

The complaint

Mr and Mrs S complain that Nationwide Building Society failed to fully advise them about the option of using a cash facility they had available to hold their investment money.

Mr and Mrs S say they would have disinvested and moved their money into the cash facility sooner, and so been able to mitigate investment loss, had they been made aware of this option earlier on.

Mr and Mrs S want Nationwide to pay compensation in respect of investment loss over the course of 2022 which they put at approximately £15,000.

What happened

Nationwide provided Mr and Mrs S with a paid for advice service.

Mr and Mrs S held investments within Individual Savings Accounts (ISAs) and General Investment Accounts (GIAs). Around February 2022, when Mr and Mrs S were becoming concerned about how these investments were performing, they contacted their advisor at Nationwide. After speaking with the advisor, they decided to hold on to their investments for the time being.

Their valuations continued to fall as a result of market conditions and Mr and Mrs S got back in touch with the advisor in June 2022.

Following discussion, Mr and Mrs S said they were considering options. In September 2022, after further volatility in the financial market, Mr and Mrs S contacted the advisor again and said they now wanted to encash, at which point the advisor mentioned the option of the cash facility.

Amongst other features, the cash facility enabled Mr and Mrs S's ISA investment proceeds to keep their tax free ISA benefits.

Mr and Mrs S very quickly took advantage of this option. And they complained to Nationwide that it should have told them about this much sooner, given that they had first approached Nationwide for investment advice in February and spoken to the advisor again in June, but only been told about the cash facility in September.

Nationwide didn't uphold the complaint, mainly saying (I'm summarising here):

- it was only in the latest phone call on 30 September that Mr and Mrs S moved from having concerns about their valuations to deciding they wanted to encash
- that's when it was time to talk about what to do with the investment proceeds so the cash facility was mentioned
- previously Mr and Mrs S had told the advisor they were thinking about taking their money out but hadn't yet made a decision and wanted some general advice. The

advisor said generally she would advise leaving funds invested to allow them to rise again as Mr and Mrs S had sufficient emergency funds and didn't need to draw on their investments for spending needs

- the advisor said she'd made it clear in all discussions and Mr and Mrs S had always known they were free to take their money out at any time. She offered to book them in for advice if required and sent them a withdrawal form they could use if they wanted to do this themselves.

Mr and Mrs S brought their complaint to this service where it was considered by one of our investigators.

The investigator acknowledged Mr and Mrs S's strength of feeling about what happened but explained that, even if Nationwide ought to have mentioned the cash facility sooner, he thought it more likely than not that Mr and Mrs S would've remained invested for as long as they did. In these circumstances, he didn't think that Nationwide was required to pay Mr and Mrs S any compensation.

Mr and Mrs S didn't agree with the investigator, mostly saying that they would definitely have used the cash facility in February if they'd known about it then and in support of this, pointing to the fact that they took advantage of the cash facility just as soon as the advisor had drawn it to their attention in September.

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.

I've carried out an independent review and having done so, I've reached the same conclusion as our investigator. I'll explain my approach and how I've reached my decision.

I do appreciate how strongly Mr and Mrs S feel about this complaint. I can understand that it was extremely stressful trying to make what they hoped would be the right investment decisions at the time.

We provide an informal complaints handling service and this is reflected in the way I've approached the complaint. So I won't necessarily mention everything that has been brought to my attention and I've expressed some of Mr and Mrs S's concerns in my own words. But I will comment on everything that makes a difference to the outcome of this complaint.

I must look at all the available information and decide what I think is most likely on a balance of probabilities. This means making some reasonable assumptions where there's only limited or contradictory information. There's more information on our website which explains the Financial Ombudsman Service approach.

I understand Mr and Mrs S's central concern is that they were not advised when they contacted Nationwide in February and June 2022, that they could encash their investments and move their money to a cash facility, where it would effectively stay within an ISA wrapper and be available for re-investment at a later date.

I've kept in mind throughout that Mr and Mrs S paid Nationwide for advice and I've thought carefully about whether there was an onus on Nationwide to have clarified the cash facility option sooner, having been made aware of Mr and Mrs S's concerns about their investments dropping in value.

I can't know exactly what was said during phone calls between Mr and Mrs S and their advisor as they called her on a mobile phone number. Nationwide can't keep a record of those calls – Nationwide told us that only booked video or audio calls are recorded. But I've had the benefit of seeing emails exchanged between Mr S and the advisor.

Mr S emailed the advisor on 17 June saying that the drop in value of their investments was making them '*nervous*' and:

'...we are thinking again about cutting our losses and withdrawing everything... Please would you remind me of the easiest way to withdraw both our Stocks & Shares ISAs and also our GIAs?.. would a 1 Year Fixed Rate ISA be as good as anywhere to put the ISA savings.'

In response, Nationwide responded on 20 June, specifically mentioning the option Mr and Mrs S had to transfer the money straight into a cash ISA to ensure funds remained within the ISA wrapper. The advisor also sent a withdrawal form in case they wanted to do this themselves. Mr and Mrs S were offered the option of an advice session: *'...When it comes to encashing your investments we can book you in for a video meeting and provide advice in relation to this if you feel you need it.'*

Mr and Mrs S didn't want to do that: they responded by email saying: *'...I don't think we need a chat at the moment as we are still mulling over our options.'*

Had Mr and Mrs S arranged an advice session, then the cash facility option might have come up in conversation as part of a wider discussion about Mr and Mrs S's financial situation. The cash facility was mentioned in September as this was the first time Mr and Mrs S had expressed concern about market volatility to the point where they now wished to withdraw their funds quickly.

Nationwide Building Society explained that from its point of view, this was the point at which Mr and Mrs S would now need to decide what they wanted to do with their money instead – so that's when it reminded them about the cash facility.

I don't think that Nationwide Building Society would've had any particular reason to think Mr and Mrs S had previously been unaware of the cash facility. The product information that was in use around this time shows information about the cash facility reasonably prominently. It was an important feature and I think it's likely it would have been discussed when Mr and Mrs S decided to invest as they did. And when Mr and Mrs S turned down the offer of an advice session, I think Nationwide might reasonably have thought that Mr and Mrs S would have been able to inspect the product paperwork if they preferred to check out options for themselves rather than book a formal review and advice session with the advisor.

I appreciate that Mr and Mrs S have said that they didn't want to withdraw their investments as they didn't want to lose their ISA status or incur fees setting up a new investment at a later date, and so they're unhappy they weren't told about the cash facility and only told about options to wait and see what happened - or withdraw. But this makes no difference to the outcome, because:

- I don't think these issues would have arisen if Mr and Mrs S had chosen to transfer funds to a cash ISA.
- Additionally, I think it's fair to say that Mr and Mrs S chose to keep their GIAs in any event, even though loss of ISA status wouldn't have been a concern in respect of funds that were invested solely in their GIAs.

- If the only or main priority had been to avoid further investment loss, I don't think it's likely that considerations about potentially losing the tax free benefits of an ISA or the risk of incurring set-up fees on reinvestment would have been enough to dissuade Mr and Mrs S from disinvesting.

For these reasons, I don't feel I've seen enough to uphold this complaint.

I would just mention here, even if I were to uphold this complaint, it would ultimately make no overall difference so far as the question of compensation is concerned. I say this because the ombudsman approach to redress is to also take into account what Mr and Mrs S could have done differently to mitigate any loss.

Mr and Mrs S had known since at least June 2022 that they could move money without losing ISA protection and had the means to do this easily and quickly themselves if they had wanted to. They chose instead to remain invested, as they had done between February and June, and didn't approach Nationwide about this again until some three months or so later, in September 2022.

The fact that Mr and Mrs S decided against disinvesting sooner than they did, having been made aware by the advisor that there was a way they could do this without risking their ISA tax benefits, tends to suggest that withdrawing from their investments wasn't their main priority prior to September 2022. If Mr and Mrs S's overriding concern had been to withdraw funds sooner, it's reasonable to expect that they would have taken up the offer of advice in June 2022 and/or taken advantage of the option they were told about regarding transferring the money to a cash ISA. So we wouldn't consider Nationwide Building Society would be responsible in those circumstances for the financial loss Mr and Mrs S are seeking to recover.

I hope that setting things out as I've done helps Mr and Mrs S to understand how I've reached my conclusions and even though this isn't the outcome they hoped for, they will at least feel that their complaint has been fully considered by the Financial Ombudsman Service.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S and Mrs S to accept or reject my decision before 1 December 2023.

Susan Webb
Ombudsman