

The complaint

Mr F complains that Santander UK Plc has misadvised him in respect of his general investments. He believes Santander misinformed him in both 2017 and 2019 that proceeds from a bond and an investment account would be paid into his ISA in order to avoid taxation – but he has recently discovered that this is not the case. Mr F also complains that Santander failed to provide any form of ongoing review of his investments.

What happened

In June 2023, Mr F encashed his investments. Thereafter he complained to Santander about the ongoing service he had experienced over a 15-year period across a number of bank accounts he held with it – including the investment accounts.

Santander rejected Mr F's complaint in October 2023. In respect of the investments held by Mr F, it noted that he had intended to set up an investment account/bond in 2017 – but this was not completed, and no instructions were given regarding the proceeds of the investment in any event. Mr F had gone on to set up a general investment account (GIA) and a stocks and shares ISA in 2019 – but these were separate, with clear explanations about taxation.

Mr F thereafter brought his complaint to this service. He supplied an extract from a letter Santander had sent him which said that he did not have to pay income tax or capital gains tax ('CGT') on any returns from an ISA – he said that Santander had misled him about what would happen with the proceeds of his investment account.

Santander explained that no investment bond was set up in 2017. Instead, Mr F opened a monthly saver account – which was not the subject of this complaint.

An investigator reviewed the complaint, but she did not think it should succeed. She noted how there was no clear evidence of any investment bond from 2017. In respect of the 2019 GIA, she was not persuaded that Santander's adviser had told Mr F that the proceeds from the investment account would be paid into his ISA for that tax year, or any future one. Furthermore, no other ongoing advice service had been provided to Mr F, as suggested.

Santander accepted the investigator's view on the complaint and did not have anything further to add.

Mr F said he didn't accept the investigator's findings. He said he questions how he could have paid £250 per month into an investment yet Santander doesn't provide any ongoing service. He also cannot understand how his investment account had a tax liability, when it was implied that this wouldn't be the case.

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 thank the parties for their patience whilst this matter has awaited an ombudsman's decision. For clarity, this complaint has only looked at the investment part of Mr F's complaint. That's because the issues relating to bank accounts have been pursued separately at this service, and form the subject of distinct complaints which are being looked at by different investigators.

From my review of this complaint, I appreciate the depth of feeling Mr F has about his history with Santander (much of which is not the subject of this complaint). I realise my decision won't be what he has hoped for. However, I'm unable to agree that this complaint should succeed. I'll summarise my reasons for reaching that conclusion below.

This service's role is to investigate disputes and resolve complaints informally, whilst taking into account relevant laws, regulations and best practice. In reaching my decision, I'll focus on the issues I believe to be central to the complaint to decide what I think is fair and reasonable in all of the circumstances. We are not a court; and though there are rules I may rely on in respect of complaint handling procedures, I am not required to comment on each point or make specific determinations on every submission put forward by the parties.

Mr F's investment complaint concerns two main issues. Firstly, he says Santander failed to properly advise him in both 2017 and 2019 about the taxation implications of his investment bond and his GIA.

Though I realise Mr F believes otherwise, there is no objective evidence to suggest that he received any investment advice in 2017, or that he proceeded with an investment bond at that time. The only records of any account from that time relate to Mr F paying £200 per month into a savings account.

On 17 May 2019, Mr F opened up a Santander Investment Hub. This comprised a stocks and shares ISA, a GIA and a cash account through which all transactions for the investments were made. Mr F placed £20,000 into the ISA and £20,000 into the GIA. Thereafter he funded the GIA by a further £250 per month.

I have looked carefully at the advice and the product information Mr F was given from Santander in 2019. I have not seen any indication that Mr F was told his GIA would have any investment returns paid into his investment ISA. I can see that the extract from the documentation Mr F has referred to explains how the ISA would be tax-free for income tax and CGT. However, that same extract also explains how any gains on money invested outside of an ISA *would* be liable to tax. I believe that it was made sufficiently clear to Mr F that any returns on the money placed into the GIA were not shielded from taxation.

Furthermore, Mr F had met his full ISA allowance for the 2019/2020 tax year by placing £20,000 into the investment ISA – he had no further subscription for that tax year to utilise.

Mr F's second complaint point relates to the lack of ongoing service from Santander. I have reviewed the information from the time of the advice, and I believe Santander made clear to Mr F that it was providing one-off advice, and not ongoing advice. No ongoing fee has been charged. That Mr F made £250 monthly contributions to the GIA and not to the ISA in the subsequent tax years was a matter of his choosing – the investment hub was not an advised service; it had no oversight from Santander and is set up on a self-managed basis.

I note that the adviser explained to Mr F in his suitability report of 13 May 2019 how "*[Mr F is] happy in the knowledge that you can transfer potentially taxable parts of your investment into an ISA in future tax years.*"

I am satisfied that it was made sufficiently clear to Mr F that he had an annual ISA allowance

where investment proceeds were not subject to income tax or CGT – but this did not apply to the GIA. It was therefore the ongoing responsibility of Mr F to utilise future annual ISA allowances from 2020/2021 onwards. I say this noting that the report discusses how Mr F had used ISA allowances in previous years, and received advice from a different financial advice business previously.

I note that Mr F hasn't made any arguments about the 2019 advice being unsuitable or inappropriate for him – aside from his two noted concerns that I've already addressed above. However for completeness, I have gone on to look at the investment advice to consider the wider circumstances of the recommendation. Like our investigator, I do not believe Santander's adviser acted inappropriately in recommending the GIAs or the investment ISA to Mr F.

At the time of the one-off advice, Mr F was recorded as working overseas and living with family when he was in the UK. He had a disposable monthly income of £1,200 and over £117,000 in assets – across cash, ISAs and one investment bond. Mr F wanted to retain £25,000 cash for emergencies. I'm satisfied that was adequate provision to cover any emergencies or unforeseen costs that may have arisen. This is because Mr F had no other documented liabilities. I am sufficiently persuaded that the amount of capital left on deposit was reasonable in the circumstances.

The adviser's recommendation was plainly suitable in respect of the ISA – as Mr F had recorded experience of investment ISAs and he wanted to ensure he used his tax free allowance. I believe the GIA was suitable to recommend as well. I also believe Mr F had the capacity to understand the prospect that the investment could make a loss as well as a return – and this was in line with Mr F's recorded 'medium' attitude to risk, set out by the adviser within the fact find and suitability report produced at the time.

The adviser proposed a Santander portfolio fund with a range of different investment assets including Corporate Bonds, Gilts, Commercial Property and both UK and overseas equities. This was selected in order to meet Mr F's recorded aim of potential growth in the medium term. Mr F committed to placing a further £250 per month into the GIA – which still left him with a reasonable amount of disposable income. So taking everything into account, I don't feel the advice to invest into the GIA or the ISA was unsuitable in the circumstances.

My final decision

I do not uphold this complaint for the reasons stated.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F to accept or reject my decision before 5 August 2024.

Jo Storey
Ombudsman