

Pitfalls of planning for retirement

What to do if you receive poor advice on financing your future

For many people, retirement is now more a question of planning a hiking trip in the Andes than swapping knitting patterns. But exciting new challenges and life-style changes can be expensive. Making financial plans for retirement can be complex. Each year around a million consumers contact the Financial Ombudsman Service – the free service set up by law – to ask for help sorting out a problem with a bank, insurance company or finance firm.

Recently the ombudsman was asked to investigate the case of 59-year-old widow, Jean Yardley. Jean's husband died unexpectedly – just a few months before she had planned to retire. Unsure whether to continue with her retirement plans, Jean went to see a financial adviser to discuss her finances. In particular, she wanted advice on what to do with the £50,000 she had received from her husband's life insurance policy. Jean explained that she didn't

have much in the way of other savings and she would need access to the £50,000 in order to help fund her retirement.

Following her meeting with the adviser, Jean invested her money in a "personal investment plan" (a type of investment bond). A few months later, when her retirement plans were confirmed, she contacted her adviser to say that she now needed access to her money. She was very surprised and upset to find that the amount she got back was less than the amount she had invested, making it difficult for her to continue with her plans for retirement. After complaining unsuccessfully to the adviser, Mrs Yardley contacted the ombudsman service.

The ombudsman investigated the matter. While he agreed that the investment plan had been invested in relatively low-risk funds, it was still possible to lose money – as Mrs Yardley had discovered. And, in view of her personal circum-

stances, placing the majority of Mrs Yardley's savings in a single medium- to long-term investment did not seem to represent well-balanced financial planning on the part of the adviser. The ombudsman told the firm to refund Mrs Yardley's money with interest.

In the unlikely event that you do have a problem with a financial firm they should be able to sort things out quickly and efficiently. However, if this doesn't settle things the Financial Ombudsman Service may be able to help.



**Financial
Ombudsman
Service**

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