

## **complaint**

Mr C complains that he was unsuitably advised by Ulster Bank Ltd to invest in a Secured Deposit Account. He's unhappy he received no return on his investment after 3½ years. Mr C is represented by a Claims Management Company (CMC).

## **background**

When Mr C met the adviser in 2009 he was looking for ways to potentially increase the return on his money without much risk. He invested £40,000 into the Account, which featured a guarantee to return at least the original capital. This amount represented just over 30% of his total holdings. Mr C was left with £63,000 remaining on deposit and a further £4,000 in a cash ISA and £20,000 in a with profits bond.

Our adjudicator didn't think the complaint should be upheld. In brief, he was satisfied that Mr C was in a position to invest £40,000 into the bond as it provided capital security while offering the potential to earn greater interest than was available on deposit. He noted that Mr C also had sufficient other money to invest in ISAs if he'd wanted to.

The adjudicator acknowledged the CMC's comments about the proportion of his money that Mr C invested. But he felt there were no strict rules on this. Overall, he was satisfied the product and amount invested were suitable.

The CMC didn't agree with the adjudicator's view. It reiterated its concerns about the amount of Mr C's money that had been invested in a single product.

## **my 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've come to the same conclusions as the adjudicator and for broadly the same reasons.

At the heart of Mr C's complaint is the concern that too much of his money was placed into this single product. On the face of it the proportion does look quite high, but I've looked at this against the backdrop of what was documented about the sale.

Mr C had quite a significant sum held on deposit at the time and interest rates had just hit an unprecedented low point. This being so, it strikes me as reasonable that he would have sought advice on ways to counter the effects of this. The recommendation that he place 38% of his deposit savings – 31% of his total holdings – into the Account was, as noted, on the high side. But it seems this was acknowledged by the adviser and justified in the context of Mr C wanting his capital protected.

On balance, I think this recommendation was suitable for Mr C. I appreciate it'll have been very disappointing not to have achieved any return on the investment. But I'm satisfied that Mr C was made reasonably aware of this possibility.

He had experience of investments as well as deposit accounts and I think it most likely he would've appreciated the way in which this type of product differed. Also, I note the CMC's suggestion that Mr C would have accepted compensation based on the position he'd be in if he'd invested a smaller amount, which suggests to me that he was happy with the product



in principle. But, as I've said, I don't think the amount recommended was unsuitable in the circumstances.

I note what's been said about the regulatory guidance in respect of the maximum amounts that should be put into a single product; that the advice given to Mr C doesn't appear to be in line with that. But there is general guidance on this point rather than strict rules and there'll always be a need for an adviser to have regard for the customer's specific circumstances, as was the case here. And in any event the guidance in question was produced after the advice was provided.

In summary, I've seen nothing that leads me to think that the adviser acted incorrectly or unreasonably in making his recommendation to Mr C.

### **my final decision**

For the reasons given, my final decision is that I don't uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 6 November 2015.

James Harris  
**ombudsman**