



Mis-sold Investment - Keydata Investment Services

Keydata has been the investment provider and plan administrator for many structured investment providers for several years, however, in 2008 it became clear that some of the investment plans it had managed were in difficulty.

The extent to which investors have suffered financial loss and are now entitled to compensation depends on the specific investment they have with Keydata. For example, many Building Societies and Banks issued investments that were simply administered by Keydata, and these investors are so far secure and unable to claim any compensation because they have not lost any money.

However, there are investors who were sold investments through financial advisers that were directly provided by Keydata. These were then invested through a third party, known as SLS Capital.

It is this latter group, estimated to affect up to 5,500 investors, where significant losses could be sustained.

If they were poorly advised, it is possible that a large proportion of their entire savings, or investment portfolio has disappeared.

For the holders of the "Secure Income Bond" versions 1, 2 and 3, it may be possible to claim compensation of up to £48,000. However, anything in excess of that held by an individual investor, will most likely have been lost, as the underlying investments appear to have been fraudulently "mis-appropriated" according to various press reports.

It may be possible for the authorities and the administrators to track some of this money down, but hopes are thin.

Other Keydata investors, in various other types of bond, or structured investment, provided by Keydata are expected to receive their full investment back because assets are held in segregated client accounts. However, it is not known for certain whether there will be any actual financial loss until the administration process has been completed, or the plans mature, mostly expected to be between 2011 (5 year plan sold in 2006) and 2013.

However, where many of these other investments were arranged in an ISA to avoid paying tax on the income paid from the investments, there is the possibility of claiming compensation. The reason is that the taxman (HMRC) has identified that many of the plans (those with an investment term of 5 years or less) do not qualify as ISA investments and will, therefore, lose tax relief from the date Keydata went into administration (which we believe was June 2008).

This means, for example, that for a basic rate tax payer with Keydata ISA investments of, say £40,000, will lose £600 tax relief a year (assuming 7.5% income is paid on the investments). If the plan still has 3 years to run, then this equates to £1800 along with the interest that could have been earned on the tax relief, so a total compensation amount could be in the region of £2000.

If you are concerned that you could be affected by either capital losses through an investment in a Keydata Secured Investment Bond, or loss of capital or tax relief through some other Keydata investment, please contact us for an appraisal of your situation.

<http://www.lower-cost-complaints.co.uk/contactus.html>