

## **complaint**

Mr A's complaint against The Prudential Assurance Company Limited is about the performance of his Prudential Fixed Interest fund ("the fund"). Mr A said he was led to believe that the fund would generate a secure income with stability of capital. He felt this fund was suitable as it had a risk indicator of two. However he has said the information provided about the nature and performance of the fund was misleading.

## **background**

Mr A invested approximately £43,000 (which was the remainder of his pension fund after he took a tax free cash lump sum) in July 2012. Mr A said that he planned to leave this money invested in the fund until he was ready to take an income. Mr A, through a representative, said that the fund was not a stable investment as described in the fund factsheet.

The adjudicator who assessed Mr A's complaint came to the view that this complaint should not be upheld. She considered that the fact the fund performance was not guaranteed was explained in the fund factsheet.

Mr A did not agree with the adjudicator's opinion and asked for an ombudsman to review the complaint. Mr A's representative requested for the adjudicator to reiterate that it was the advertising and information on the fund that they were concerned with.

More specifically, Mr A's representative said:

*"Of course any client is aware that the value of an investment may go down as well as up and also the fact that it does say that past performance is not a reliable indicator of future performance, but the words on the fund fact sheet or on any fund fact sheet would have to be viewed with cynicism when it explains that the fund is to provide a secure income with stability of capital consistent with investment in Gilts, and yes whilst one could look at this type of fund showing some day to day fluctuations – the fluctuations that this particular fund showed were not consistent with the aims of the fund and with regards to Prudential's claim that the fund had performed in line with the market sector average, seems inconsistent to my own personal experience of fixed interest funds which have shown minimal fluctuations in that period of time."*

Prudential did not put forward any further points 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.

The factsheet says that the fund's aim was to provide a secure income with stability of capital consistent with investment gilts and that the fund invested mainly in short, medium or long-dated gilts. It also explained that the value of the investment may go down as well as up, and the fund value at retirement may be less than the payments made.

On the one hand, I understand how Mr A may have focused primarily on the fund being described as providing a "secure income with stability of capital" and concluded that the fund should not have changed in value to the degree that it did.

However, this description went onto say the capital security as being in the context of “consistent with investment gilts”. Whilst gilts are *lower* risk, they are not risk free or guaranteed. And Mr A has said that he thought his investment was in line with the reward and risk indicator of two. Again, whilst this would be associated with *lower* risk investments, it would also suggest an asset that could fluctuate in value (including going down) albeit any degree of volatility would be limited.

Overall, I have not been persuaded that the information provided by Prudential was inconsistent with the risks that it presented. Accordingly, I have not been persuaded that his complaint should succeed.

**my final decision**

My final decision is that I do not uphold this complaint.

David Ashley  
**ombudsman**