

## **complaint**

Mr and Mrs O have complained that they were mis-sold investment bonds by Ulster Bank Ltd. They feel that their attitude to risk was not taken into account, Mr O's poor health was not considered and they were not told the capital was at risk.

## **background**

Mr and Mrs O were advised to invest £20,000 each into an Ulster Bank Combination Bond Series 4 in February 2010. They were looking to invest to gain greater returns than could be found in a deposit account.

In December 2013, they complained to Ulster Bank through a third party. When the complaint was rejected, they referred it to us.

Our adjudicator didn't uphold the complaint. He felt that the attitude to risk recorded by the adviser was compatible with Mr and Mrs O's personal and financial circumstances at the time of sale. The adviser had recorded both Mr and Mrs O saying they were in good health. The adjudicator thought it was the consumers' responsibility to check that what was recorded was an accurate reflection of what was discussed.

The adjudicator noted that the capital was guaranteed. So there was no risk to the initial capital invested. He felt the documentation was clear and explained how this product worked.

Mr and Mrs O's representative didn't agree. It said Mr O had retired on health grounds and if the adviser had asked a direct question Mr O would have responded. The representative thought it is the adviser's role to question consumers thoroughly.

As no agreement could be reached, the complaint has been passed to me for a final decision.

## **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 bonds Mr and Mrs O took out have effectively two parts. One fifth of the capital is placed in a one-year fixed interest account which pays 8% gross interest at the end. I understand this part of the bond will have come to an end as planned.

The remainder of the capital went into a three and a half year investment, the returns from which depended on the performance of 20 selected shares. The performance would be examined every six months, and any growth would be "locked in". The maximum growth during any six-month period was 6%. But in any event, the initial capital was guaranteed to be returned at the end.

Mr and Mrs O were in their seventies and retired. It seems they had little investment experienced. But it also seems they were prepared to take a cautious degree of risk. It was recorded they were prepared to take some risk, but wanted their money to be secure.

Overall, I don't think this was an inaccurate assessment of Mr and Mrs O's risk profile. Further, while there was a risk that 80% of the capital invested in the bond might not achieve any gain, it was guaranteed that the capital would be returned. On balance, I think the investment was in line with the risk Mr and Mrs O were prepared to take.

I also think the operation of the bond, and the risk there may only be a return of the capital invested in the majority of it, was fully explained in the information Mr and Mrs O were given.

I have noted the points made about Mr O's health at the time of the advice. As the adjudicator noted, the adviser recorded both Mr and Mrs O's health to be good. When writing to the consumers with his recommendation, the adviser set out their circumstances. This made no reference to Mr O being in poor health.

Clearly I cannot know what was discussed at the time. But I have no reason to believe Mr and Mrs O would not have been asked about their state of health by the adviser when gathering information about their circumstances.

But in any event, I don't think the recommendation would have been unsuitable even if Mr O was in poor health. The capital invested, while a significant sum, still left them with other cash for emergencies. They also had reasonable disposable income from their pensions. The capital was to be invested for a relatively short period, with 20% to be returned after one year.

#### **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 and Mrs O to accept or reject my decision before 19 November 2015.

Doug Mansell  
**ombudsman**