

The complaint

X and Miss A complain that the Child Trust Funds (CTFs) they hold with RBS Collective Investment Funds Limited (RBS), fell in value between February 2022 and February 2023 by around £600 each.

To put matters right, X and Miss A want RBS to compensate them for the fall in the value of their CTFs.

What happened

X and Miss A each hold a CTF with RBS. X hold the CTF on his son's behalf. In early 2023, X and Miss A received annual statements for the CTFs they hold. The statements showed that the CTFs had fallen in value between February 2022 and February 2023.

X complained to RBS about the fall in the value of the CTFs.

RBS did not uphold the complaint. It explained that the CTFs were invested in a stock market linked fund, and it said that the value of the CTFs had fallen over the twelve month period to February 2023, mainly due to a fall in gilt prices over the year. It explained that gilt prices had fallen in response to higher interest rates and higher inflation and there had also been falls in gilt prices around the time of the autumn 2022 mini-budget.

X did not accept RBS's response. He said he felt that the fall in the value of the CTFs was linked to the change from RBS to NatWest.

RBS responded again to X. It explained that the change from RBS to NatWest had been a rebranding exercise and it noted that the underlying fund the CTFs were invested in had not changed as a result of the rebranding. It confirmed that the CTFs were *'...still invested in exactly the same fund and as with any investment held in stocks and shares, markets moved in such a way that resulted in the values falling for a short period.'*

X was not satisfied with RBS's response and referred the complaint to this service.

Having considered the complaint, the investigator said he didn't think it should be upheld. He noted that the CTFs were invested in a stock market linked fund and the value of the fund could fall as well as rise. As the investment return was not guaranteed he said he could not reasonably find that the complaint should be upheld.

X and Miss A did not accept the investigator's view and asked for an ombudsman to determine their complaint.

What I've decided – and why

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

Having done so, I don't think RBS has acted incorrectly in this matter or treated the complainants unfairly. I'll explain why.

It is always disappointing when an investment does not perform as well as expected, But this in itself does not mean that the complaint should be upheld. When X set up the CTFs for his children he did not receive advice from RBS on the suitability of the fund selected, or whether a stock market linked investment was appropriate for their personal and financial circumstances.

RBS has provided this service with a link to the information on its website that clearly sets out that the CTFs are mainly invested in the stock-market and that the value of the investments is not guaranteed. Under the heading '*Is the money at risk?*' it says:

Your child's savings are invested mainly in the stock-market so your savings have more potential to grow. However, please bear in mind the value of the fund may fall as well as rise and returns are not guaranteed and the capital is at risk.

Likewise, I note that the website also sets out that:

The Child Trust Fund is invested in the Personal Portfolio Balanced Fund that is managed by the experts at Coutts & Co.

In view of this I am satisfied that it was made clear to X and Miss A that their CTFs were invested in a stock market linked fund and that the value was not guaranteed.

I appreciate that X is concerned that the fall in the value of the CTFs is linked to the change in branding from RBS to NatWest. I am satisfied that the fall in the value of the CTFs was not linked in any way to the rebranding. As the letter sent to X in early 2022 set out, under the heading '*Changes to RBS Branding*':

*All future correspondence in relation to this RBSCIFL investment will be sent with NatWest Group branding. **This does not affect how your investment is managed or the branding in relation to any other RBS product you may hold.***

(bold is my emphasis)

I have not seen anything that shows or suggests the way the investment was managed changed as a result in the change of branding.

Having carefully considered this complaint I cannot reasonably find that RBS has acted incorrectly in this matter or treated X or Miss A unfairly. I therefore cannot uphold this complaint.

My final decision

My decision is that, for the reasons I have set out above, I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask X and Miss A to accept or reject my decision before 10 January 2024.

Suzannah Stuart
Ombudsman