

complaint

Mr M complains that Bank of Scotland plc, trading as Halifax, advised him to put his regular monthly savings into a stocks and shares Individual Savings Account (ISA). But it didn't tell him about the risks of the investment or about any other ways he could save his money. He didn't have enough information to make an informed decision about the ISA.

Mr M is represented by a claims management company.

background

In 2006, Mr M spoke with Halifax about his savings. He wanted to start saving a regular amount each month for his future.

Halifax recommended that he should start a stocks and shares ISA that invested in a cautious managed fund.

In 2014, Mr M's representative complained about the advice he'd been given. It said the risks associated with the stocks and shares ISA weren't explained to Mr M. He wasn't willing to take any risks with his money and the investment wasn't right for him.

Halifax said that its advisor had asked Mr M questions to find out his attitude to risk and the recommended ISA was in line with the amount of risk he wanted to take. The advantages and disadvantages were explained to Mr M and he was given documentation that explained the risks and charges.

Our adjudicator didn't think that the investment was right for Mr M. She said Mr M wasn't an experienced investor and she thought the fund of the ISA exposed him to more risk than was suitable for him because of the proportion of it that invested in equities.

The adjudicator said that Mr M did want to invest his money, so she thought that the performance of his ISA should be compared with a benchmark on the basis that he would have been prepared to take only a small level of risk. But this showed that the value of Mr M's ISA was more than it would have been if he had invested in line with this benchmark. So she didn't think Halifax needed to do anything more to compensate Mr M.

Mr M's representative didn't accept the adjudicator's findings and asked for the complaint to be referred to an ombudsman.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Mr M hadn't saved in any type of investment other than deposit-based accounts before he started this ISA. He wanted to save for the future over a longer term.

Halifax recommended that he should look at alternatives to his deposit-based accounts to give his savings more of an opportunity to grow. He wanted a low risk to his capital.

The fund Mr M's ISA invested in was a cautious managed fund. Looking at how this fund was made up - a high proportion of it invested in UK equities. I've looked at Mr M's overall circumstances, his financial situation and how he had saved his money before. Taking all of this into account, I don't think that this investment was right for him and the risks he was prepared to take with his savings for the future.

Like the adjudicator has said, I do think that Mr M wanted to invest his regular savings. But not necessarily in this way. It is difficult to say what Mr M would have done instead. So I think a fair comparison would be to look at the position he would now be in if 50% of his investment had produced a return matching the average return from fixed rate bonds and 50% had performed in line with the FTSE WMA Stock Market Income Total Return Index ('WMA index').

I think this is fair because Mr M wanted to achieve a reasonable return with a small risk to his capital and he was prepared to invest for a longer period of time.

However, a comparison against this benchmark has shown that Mr M hasn't lost out as a result of the advice he got. The value of his ISA is more than it would have been using this benchmark. Halifax has also compared Mr M's ISA with the average rate for fixed rate bonds, which would have represented no risk to his capital. And that also showed that the value of Mr M's ISA was more.

my final decision

My decision is that Bank of Scotland plc, trading as Halifax needn't do anything more to resolve Mr M's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 6 November 2015.

Cathy Bovan
ombudsman