

complaint

Mr and Mrs P complain about the advice they were given to invest in a Barclays Bank Plc defined returns plan. They feel the product wasn't adequately explained, wasn't suitable for their circumstances, and alternatives weren't discussed.

background

I set out the background to this complaint, and my provisional conclusions, in the provisional decision I issued earlier this month (copy attached). In summary, I confirmed I was not minded to uphold the complaint.

Barclays told us they have nothing to add. Mr and Mrs P's representative asked me to comment on the point it raised when making the complaint that the adviser didn't take account of an investment Mr and Mrs P already held.

The complaint has now been passed back to me for further consideration.

my findings

I've reconsidered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

I've noted the comments about the investment bond Mr and Mrs P already held when they sought advice in 2007. The adviser recorded this as part of their financial situation. While the value was noted to be £300,000, the actual funds the bond invested in weren't recorded. There's a note "*not sure*" in the fact find. I take it this means Mr and Mrs P couldn't recall the full details of their bond.

But I don't think this missing information meant they couldn't receive suitable advice. They weren't asking for advice about the bond. Instead, they were looking to improve the returns from the money they held on deposit. It was in regard to this that matters such as their attitude to risk were taken into account.

So it remains my opinion the advice Mr and Mrs P received to invest in the defined returns plan was suitable for the circumstances and requirements.

my final decision

I do not uphold the complaint and I make no award.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs J to accept or reject my decision before 27 July 2016.

Doug Mansell
ombudsman

COPY PROVISIONAL DECISION

complaint

Mr and Mrs P complain about the advice they were given to invest in a Barclays Bank Plc defined returns plan. They feel the product wasn't adequately explained, wasn't suitable for their circumstances, and alternatives weren't discussed.

background

In October and November 2007, Mr and Mrs P met with a Barclays' adviser. They were advised to invest £40,000 in a three-year defined returns plan. It matured in December 2010, and Mr and Mrs P received back £40,088.19.

In October 2015, Mr and Mrs P complained to Barclays through a third party. Barclays rejected the complaint, as it found the advice was suitable. Mr and Mrs P then referred the complaint to us.

One of our adjudicators considered the complaint, and thought it should succeed. She felt the advice given was unsuitable, because Mr and Mrs P were concerned about inflation. So they shouldn't have been recommended a product that could result in no return at the end of its term. She also thought Mr and Mrs P didn't want to take any risk with their money.

Barclays disagreed with the adjudicator's opinion. In summary, it said:

- It still thought the plan was suitable for Mr and Mrs P's circumstances.
- Although the adjudicator says Mr and Mrs P didn't want to take any risk, it was recorded that they were cautious investors. But they also wanted capital protection.
- The adjudicator said Mr and Mrs P's main concern was inflation. But they also confirmed they wanted a better return than from deposit accounts.
- The defined returns plan had the potential to beat inflation and achieve better growth than deposit accounts.
- After investing in the plan, Mr and Mrs P were left with £87,000 in cash accounts.

As it remains unresolved, the matter has now been passed to me for 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.

When Mr and Mrs P met with the adviser, they were in their early sixties and retired. They had sufficient income for their needs, and were looking to achieve a better return on their savings than they were getting.

I've noted the comments made about the level of risk Mr and Mrs P were prepared to take. I note an attitude to risk questionnaire was completed. This seems to show they didn't want to take any risk.

But the suitability letter the adviser sent Mr and Mrs P records they had been classed as cautious investors. This meant they were comfortable with investments containing some risk. They wanted a better return than offered by savings accounts, and were prepared to put some of their money in stock market investments.

The adviser recommended they invest in a three-year defined returns plan. The possible returns were based on the performance of the FTSE 100 index. If this rose, or stayed at the same level at the end as it was at the start, there was the potential for growth of 21% to be paid. So as long as the index

didn't fall, Mr and Mrs P would receive growth on their capital. But in any event, even if the index fell, the capital invested would be repaid.

I note Mr and Mrs P's representative says this was a complex product. But I think the way it operated was fairly straightforward. I also think this was explained in an understandable way by the adviser and in the product literature.

On the whole, I think the plan met Mr and Mrs P's requirements. I don't think it exceeded their risk profile, and gave them the prospect of a reasonable gain with no risk to their capital. I think it's likely they were prepared to accept the risk of not receiving any growth, in exchange for this potential return.

I don't think the fact they were concerned about inflation meant that the plan was unsuitable. It allowed the prospect of returns that could have been greater than the effect of inflation on their capital.

I also don't think too much of their capital was placed in the plan. After the investment, they still had a substantial sum retained in cash. And as they were investing over a relatively short term, the capital wasn't tied up for a long time.

my provisional decision

I do not uphold the complaint and I make no award.

Doug Mansell
ombudsman