

complaint

Mr and Mrs T's complain about the cost and quality of investment advice they received from Lloyds Bank PLC in 2014. They say the advisor misled them into believing they were getting impartial advice when they were merely recommended his company's own products.

background

Mr and Mrs T were recommended to invest roughly £75,000 in a joint OIEC, and nearly £12,000 each in stocks and shares ISAs. This advice occurred over three meetings.

Mr and Mrs T were retired with a steady annual income. They had more than £200,000 in deposit-type accounts including £100,000 in a building society fixed rate bond which was maturing. Their objective was recorded as to 'optimise your cash', and their attitude to risk as 'balanced'.

They later complained:

- They weren't aware the advisor could only recommended Lloyds' products (marketed by Scottish Widows)
- They are unhappy with the £500 non-returnable advice fee and the £2,500 charge for advice if they went ahead with his recommendations
- They are unhappy with the uncapped service charges applying to these investments
- They weren't presented with alternative options such as purchasing a buy-to-let property

Lloyds rejected their complaint. It said Mr and Mrs T had been provided with all the relevant information, both at the original meeting and when the advisor subsequently provided detailed recommendations.

An adjudicator at this service did not feel the complaint should be upheld.

He thought the costs and other key information had been clearly set out. This included both the advisor's initial fee and the uncapped charges associated with the OIEC which, he said, formed part of the structure of the investment.

He said these investments, though substantial, still left Mr and Mrs T with more than 50% of their existing cash in readily-available deposit accounts (in fact the percentage remaining in cash-based accounts was 62.9%). So, in his view, the investment advice was suitable for Mr and Mrs T's circumstances and financial objectives.

He said the documentation explained the advisor could only make recommendations based on a limited range of products, and it would not have been appropriate to recommend an investment in an unregulated product such as a buy-to-let property.

As no agreement has been reached, the complaint has been brought to me for 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.

I agree with the adjudicator's conclusions, and for substantially the same reasons.

I am satisfied that all the terms and conditions concerning the cost of the advice and the subsequent recommendations are clearly laid out, and that Mr and Mrs T were given sufficient time to read, consider and decide on whether they wished to proceed with this advice and these products.

Crucially, there were significant periods of time between the first and second, and second and third meetings, which gave Mr and Mrs T the opportunity to make an informed decision as to whether to proceed with the recommendations.

There was no charge for the initial meeting but the advisor explained, at that point, that there would be a £500 fee if they asked him to draw up a detailed report with specific recommendations.

This seems to me fair and reasonable. It was Mr and Mrs T's choice whether to agree to these terms, and they signed to acknowledge acceptance of them. Equally, the costs associated with the OIEC investment were also clearly explained such that Mr and Mrs T could decide whether they thought these were 'extortionate', and act accordingly.

Finally, I believe it's clear that the advisor was only offering advice based on a limited range of products and, despite this limitation, the recommendations were suitable for their circumstances.

my final decision

For these reasons, I do not uphold the complaint or make any award.

Under the rules of the Financial Ombudsman Service, I am required to ask Mr and Mrs T to accept or reject my decision before 2 November 2015.

Tony Moss
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