

Barclays lost half my life savings in just a year



Fighting for compensation: Sheila and David Morgan

By James Salmon

INVESTORS with Barclays have seen half their life savings wiped out after being told by the bank's salesmen to plough all their money into one high-risk fund.

Despite being retired or close to retirement and wanting to protect their nest eggs, clients were advised to switch from low-risk investments to Aviva's high-charging Global Balanced Income fund, which has plummeted by 45pc in the 12 months to March 2009.

Barclays earns huge commission payments from selling this investment which, despite being advertised as 'balanced' or medium risk, is actually invested in risky shares and corporate bonds.

In July 2007, Barclays changed the way it assesses investors' appetite for risk. But it told Money Mail, 'due to an error' it failed to move the £128 million fund from the balanced category into the adventurous category where, it admits, it should have been placed.

It wasn't until November 2007 that Barclays spotted the gaffe.

David Morgan, 67, is one of a growing number of savers who believe they have been mis-sold investments after losing almost £200,000 of his nest egg.

On visiting his local branch of Barclays in Milton Keynes, Mr Morgan and his wife Sheila were advised to put £300,000 from the sale of several with-profit bonds into the fund.

Having banked with Barclays for 50 years, Mr Morgan trusted the advice of the Barclays saleswoman — who earned thousands of pounds in upfront commission for the bank.

The initial charge is up to 4.5pc and Barclays also gets 1.16pc commission very year from the Morgan's savings. Their initial charge was £4,500.

The Morgans received a nasty shock just after Christmas when they discovered a loss of £188,000 on their nest egg. They withdrew the money at the end of February and put it in a building society savings account. Now they are fighting for compensation from the bank through claims-handling firm loanprotectionclaims.com.

'I was told this fund was safer than the bonds I had invested in,' says Mr Morgan. 'Obviously this wasn't the case. In hindsight, it was stupid to put

all my eggs in one basket. I shouldn't have trusted their advice.'

A key part of the complaint is that the Barclays saleswoman gave an incorrect classification of the couple as 'balanced' or medium-risk investors, when they say they did not want to put their savings at risk. Indeed five years earlier, they were classified as low-risk investors when they visited Woolwich Independent Financial Advisers — owned by Barclays.

The scandal emerged when financial adviser Park House Financial Services alerted trade paper Money Marketing that savings of six separate clients who were approaching retirement or were in retirement had been transferred by Barclays into the fund, resulting in huge losses.

Paul Cooper, from loanprotectionclaims.com, says: 'The bank was churning people out of safe investments into a very speculative fund now described as "adventurous" and putting every pound they could extract into it — with no spreading of risk.'

Barclays says it is investigating the complaints.

A spokesman says: 'We acknowledge that some customers are likely to be dissatisfied with the performance. However, this does not mean the product is unsuitable for them or there is a concern with the advice they received.'

She adds: 'Our advisers get a flat commission regardless of the investment product. Therefore they are not incentivised to sell one product over another.'

Barclays does, however, admit it gets different commission payments for selling different investments. It claims it contacted all investors affected by the gaffe in 2007 and offered them compensation. The Morgans say they weren't contacted.

■ DID Barclays move your money into the Aviva Global Balanced Income fund? Email j.salmon@dailymail.co.uk with details and a daytime phone number or write to James Salmon at Money Mail, Daily Mail, Northcliffe House, Derry Street, London W8 5TT.

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