

The complaint

Mr W complains that Barclays Bank UK PLC gave him unsuitable financial advice in 2000, when it advised him on investing a lump sum he had inherited.

In particular, Mr W says that as an inexperienced investor, he should not have been advised to invest as much as he did.

Mr W is represented in this matter.

What happened

From the information recorded at the time the advice was given in 2000, it appears that Mr W was 38 years old and was earning £12,000 per year. The adviser noted Mr W had a net disposable income of around £350 per month, no debts, and cash savings of over £175,000 (including the inheritance Mr W had received) and shares valued at around £12,000.

Mr W's attitude to investment risk was assessed as 'medium'. The adviser noted that Mr W wanted to invest a lump sum for '*capital growth over the longer term*' and to keep £22,500 in cash for a planned expense and a further cash reserve of £33,500.

Barclays advised Mr W to invest a total of around £132,000 in its 'Safety with Growth Portfolio'. The £132,000 was made up of £120,000 cash from the inheritance Mr W had received and the sale of the shares he held, valued at around £12,000 at the time they were sold. The 'Safety with Growth Portfolio' was predominantly invested in fixed interest and UK equities.

I understand that in mid-2010 Mr W transferred the stocks and shares ISA part of his Barclays portfolio to another provider and encashed the rest of his portfolio.

In 2022, Mr W's representative complained to Barclays on his behalf. He said he felt Mr W had been advised to invest too much of his money in the portfolio and he felt Mr W should have been advised to retain more in deposit based savings.

Barclays did not uphold the complaint. It said it felt its advice had been suitable based on the information it had recorded about Mr W's personal and financial circumstances at the time the advice was given. It also noted that in addition to the £33,500 in cash savings that Mr W had retained, it understood he had received a further payment from the estate in 2001. In view of this it said it was satisfied that Mr W had an adequate level of deposit based savings.

(There was some delay in Barclays responding to Mr W's complaint and it has paid him £200 for any trouble or inconvenience this delay caused him.)

Mr W's representative was not satisfied with Barclays' response and referred his complaint to this service.

Having carefully considered the complaint our investigator said she didn't think the advice Mr W received in 2000 was unsuitable. She said she felt the cash reserve Mr W had retained of £33,500 was sufficient, particularly as it appeared Mr W had a monthly surplus of income

over expenditure of around £350. She also noted that Mr W was working and, given his age it was likely he could continue to do so for a number of years. In view of this she said she didn't think an investment loss would have a direct impact on his everyday standard of living.

Mr W's representative did not accept our investigator's view. He reiterated that he felt the advice was not appropriate. He said:

Although Mr W had no dependants and no mortgage and a good cash reserve, we still feel that the amount advised as a proportion of his liquid savings was not appropriate for a Medium Risk investor with no previous investment experience. We know that Barclays had guidelines themselves for their advisors not to commit too much overall savings when giving advice and we believe that 80% is not in line with their own guidance and is excessive for an investor with no previous investment experience and small disposable income of £350 per month.

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 the advice Mr W received from Barclays in 2000 was unsuitable. I'll explain why.

As our investigator set out, Mr W had no debts and had a significant monthly surplus of income over expenditure. He also retained deposit based savings equal to nearly three years of his gross annual income. I understand that these deposit based savings may have increased in 2001, with an additional payment from the estate. I am also mindful that as well as the £33,500 in cash based deposits Mr W retained, he also kept a further £22,500 in cash to meet a planned expenditure. This indicates that Mr W had thought carefully about whether he would need access to the money he was investing and allowed for both a significant emergency fund and the planned expenditure.

I can't reasonably find, given Mr W's financial situation at the time the advice was given, that the adviser acted unreasonably in recommending that he invest a total of around £132,000 for '*capital growth over the longer term*'. I am also mindful that there is nothing that shows or suggests Mr W made any withdrawals from the portfolio until 2010.

Having carefully considered this complaint, I don't think the advice in 2000 was unsuitable given Mr W's personal and financial circumstances, his attitude to investment risk and his capacity for loss.

I note that Mr W's representative has referred to his understanding of internal Barclays' guidelines. I appreciate he feels that the amount Mr W was advised to invest was not in-line with these guidelines.

As the representative will be aware, this service determines complaints based on what we consider to be fair and reasonable – whilst taking account of any relevant regulatory requirements. I am not aware of any regulatory requirement that sets out how much an investor must retain in cash, or any requirement that directly links the amount of cash reserves a consumer must hold to their attitude to investment risk. This is because financial advice should be tailored to the consumer's personal and financial circumstances as well as their attitude to investment risk and capacity for loss.

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 Mr W to accept or reject my decision before 1 December 2023.

Suzannah Stuart
Ombudsman