

## **complaint**

Mr G has complained he was given unsuitable advice to take out investments with Barclays Bank Plc. He wants to be compensated for the losses he suffered.

## **background**

In 2004, Mr G had sold his property before moving abroad. He met with a Barclays's adviser to discuss his investments. His total assets included bank deposits, stocks and shares ISAs and investment bonds. He also held some land. He wanted to invest a significant amount over five years to provide an income.

Barclays assessed Mr G as having a conservative attitude to risk and recommended he invest across an equity fund (25%) and a bond fund (75%).

The following year Mr G instructed Barclays to make a further investment into the same funds.

One of our adjudicators assessed the case. He didn't uphold Mr G's complaint for the following reasons:

- Mr G was an experienced investor and would have understood the risks associated with equity investments.
- Barclays assessment that Mr G had a conservative attitude to risk was reasonable and the funds he was recommended were cautious to moderate funds.
- The higher income that would potentially be produced from the investments was in line with Mr G's objectives.
- Mr G had signed to say that he had received documents that explained the key features (including the charges).
- Mr G was advised to seek specialist tax advice with regard to his position when he moved abroad. However, the plan Barclays advised offered some tax efficiency.

Mr G's representative disagreed with the assessment and raised the following points:

- The product was invested 100% into equities and did not match Mr G's conservative attitude to risk.
- Other tax-free products (such as offshore bonds, non-qualifying bonds and pension plans) were not discussed as alternatives.
- Any tax efficiency of the plan was not obvious.
- Mr G's attitude to risk was not measured or recorded by Barclays.

The adjudicator responded to say that Mr G could not invest in tax-free products as he was moving to Spain. The investment was taxed under capital gains tax and was more tax-efficient than products which paid income tax. Also, Barclays had advised Mr G to seek specialist tax advice before he moved. While there's no record how Barclays had assessed Mr G's attitude to risk, the adjudicator was satisfied it had been discussed. The plan recommended involved a high level of fixed interest assets, which gave Mr G the potential for the income he wanted.

The representative then added a further submission. It said:

- The crux of this case seems to have been missed. The issue to consider was whether the advice was suitable for Mr G as he was to become an “ex-pat” who was resident overseas for tax purposes.
- The investment was non-qualifying for tax purposes and so not suited to his residence abroad.
- Barclays should have referred Mr G to its offshore advisers who could have provided more specific “*tax and inheritance advice*”.
- More tax-efficient products were available to Mr G once he moved to his new country.

The matter has now been passed to me for consideration.

### **my findings**

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint.

As an initial point, there seems to have been some misunderstanding of the tax status of the investments Mr G used. These were in fact offshore products – based in the Channel Islands and Luxembourg. So they were not subject to UK tax.

How they would be treated by the authorities of the country Mr G moved to would likely depend on his situation. Although his representative has told us Mr G had to pay tax, I’ve not seen evidence to support this. Mr G was advised to seek independent advice on his tax position, both in the UK and abroad. As he had considerable assets, apart from these investments, it would have been sensible for him to do so.

Overall, I think recommending offshore investments to Mr G, in light of his impending move abroad, was reasonable advice.

The representative suggests it would have been better for Mr G to have waited until he had moved abroad before making the investment. But the representative has also complained that the investments recommended weren’t covered by the Financial Services Compensation Scheme. If Mr G had taken out investments in his new country of residence, they would also not be covered by the scheme. So there seems to be some confusion in the arguments being put forward.

I have also considered the risks posed by the investments. It seems agreed that Mr G was prepared to take a conservative or cautious degree of risk. On balance, I think the investments were compatible with this. The larger part was placed in a bond fund. This would be regarded as a cautious investment.

I note the other fund was equity based. But the overall level of risk of the two funds matched that Mr G was prepared to take. It also seems Mr G understood one fund represented a higher level of risk than the other. So I think this issue was discussed at the time.

**my final decision**

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

Under the rules of the Financial Ombudsman Service, I am required to ask Mr G to accept or reject my decision before 30 December 2015.

Doug Mansell  
**ombudsman**