

## UK Structured Products Association responds to Which? Money

[www.ukstructuredproductsassociation.co.uk](http://www.ukstructuredproductsassociation.co.uk)

### *The UK Structured Products Association comments on the “top 10 most useless financial products” list produced by Which? Money:*

“The Association is genuinely concerned that any investment product should be compared to a tax wrapper as this is confusing. ISAs are a tax wrapper, so you don’t invest ‘in’ an ISA, what you are invested in is ‘wrapped-up’ in an ISA. We’re rather disappointed that Which? would confuse products and wrappers in this way.

“When Lehman’s collapsed most investors were affected – stock markets fell, banks were in trouble and the credit crunch took hold. Some structured products were also affected but of the top 20 complaints to Financial Ombudsman Service, structured products are not even on the list (see FOS list below). During the last two years most complaints about investment products have been about unit-linked bonds (4,277), investment ISAs (2,522) and with-profit bonds (2,191). By comparison, there have been 476 complaints about structured products over the last two years. That’s less than a quarter.<sup>1</sup>

“More than £9.4 billion was invested in stocks and shares ISAs in the 2008/09 tax year when ISAs accounted for 6% of all complaints about investment and pension products. About £13.9 billion was invested in retail structured products in 2009, a sector which accounted for just 1% of complaints.<sup>2</sup>

“By October 2009, the FSA had identified more than 5,000 UK retail investors who had invested a total of £107m in Lehman-backed structured products, representing around 0.23% of the total assets invested in retail structured products. Some of these investors may have lost some or all of their money as a result of the collapse of Lehman’s, which the industry very much regrets.<sup>3</sup>

“Providers are not in the business of making investors unhappy and in the majority of cases structured products achieve the returns that investors expect from the investment and contribute effectively to performance of a diversified portfolio.

“Since 2008, UK structured product providers have acted quickly and resolutely to address the issues raised by investors, advisers and the regulator including investor-

friendly product literature, educational materials and events and even the formation of this Association. Without question there is more work to be done and the Association is keen to drive these activities.”

**ENDS**

*Issued on behalf of the UK Structured Products Association by Peregrine Communications.*

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**References**

**1. Financial Ombudsman Service – latest complaints data**

<b>FOS: Financial products - what the new cases involved</b>	<b>%</b>
payment protection insurance (PPI)	30.0
current accounts	15.5
credit cards	11.0
mortgages	4.5
unsecured loans	4.0
consumer-credit products and services (eg hire purchase, debt collecting and catalogue shopping)	4.0
motor insurance	3.5
mortgage endowments	3.5
savings accounts	3.0
whole-of-life policies and savings endowments	2.5
pensions	2.0
buildings insurance	2.0
“with-profits” and unit-linked bonds	2.0
stockbroking and portfolio management	1.5
travel insurance	1.0
contents insurance	1.0
income protection and critical illness insurance	1.0

other products 8.0

Source: <http://www.fos.org.uk/publications/ar10/about.html#3>

<b>FOS: New cases by financial product or service</b>	<b>Year ended 31/03/2010</b>	<b>Year ended 31/03/2009</b>
All investment-linked products	6,329	5,798
<i>Breakdown:</i>		
unit-linked bonds	2,453	1,824
investment ISAs	1,301	1,221
"with-profits" bonds	1,056	1,135
guaranteed-income bonds	595	610
"structured" products	273	203
unit trusts	192	191
PEPs	93	211

Source: <http://www.fos.org.uk/publications/ar10/about.html#3>

<b>FOS: Investment and pensions - type of complaint</b>	<b>%</b>
mortgage endowments	24.0
whole-of-life policies and savings endowments	19.0
unit-linked bonds	11.0
personal pension plans	8.0
stockbroking	6.5
investment ISAs	6.0
"with-profits" bonds	5.0
portfolio management	4.5
SERPs	2.5
guaranteed-income bonds	2.5
annuities	2.0
small self-administered schemes (SSAs) and self-invested personal pensions (SIPPs)	2.0
derivatives (including spread-betting)	1.0
unit trusts	1.0
"structured" products	1.0
other products	4.0

Source: <http://www.fos.org.uk/publications/ar10/about.html#3>

## 2. HMRC

Individual savings accounts - number of ISAs, amounts subscribed to each component and average subscription per account (2008-2009)

<http://www.hmrc.gov.uk/stats/isa/table9-4-2008-09.pdf>

Individual Savings Accounts (ISAs) market value

<http://www.hmrc.gov.uk/stats/isa/table9-6-onwards.pdf>

### **3. Financial Service Authority**

FSA's investigation into the impact of Lehman's collapse on the UK structured investment product market – review of findings

[http://www.fsa.gov.uk/Pages/Library/Other\\_publications/structured/index.shtml](http://www.fsa.gov.uk/Pages/Library/Other_publications/structured/index.shtml)

#### **Notes to Editors**

##### **About the UK Structured Products Association**

The UK Structured Products Association (UK SPA) is an organisation established by companies that create and distribute structured products to the UK financial services market in order to provide a useful and responsive source of information, education and comment on structured products by promoting their contribution to effective financial planning.

The Association's formation is a direct response to the members' belief that structured products are sometimes misunderstood and misrepresented and that this lack of understanding can prevent structured products forming an integral part of financial planning for investors.

The UK SPA is committed to publishing research, information and educational material about structured products and so create greater acceptance about their potential.

The UK SPA is not a commercial organisation and education and research are its core activities.

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