

The complaint

Miss M complains about HBOS Investment Fund Managers Limited. She's unhappy that she hasn't earned any interest on two accounts she holds with them.

What happened

Miss M holds two investments with HBOS - a Guaranteed Investment Plan (GIP) and an Investment ISA. She complained to HBOS in 2022 and said that she was unhappy with the level of service she received when she visited her local branch. She also raised concerns about the value of her investments as she thought they were considerably lower than what she expected.

HBOS looked into the concerns she had raised and confirmed that the balance of her investments was accurate. But they apologised for the poor service she'd received in the branch and offered her £50 in compensation.

Miss M accepted their findings about the level of service she'd received but asked them to look at the matter of her account balances again. She remained of the opinion that the balances should be higher and asked for the accounts to be closed. HBOS investigated her concerns and reiterated that her balances were correct, they also told her what she needed to do to close the accounts.

Miss M subsequently asked for our help with the matter. She explained that she was concerned that she hadn't been receiving any interest on the investments she held with HBOS and wanted to transfer her accounts to another bank.

One of our investigators looked into the complaint but didn't think HBOS had done anything wrong. She explained to Miss M that her investments didn't earn interest but instead their value was dependent on the stock market so their values could fluctuate. She also explained what Miss M needed to do in order to close her accounts.

Miss M didn't agree with the investigator's findings and asked for an Ombudsman to review the complaint, so it has been passed to me to make 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 don't think this complaint should be upheld and I will now explain why. I'd firstly like to clarify that this decision is solely looking at the issue of whether or not any interest is due on Miss M's investments and if the balances are accurate. If Miss M has concerns about the sale or suitability of the investments, then she firstly needs to raise this with HBOS so they can investigate the matter and issue their findings. If she is unhappy with their response, she can ask us to look into the matter.

Miss M holds two investments with HBOS - an investment ISA and a guaranteed investment

plan (GIP). The investment ISA was opened in 2006 and payments were made into it up until 2008. The value of this account will fluctuate as it made up of stocks and shares whose value will rise and fall over time. No interest is due on this account, so I don't think HBOS have acted unfairly here.

The GIP was opened in 2003 with a lump sum investment of £44,614. It differs from a traditional savings account in that the initial amount invested is used to purchase units in a fund, and it is the total current value of these units that makes up the balance of the GIP. This is unlike a traditional savings account where interest is calculated as a percentage of the value of the account. Therefore, I can't say HBOS have done anything wrong in not adding any interest onto the account as none is due.

The GIP also carries two guarantees - the first is from the fifth anniversary of the plan where there is a guaranteed return of at least the amounts invested minus any money taken out already. The second is to increase that payment to 80% of the highest value the fund ever reached, if that is greater than the amount invested.

I note that HBOS have told Miss M that her GIP hasn't grown for a while and isn't likely to grow in the future. Given this, I would strongly suggest that Miss M speaks to an independent financial advisor to discuss her investments and her future options. They will be able to discuss moving her investments to an account that pays traditional interest if that is what Miss M wants.

So, in summary, I don't think HBOS have treated Miss M unfairly by not adding any interest to her investments. Miss M has also now confirmed that she wishes to keep the accounts open, so HBOS do not need to do anything further in regards to closing her accounts.

My final decision

For the reasons I've given above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss M to accept or reject my decision before 11 January 2024.

Marc Purnell
Ombudsman