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IFA says bank advisers have hit clients' retirements

Barclays accused on single fund choice

By Nicole Blackmore

An IFA claims Barclays' advisers transferred the long-term savings of six separate clients approaching or in retirement into a single specialist fund, resulting in huge losses.

Park House Financial Services partner Richard Davis says six of his clients, who were Barclays' clients, were all advised to cash in or liquidate their savings and transfer them into a single fund – the Aviva (formerly Morley) balanced global income fund.

The fund was launched in June 2006 and has fallen by 45 per cent

in the 12 months to March 2009.

Davis says in most cases the Barclays' advisers failed to offer any alternatives. All the clients were unsophisticated investors in, or close to, retirement. He says the fund pays trail commission of 1.05 per cent a year compared with average unit trust trail of 0.5 to 0.75 per cent. The clients are from across the UK and were advised at different Barclays branches. Davis is setting up a website for disadvantaged investors with a view to a class action.

Davis says one client with two unit-linked investment bonds and an Isa, worth £95,000, was

advised in November 2006 to cash in the bonds and transfer the Isa, reinvesting the total sum into the unit trust. Last month, he surrendered the investment for £45,000.

Another client with three with-profits bonds with a surrender value of £360,000 was told to cash the bonds in and invest the money in the same unit trust in July 2007. Last month, his investment was worth £172,000.

Davis says: "I am certain no IFA would ever invest all of a client's money in a single unit trust, let alone this one, which had no track record."

Syndaxi Chartered Financial Planners managing director Robert Reid says: "If this is an institutional approach, it is further evidence the quality of advice from the banks still has a long way to go before it is acceptable."

A Barclays spokeswoman says: "The Aviva global income funds are investments designed to provide attractive levels of income for investors prepared to accept differing levels of risk with their capital. While recent market conditions have been tough, it must be borne in mind that these products are long-term investments." **Letters, p28**