

The complaint

Mrs R complains about Family Assurance Friendly Society Limited trading as OneFamily. OneFamily has withdrawn a product that she invested in. Mrs R says this has impacted her negatively. She says that she has had to employ a financial adviser and the investments are subject to a capital gains tax liability because of this. It has been a stressful and worrying time for her. She would like OneFamily to put this right.

What happened

In 2014 Mrs R invested in some OneFamily unit trusts for some of her family members. Mrs R says these investments were placed in trust for them and it was intended they would become theirs at a fixed time in the future. That is each family member's 18th birthday.

In March 2023 OneFamily informed Mrs R that it would no longer offer, or administer, the unit trusts that she had invested in. The letter she received informed her that she would need to sell the investments, and there may be a capital gains tax liability when she did this. She could not transfer the investments to another provider.

Mrs R has complained about this on the basis the change has caused her considerable expense and OneFamily has provided no assistance with this. She says it has also been poor at providing the information she needed. She thinks that OneFamily should contribute to the costs she has borne and/or not cease to provide the unit trusts. She feels badly let down by OneFamily and invested on the basis that the investments would stay in place for the foreseeable future.

OneFamily has responded to Mrs R's complaint and has not upheld it. It said that it has made a corporate decision not to provide unit trust investments going forward and it wasn't wrong to do this. And it would close Mrs R's investments in due course.

Mrs R has brought her complaint to the Financial Ombudsman Service. OneFamily, on being notified of this, reiterated that it had made a business decision to close these investments. But it thought that it had given investors such as Mrs R a reasonable amount of time to look at other options.

One of our Investigators considered Mrs R's complaint but didn't uphold it. Our Investigator said that OneFamily was entitled to withdraw this product and it hadn't breached any regulatory obligations when it did this. He thought it acted fairly and reasonably.

Mrs R didn't agree and said that our Investigator hadn't properly considered that OneFamily's decision had led to her incurring a significant tax liability that she wouldn't have ordinarily incurred. And she had incurred expenses in moving the investments. It has offered no help in ameliorating the consequences of its decision to close the unit trusts. She said a contract had been established that OneFamily had reneged on, which wasn't reasonable.

Our Investigator didn't change their view of the complaint. As no agreement has been reached, the complaint has been passed to me to issue 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.

As our Investigator outlined, our role here is to consider individual disputes about financial products and services. But we don't otherwise regulate businesses or become involved in how firms manage themselves. This is the role of the industry regulator, the Financial Conduct Authority ('FCA').

OneFamily has decided to no longer offer an investment that Mrs R had invested in on behalf of her family members. As a starting point it isn't unreasonable that it can do this. Firms can, and should, have discretion over what products and services they provide.

I can't issue a decision that essentially says that OneFamily couldn't withdraw a product. If I did this it would mean that I wouldn't be just considering Mrs R's complaint I would be directing a business in how it should run itself, without any knowledge of the consequences of this, including how it may affect other policyholders. It wouldn't be right for me to do this.

So, I don't think that, as far as I can consider the issues that Mrs R has raised, that OneFamily has acted incorrectly when it made plans to withdraw the unit trusts.

As Mrs R has said, her complaint doesn't just concern this. It concerns the costs, both financially and in terms of the time and frustration that this issue had caused her.

But I can't make an award where I don't uphold a complaint. And I'm not upholding this complaint as I am not persuaded that OneFamily has done anything wrong here when it withdrew the unit trust.

Mrs R has principally pointed to the capital gains tax that she may have to pay when the investments are surrendered. But capital gains tax is paid due to HMRC rules where an investment makes a profit (above certain limits). And if Mrs R is saying it will have to be paid now, then it's a reasonable assumption that the trust the investments are held in would have had to pay this in the future. I don't think there is any certainty that a loss has been suffered here.

And whilst the terms and conditions do show that OneFamily has obligations in respect of the funds that were invested in it, I don't think these obligations (contractual or otherwise) make it reasonable for there to be no circumstance where it can close an investment. And it's worth noting that Mrs R or the trustees of the trusts could also withdraw from the arrangement.

Overall, I'm not upholding Mrs R's complaint. I appreciate Mrs R will feel very strongly that this outcome is incorrect, but I don't think it would be right to make any award here.

My final decision

For the reasons set out above, I don't uphold Mrs R's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs R to accept or reject my decision before 5 April 2024.

Andy Burlinson
Ombudsman