

Investments 23 minutes ago

Quilter and Friends Provident face £100m misselling claim

By Imogen Tew

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Expats have launched a multi-million pound claim against Quilter International and Friends Provident, alleging they were missold high-risk funds meant for professional investors through the guise of insurance ‘wrappers’.

The claim, being filed in the Isle of Man courts by law firm Signature Litigation, is seeking compensation for the losses suffered by investors as a result of the insurers’ “misrepresentation” of and “failure to conduct due diligence” on the investments sold through their insurance vehicles.

According to the claimants, Old Mutual (now Quilter International) and Friends Provident’s offshore Isle of Man subsidiaries sold ‘portfolio bonds’ or ‘insurance bonds’ — described as life assurance policies — which were in fact unit-linked and held high risk funds inappropriate for unsophisticated investors.

Quilter denies any wrongdoing and said it would “robustly defend the claims”. Friends Provident Life has yet to respond to a request for comment.

The saga centres around three unregulated collective investment schemes — a fund-type only available in the UK to professional investors due to its high-risk and unregulated nature.

By selling through offshore Isle of Man-based subsidiaries, all three now-collapsed funds were offered on the Old Mutual and Friends Provident platforms. Most of the money invested in the funds has now been lost.

The claimants say the funds were chosen by the investors' financial advisers but the cash was then invested by Old Mutual and Friends Provident, which put their logos on the documents, processed payments, deducted fees and generated annual statements throughout the process.

The lawyers said: "By wrapping these funds in life assurance products and providing them via their offshore Isle of Man subsidiaries, the insurers effectively sidestepped UK regulations intended to only allow professional investors to invest in these funds.

"The true level of risk that these investors were exposed to was obscured from both the investors and the IFAs who sold the products. The funds were unregulated and not intended for non-professional investors, and most information provided to investors came directly from the insurers."

Lawyers estimate the amount invested in the funds through both firms is more than £100m.

A Quilter spokesperson said: "We sympathise with these customers, however Quilter International is the provider of the life assurance policy and does not provide advice in respect of any underlying investments, as that is the responsibility of the customer's investment adviser.

"We are aware that a number of claims have been issued in the Isle of Man court, although they have not been served on us at this stage. We will be robustly defending the claims."

Coburn Corporate Intelligence, the investigator assisting the claim, has called on other investors stung by the funds to join the claim, which has litigation funding, to recover their investment.

Niall Coburn, of Coburn Corporate Intelligence, said: “FCA financial regulation quite rightly prevents unsophisticated investors from engaging with these high-risk funds, and it is a scandal that Quilter International and Friends Provident sought to circumvent this, effectively scamming British pensioners out of their retirement savings.

“We call on all who were impacted by the collapse of these funds to reach out to us, so we can work to secure compensation for the mis-selling of these products.”

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