about their circumstances recorded by the adviser.

As no agreement could be reached the matter has been referred to me to review.

my findings

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint. Having done so, I have come to the same conclusions as the adjudicator and for broadly the same reasons.

I appreciate how disappointing it must have been for Mr and Mrs G to receive virtually no return back on their investment. I can understand why this might have led them to conclude that it had been mis-sold. But looking at their circumstances at the time I'm satisfied the recommendation of the bond was consistent with these and was therefore suitable for Mr and Mrs G.

Although they hadn't invested before it appears they were in a position to give some consideration to trying to achieve better returns than those available from deposit accounts. It was recorded that they had income in excess of their outgoings and the money invested in the bond represented about a third of their available funds. Although the return on the investment was linked to the performance of the stock market, the bond featured a guarantee that whatever was invested could not be lost.

Mr and Mrs G have questioned the accuracy of some of the information recorded by the adviser in the fact find, suggesting that they didn't have as much money available to them as it showed. While I can't be certain of what was correct, I nevertheless think it was reasonable for the adviser to base the recommendation of the bond on the information provided at the time, as part of the fact finding process.

Mr and Mrs G say they were assured of a reasonable return on their investment. However, the documentation produced at the time set out the risks involved with the bond, including the possible of there being no return, and I've seen no other evidence to support Mr and Mrs G's assertions. I think it's likely that the adviser would have been very positive about the product, stressing the potential for it outperforming deposit accounts. But, on balance, I'm not persuaded that any guarantee, beyond that of the money originally invested being protected, was given.

In closing, I note that Mr and Mrs G have made reference to a number of newspaper articles concerning guaranteed bonds of this type. They have questioned why if the products are often found to be unsuitable this does not apply to them. I should reiterate, as the adjudicator noted, that we consider each complaint on its specific, individual circumstances. And in this case I'm satisfied that the recommendation of the bond was suitable for Mr and Mrs G's specific circumstances.

my final decision

For the reasons given, my final decision is that I do not uphold the complaint.

James Harris
ombudsman