

The complaint

Mr and Mrs W complain through their representative, that Santander UK Plc gave them unsuitable advice to invest a large percentage of their assets into a single capital protected structured product and was advised to take on too much risk.

What happened

In March 2016, Mr and Mrs W sought advice from Santander on making their investments. They were advised to invest £70,000 in Santander Stockmarket Linked Savings Bond Issue 59 (SLSB 59). The investment matured in December 2020 with the value of the fund at £70,350. Unhappy with this investment, they complained to Santander in August 2022 stating they were mis-sold the investment.

Mr and Mrs W say the risk was too high especially considering the projected return and the fact that Santander had other available products such as a three year fixed rate bond which offered a higher return despite being lower risk and having a shorter notice period for withdrawal. They say if it had been explained to them that they were likely to be worse off by investing in SLSB59, they would not have chosen to invest.

In their final response letter in September 2022, Santander said they didn't believe the investment was mis-sold. They say the product was appropriate for their needs and circumstances at the time it was recommended to them. They say the first meeting with Mr and Mrs W was in February 2016 followed with another two meetings with the final meeting in April 2016 to present the recommendations.

Employment details, financial circumstances, assets, future needs, aims and objectives and attitude to risk were all considered. This was all summarised in a Case Summary by the adviser. They didn't uphold the complaint, so Mr and Mrs W brought their complaint to this service.

An investigator here considered the complaint and noted the investment was taken out more than six years ago and surrendered more than three years ago. He notified Santander who confirmed they did consent to our service considering the merits of this complaint.

The investigator considered the merits of the complaint and agreed with Santander that the complaint was not unsuitable and for broadly the same reasons as Santander.

As Mr and Mrs W didn't agree with the investigator, this came to me for a decision.

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 agree with the investigator's conclusion for broadly the same reasons. I do not uphold this complaint.

As a service, we don't generally consider complaints about investment performance alone as this is impacted by numerous factors, many outside of the businesses control. As such, I wouldn't look to compare investment performance and whether Mr and Mrs W would have been better off with a different available product, particularly now with the benefit of hindsight. My role is to consider whether the product they were advised to invest in was unsuitable for Mr and Mrs W at the time the advice to invest was given.

Whilst I may not address each point individually, please be assured that I have considered all the information provided by both parties and reach what I think is an independent, fair and reasonable decision based on the facts of this case.

Before I explain further, I think it is important to note the rules about our jurisdiction. The Financial Conduct Authority (FCA) Handbook, DISP dictates what complaints we can and can't look at. Section 2 sets out the jurisdiction of our service including whether the complaint has been brought within the relevant time limits being six years from the date of the event complained of or three years from the point where the consumer ought reasonably have known they had cause for complaint. Santander have already given their consent to our service considering this complaint so I will move onto looking at the merits of this complaint.

In considering if the advice Santander gave was suitable, I would be looking to see that they obtained information about Mr and Mrs W's knowledge and experience in investing, their financial situation, their investment objectives including their attitude to risk, the purpose of investing and how long they want to invest for. In addition to this, whether the consumer is able to financially withstand the investment risks and has the necessary experience and knowledge to understand the risks involved.

Mr and Mrs W say they were novice investors with no relevant financial background and the £70,000 funds invested was part of the £85,000 lump sum he received in redundancy payment and part existing savings and that it represented 80% of his assets. They say Mr W was no longer working and there was no possibility to earn back any losses or missed opportunities.

However, looking at the suitability report Santander obtained at the time the advice was given, confirms they wanted to invest in a product which offered capital protection. The SLSB 59 offered this as the capital was protected and was classed as very low risk. If the plan was held for the full term being four years and six months, it would provide a guaranteed minimum gross return of 0.5% of the original capital and the maximum being 17% gross.

Given that Mr W had received these funds from redundancy but was not looking to generate any income from this investment, suggests they had another source of income and didn't require access to these funds, or as mentioned in the suitability report, Mr C intended to go back to work, so the impact, if any, from investing these funds for a few years was minimal. I note Mr and Mrs W's representative more recently informed us that Mr W had hip replacement surgery by that point and thought he had little to no prospects of finding another job as well paid as his previous work. But I can't see that this information was noted or made available at the time of the original meeting, so I have to base my decision on what information Santander did have.

The suitability report confirms Mr W had experience investing in risk based investments in the past until six years prior to this investment. It also states he wanted to invest in an alternative to a saving account for the potential to receive greater growth and were happy to

invest for five years or more. So, it was clear that he wasn't a novice investor and did have some risk based financial experience in 2016 when the advice was given.

Santander say the risk they were advised to take was not beyond what they could cope with, and I agree with them. At the time, they confirmed the total cash based savings Mr and Mrs W jointly held was around £233,000 and so the £70,000 investment didn't represent 80% of their assets, it was around 30% of their assets.

In addition to this, their investment was a cash deposit based Bond and was covered by the Financial Services Compensation scheme (FSCS), there was no counterparty involvement and as such no counterparty risk and so even if Santander were to become insolvent, they would have been covered by the FSCS in respect of deposits up to £75,000 each. Given the above, I think their reference to the Financial Services Authority Structured Investment Products Suitability Assessment Template isn't entirely relevant.

In summary, Mr W was an experienced investor who had the background and confidence to understand there was an issue. I haven't seen anything to suggest this type of bond would be particularly complex for them. It is also important to remember that the purpose of the trust was to consider a different type of investment than an ISA. With the benefit of hindsight, other products have delivered better financial output, but looking at the time the advice was given, their main objective was fulfilled in a way that was within the level of risk they were willing to take and understood.

I know Mr and Mrs W's will be disappointed with my decision, but their suitability was assessed as above, and on balance, I'm not persuaded that the advice from Santander to invest in SLSB 59 was unsuitable so I don't uphold this complaint.

My final decision

For the reasons given above, I do not uphold this complaint against Santander UK Plc.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W and Mrs W to accept or reject my decision before 12 February 2024.

Naima Abdul-Rasool
Ombudsman