

## **complaint**

Mr H's complaint concerns the sale of a Bonus Bond by Bank of Scotland plc (Halifax). He is unhappy with the return achieved by the bond and says the adviser failed to highlight the risks associated with it. He also complains that he paid approximately £800 to set up the bond.

## **background**

In 2001 Mr H met with an adviser with the intention of investing £12,000. At the time he was 44, self-employed and looking to retire at 50. His attitude to risk was 'medium/cautious' and he wanted a medium to long term investment. It was recorded that he had previous investments, cash ISAs and stocks and shares.

The bond was taken out in March 2001 and encashed April 2006 with Mr H receiving just over £12,200.

Mr H's complaint was investigated by an adjudicator who concluded that the complaint shouldn't be upheld. He said, in brief.

- In respect of any fee that was charged, Bank of Scotland had looked into Mr H's accounts and found that only one was open at the time. There was no evidence that £800 had been paid out.
- Mr H was willing to accept some risk to his investment and didn't want to make his own investment decisions.
- He was in a position to set aside part of his capital for a period of five to ten years.
- The key features document outlined that any return on the original investment was dependent upon investment performance.

Mr H didn't agree with the adjudicator's comments. He said, in summary

- A return of £200 in a five year investment was not suitable for anyone.
- He didn't think paying about £800 for the bond was acceptable

As no agreement could be reached, the matter's been referred to me to decide.

## **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.

It's clear from what Mr H has said and the information recorded by the adviser that he wasn't willing to accept very much risk with his investment. In my view the Bonus Bond, which invested in the with profits fund and featured a type of capital guarantee, was suitable for the level of risk it seems he was willing to accept at the time.

I don't think it was unreasonable to recommend it as the bond offered the *potential* to produce a better return than leaving the money on deposit account – but there was no guarantee in respect of the return – only the five year capital protection feature.

I recognise that the amount Mr H received when the bond was surrendered would've been disappointing. But poor performance isn't generally a reason to uphold a complaint or comment on.

Turning to the charge Mr H believes he paid directly to the adviser, unfortunately there is no record of this. The adjudicator made attempts to trace it but was unsuccessful. It seems that the account it is most likely to have been paid from was closed many years ago when Mr H divorced.

In any event, charges for this sort of bond are usually by way of an annual charge rather than an upfront charge. Commission may be paid to the adviser but this would not come directly from the customer. While I have no reason to doubt Mr H's recollections, without any documentary evidence to support his position, I don't think I can reasonably conclude that he was incorrectly charged by the business.

### **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 am required to ask Mr H to accept or reject my decision before 6 November 2015.

James Harris  
**ombudsman**