DRN-4149173

The complaint

Mr C and Mrs C complain that Barclays Bank Plc ("Barclays") failed to provide accurate information about the value of a bond.

What happened

Mr C and Mrs C held a single premium insurance bond with Canada Life (CL), Barclays were the investment manager, and amongst other things they provided information about the value of the bond.

It is common ground that Barclays provided an online valuation service which could be accessed through their UK Consolidated Valuation Report (CVR). It is also common ground that CL provided quarterly valuations to Barclays and to Mr C and Mrs C.

In or around March 2021, Mr C and Mrs C underwent a review of their investments by a third party and decided to surrender the bond to move to a trust-based investment portfolio. They relied upon the online valuation provided by Barclays of £3.24 million and gave instructions to close the account in October 2021. In February 2022, Mr C and Mrs C received a credit of £2,928,025, less than they had expected to receive.

Mr C and Mrs C complain that Barclays overstated the value of the bond for two years by £201,200. Mr and Mrs C say Barclays failed to sell investments to meet the monthly/quarterly outgoings from the bond, which meant a deficit grew on a cash account held with CL. These amounts were a monthly withdrawal allowance of £7000 and quarterly interest payments to Barclays for a £800,000 margin loan. Mr C and Mrs C say Barclays failed to include this deficit in the CVR. Mr C and Mrs C say they would not have surrendered the bond if they had known its true value and would have held out until it hit a target of at least £3.2 million. Mr C and Mrs C seek compensation of £201,200, which they consider to be the shortfall in value.

Barclays now accept they failed to sell investments to meet the regular outgoings and to clear the negative cash balance, despite cash requests being received from CL. Barclays acknowledge that the deficit was therefore not reported in the online account balance. However, Barclays say that Mr C and Mrs C were aware of the deficit as quarterly reports were sent from CL and Mr C had identified and queried the difference in valuations. No financial loss was sustained as the sums debited from the final value of the bond were always payable and no interest charges were paid as a result of the cash account falling into deficit.

Our investigator decided to uphold the complaint in part. She recorded that Barclays accepted they made an error in failing to respond to requests for payment from CL to replenish the cash account from the payments above and this led to a negative balance accumulating on the cash account. Our investigator agreed that Barclays did not provide information clearly and transparently at the earliest opportunity. As it was agreed that Barclays had done something wrong our investigator then focused on whether a loss had been sustained by Mr C and Mrs C. Our investigator noted that CL reversed the debit interest charged and credited some additional interest, so no charges were incurred by the cash account deficit. As the funds remained invested throughout, Mr C and Mrs C benefitted from a return through growth. £201,600 should always have been deducted from the portfolio value so this was not a loss. However, our investigator did think Mr C and Mrs C had been exposed to additional distress and inconvenience in having to pursue a complaint about the discrepancy in valuation. Overall, she considered that £500 was fair and reasonable compensation.

Mr C and Mrs C do not agree with this outcome. They maintain that Barclays' should be accountable for misreporting the value of the bond and that this error caused them to lose out by £201,200.

As the parties do not agree the matter has come to me for a final 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.

I'd like to acknowledge at the outset that I don't underestimate Mr C and Mrs C's strength of feeling about this matter, they've given a consistent account about the frustration and upset this situation has caused. I think it's helpful to explain our role. We provide an independent, informal, dispute resolution service. Our service has no disciplinary or regulatory powers, which means we can't direct a business how to operate and we can't impose any penalties. We consider each case on its own facts and where things have gone wrong, we look to put things right on a fair and reasonable basis.

Barclays now accept they failed to action three requests for funds from CL, which led to CL running a cash account with a negative balance. It's also not disputed that different valuation figures appeared on Barclays' online system compared to the quarterly statements sent by the bond provider CL because of this negative cash balance.

However, I consider it is likely that Mr C and Mrs C also directly received quarterly valuation statements from CL, which set out the valuation less the negative cash balance. So, it isn't the case that Mr C and Mrs C had no information about a cash deficit. It's also relevant that Mr C identified this discrepancy in the valuations during the financial review undertaken by a third party. In an email dated 20 August 2021, Mr C contacted Barclays to question why the valuation from CL of £2.8 million, was different to that displayed by Barclays of £3.1 million. In response Barclays provided a screenshot of the value shown in their system of £3,071,591.28 and said *"I suspect that CL are netting off a deficit on their own account that they use to pay away funds. . . I will check with CL."*

The heart of this complaint is about information provision. On balance, I agree that there were shortcomings by Barclays, they failed to respond to CL's requests for funds and now accept there was a difference between the CL valuation and that displayed on the CVR. Mr C and Mrs C say they placed more weight on Barclays' real-time reporting tool but also accept that they received quarterly statements from CL, which I find they engaged with. So, whilst I agree the information on the CVR was misleading, I find that Mr C and Mrs C did have access to the right information and Barclays had correctly explained that CL may be creating a deficit on their account.

Against the above background, Mr C and Mrs C gave instructions to surrender the bond. The final surrender figure was correct as the cash deficit figure was always due to be deducted. I've considered if Mr C and Mrs C lost out because the cash account ran at a deficit. CL refunded the interest that was charged, despite it being due under the terms and conditions, so Mr C and Mrs C haven't lost out here. Instead, the sums that should have been deducted, which totalled the deficit of just over £200,000, remained invested and grew. I'm not persuaded therefore that a financial loss has been established.

I appreciate Mr C and Mrs C now say that had Barclays displayed the correct figures they wouldn't have surrendered the bond and would have waited for its value to increase. But it isn't fair and reasonable to make an assessment with the benefit of hindsight. I've taken into account that Mr C and Mrs C were undergoing a review of their finances at this time and there were no guarantees that the bond would hit a target value or within what timeframe, so I'm not persuaded it is fair to conclude that Mr C and Mrs C would have waited before giving instructions to Barclays. I've also noted that the sums that should have been deducted remained invested and funds were reinvested following advice from a new adviser, so it wouldn't be fair and reasonable for Barclays to pay £201,200.

However, I am persuaded that the Barclays' information provision caused confusion. I accept that Mr C and Mrs C were likely upset when they received less than they were expecting and whilst I don't think they've proved they lost out financially, it's clear that they were distressed by the situation.

Putting things right

I've taken into account the distress Mr C and Mrs C say they have sustained and I've considered that they were put to the inconvenience of looking into what had happened when the bond was surrendered. Taking everything into account, I consider that £500 is fair and reasonable compensation.

Final decision

For the reasons given above, I am upholding this complaint in part. I direct Barclays Bank Plc to pay £500 to Mr and Mrs C for trouble and upset.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C and Mrs C to accept or reject my decision before 28 February 2024.

Sarah Tozzi
Ombudsman