

complaint

Mr B believes Aviva Life & Pensions UK Limited (Aviva) wrongly advised him to invest £12,000 in a bond in 1999 when he had an outstanding mortgage of £33,000 at the time.

background

Mr B surrendered this bond in 2004, receiving back his initial capital but no investment return.

Mr B's representative said he should have been advised to use his available capital to reduce his outstanding mortgage balance rather than invest this money.

He said Mr B cleared his mortgage debt in 2007 after a friend suggested he should do this rather than leaving his money in the bank. He said Mr B had no financial expertise but as soon as he became aware that he should pay off his mortgage, he did so. Had he been properly advised to do this in 1999, he would have done so.

He confirmed Mr B's mortgage was on a variable rate, allowing overpayments and with no early surrender charges.

He also said Mr B had a cautious attitude to risk, and wouldn't have wanted to gamble his money, taking a risk it'd lose value against inflation. He wasn't however claiming he was unaware this bond could lose money, rather that he should never have been advised to take it out in the first place when he had a mortgage debt.

An adjudicator at this service felt there wasn't sufficient evidence to conclude the recommendation was unsuitable. He said Mr B had fully surrendered the bond in 2004 and Aviva wasn't required to retain all the documentation so long after this point.

As no agreement has been reached, this complaint has been passed to me for review.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. I'm sorry to disappoint Mr B, but I too think his complaint cannot reasonably succeed.

There's nothing wrong, in principle, in recommending an investment simply because a client has an outstanding mortgage. And many people choose to do this – for a variety of reasons.

So I'd need to assess whether I thought the advice was wrong in this particular case. But in the absence of any of the original documentation about why Mr B met the advisor, what his objectives were, what was discussed and why he agreed to this recommendation, I cannot fairly or reasonably uphold the complaint.

my final decision

My final decision is I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 20 May 2016.

Tony Moss
ombudsman