

## The complaint

Mr P complains about the suitability of the advice and level of service provided by Lemonade LLP trading as Informed Pensions (“Informed Pensions”). He complains that Informed Pensions advised him to start an unsuitable self-invested personal pension (“SIPP”) provided by Parmenion Capital Partners LLP (“Parmenion”). He also complains that Informed Pensions was responsible for a delay in switching the value of the Parmenion SIPP to cash, resulting in a financial loss of £4,352.

Mr P has referred two separate complaints to this service. The first complaint, which I’ve considered under this final decision, is about Mr P’s financial adviser, Informed Pensions. The second complaint, which I’ve considered under a separate final decision, is about the SIPP provider, Parmenion.

## What happened

The events leading up to this complaint were set out in detail by our investigator in her assessment which she provided to both Mr P and Informed Pensions. I don’t intend to repeat here what our investigator stated but will instead provide a summary of the key events and dates.

- Mr P had built up safeguarded benefits in his former employer’s defined benefits pension scheme. The cash equivalent transfer value of those benefits was £163,983. In addition to his safeguarded benefits, Mr P had an existing SIPP and defined contribution workplace pension plan. He was interested in transferring the value of his safeguarded benefits to his existing SIPP. However, since the transfer value was greater than £30,000, he was required to obtain advice. In October 2019, he contacted Informed Pensions to obtain advice. The cost of Informed Pensions’ advice was covered by Mr P’s former employer;
- On 18 December 2019, Informed Pensions issued a suitability report to Mr P. It recommended that he transfer the value of his safeguarded benefits valued at £163,983 to a new SIPP provided by Parmenion. Informed Pensions recommended that the Parmenion SIPP be invested in a medium-risk investment portfolio managed on a discretionary basis to align with Mr P’s recorded risk profile. Mr P agreed for Informed Pensions to provide ongoing advice, the cost of which would be deducted from the Parmenion SIPP. The annual advice fee was based on 0.29% of the Parmenion SIPP fund value. Informed Pensions explained that it had discounted a transfer to Mr P’s existing SIPP or defined contribution workplace pension plan since they had higher charges and because he didn’t want to pay Informed Pensions’ ongoing advice fee separately (which would’ve been a requirement if either of those two options were selected);
- On 14 February 2020, Parmenion received the transfer value of £163,983 from the defined benefits pension scheme;
- On 19 February 2020, Parmenion received the transfer confirmation documentation it required to invest the transfer value in the agreed medium-risk investment portfolio.

Upon receipt of those documents, it automatically started the investment process. In the evening, outside office hours, Mr P emailed Informed Pensions and instructed it to arrange for the transfer value received by the Parmenion SIPP to be held in cash. He stated, *"the investment profile looks wrong and I would like to have a review of it!"*. He didn't specify in that email why it looked wrong;

- On 20 February 2020, there were several calls between Mr P, his adviser at Informed Pensions and Parmenion. Essentially, Mr P wanted to re-confirm his instruction for the transfer value to be held in cash. The outcome of the calls was that Parmenion said the investment process which had started on 19 February 2020 was still in motion and that nothing could be done until the following day, at which point Informed Pensions would need to provide a switch instruction using Parmenion's online system;
- On 21 February 2020, Informed Pensions instructed Parmenion to switch the value of Mr P's SIPP to cash using Parmenion's online system;
- On 22 February 2020, Mr P sent an email to Informed Pensions to complain that it hadn't followed his instruction to switch the value of the SIPP to cash;
- On 24 February 2020, which was the next working day after Informed Pensions' instruction on 21 February 2020, Parmenion completed the fund switch to cash;
- On 25 February 2020, Informed Pensions emailed Mr P to confirm that the fund switch to cash had been completed; and
- Mr P instructed Parmenion to transfer the value of his SIPP to his existing SIPP with a different provider. That switch was completed on 2 March 2020 based on a transfer value of £159,631. This was £4,352 less than the transfer value of £163,983 received from the defined benefits pension scheme. The reduction in fund value upset Mr P.

### This complaint

Mr P complained to Informed Pensions about the suitability of the advice and level of service it had provided. He said, in summary, the following:

- During the advice process in 2019 he made clear that he wanted to transfer the value of his safeguarded benefits to his existing SIPP so that he'd have full control of the £163,983. But Informed Pensions dismissed that option. Instead it recommended the Parmenion SIPP and led him to believe that he'd have full control of it including the ability to self-select investment funds without the input or involvement of Informed Pensions. However, this wasn't the case because Informed Pensions put in place ongoing advice and acted as a gatekeeper to the SIPP;
- Informed Pensions recommended the Parmenion SIPP in favour of his existing SIPP and defined contribution workplace pension plan because it maximised the fees it would earn compared to the alternative options;
- Informed Pensions failed to explicitly tell him that he wouldn't have full control of the Parmenion SIPP or that fund switches wouldn't happen in real time;
- He was frustrated with the difficulty between 20 and 25 February in trying to get hold of the Informed Pensions adviser he had been dealing with. He said that this led to

an undue delay in switching the value of the Parmenion SIPP to cash following his instruction on 19 February 2020, resulting in a financial loss of £4,352; and

- Informed Pensions and Parmenion colluded to cover up its errors that led to him suffering the financial loss.

Informed Pensions didn't uphold Mr P's complaint. It said, in summary, the following:

- There wasn't any evidence it had told Mr P or implied that he'd have full control of the Parmenion SIPP including the ability to self-select investment funds without the input or involvement of Informed Pensions. On the contrary, the basis of its recommendation was that, after the pension transfer, he agreed it would continue to provide ongoing pension management advice, the cost of which would be an annual fee based on 0.29% of the Parmenion SIPP fund value;
- The total annual charge for the Parmenion SIPP and its ongoing adviser charge was 0.73%, as stated in its suitability report and illustration. This total charge was lower than Mr P's existing SIPP and defined contribution workplace pension plan;
- The financial loss of £4,352 claimed by Mr P was due to market movements before the fund switch to cash was carried out on 24 February 2020; and
- Mr P decided to instruct the fund switch to cash and subsequent transfer to his other SIPP with a different provider. These actions were contrary to its recommendation. Therefore, it couldn't be held responsible for any financial loss flowing from Mr P's decisions and actions.

Our investigator recommended that this complaint should be upheld in part. She concluded that Mr P wasn't told or misled into believing he'd have full control of the Parmenion SIPP including the ability to self-select investment funds without the input or involvement of Informed Pensions. And she didn't think the fund switch to cash on 24 February 2020 could've happened any sooner than it did and so didn't agree Informed Pensions was responsible for the financial loss of £4,352 claimed by Mr P. But she did think Informed Pensions could've done a better job of keeping Mr P informed between 20 and 25 February 2020 regarding the fund switch. She thought that the lack of contact during this period would've caused Mr P unnecessary distress. So she recommended that it pay £250 compensation to Mr P in respect of this.

Informed Pension accepted our investigator's recommendation to pay £250 compensation to Mr P. But he didn't accept this. In response, he asked our investigator to establish with Informed Pensions and Parmenion whether they'd be willing to settle for a total compensation figure of £6,000, split between both businesses. Informed Pensions didn't agree. Our investigator considered Mr P's additional comments but wasn't persuaded to change the outcome of her assessment. Since agreement couldn't be reached, this complaint was referred to me for review.

### **What I've decided – and why**

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

When considering what's fair and reasonable, and in accordance with the Financial Services and Markets Act 2000 and the Dispute Resolution section in the FCA's handbook, I need to take into account relevant: law and regulations; regulators' rules, guidance and standards,

and codes of practice; and, where appropriate, what I consider to have been good industry practice at the time.

### Scope of this final decision

Mr P has referred to this service two separate complaints about Informed Pensions and Parmenion. Under this final decision I've only considered the acts or omissions of Informed Pensions in its dealings with Mr P. I've considered Mr P's complaint about Parmenion under a separate final decision.

Mr P confirmed to our investigator that this complaint isn't about the suitability of Informed Pensions' pension transfer advice to relinquish his safeguarded benefits. Rather, he's complained about the suitability of the recommended Parmenion SIPP as the destination to receive the transfer value in favour of alternative options, namely his existing SIPP with a different provider. He was unhappy with the Parmenion SIPP because he didn't have full control of it including the ability to self-select investment funds without the input or involvement of Informed Pensions. He's also complained that there was an undue delay in switching the value of the Parmenion SIPP to cash following his instruction to Informed Pensions on 19 February 2020. He said that the delay led to him suffering a financial loss of £4,352. I've limited my assessment of this complaint to these considerations.

### Subject Access Request and request for an oral hearing

Before this complaint was referred to me, Mr P submitted a Subject Access Request ("SAR") to this service to release information that we hold about him. Information was provided to him in line with Article 15 of the UK General Data Protection Regulation. Certain information was redacted from the SAR. We explained why to Mr P. Despite this, he wasn't satisfied with the response and alleged that this service was withholding information to prevent him from providing a full response to our investigator's assessment. But he didn't provide details of the specific information he thought was missing, despite being asked multiple times.

In his most recent contact with this service, Mr P requested that I hold an oral hearing so that he can make a full personal representation because he continues to believe that this service has withheld information. I don't think an oral hearing is necessary. Oral hearings aren't designed for the parties to plead their case or to cross-examine the other party – they're only granted by an ombudsman if they think it will help them get to the bottom of what happened and to ultimately make a decision. In this case, I don't think a hearing is necessary because I'm satisfied that there's sufficient documentary evidence already provided by the parties to enable me to reach a fair and reasonable decision.

### My findings

The purpose of this final decision isn't to repeat or address every single point raised by Informed Pensions and Mr P. So if I haven't commented on any specific point, it's because I don't believe it's affected what I think is the right outcome. Having considered the evidence, I agree with the outcome recommended by our investigator for the following reasons:

- In a phone call in November 2019, Informed Pensions told Mr P that if it advised him and recommended a transfer then it would be responsible for the initial and ongoing suitability of the arrangement, including how the underlying investment funds in the SIPP would be invested. And that this meant he wouldn't be able to fully control the SIPP or self-select investment funds independently without its involvement or input.
- The suitability report and illustration provided to Mr P in December 2019 confirmed that the Parmenion SIPP would be managed by a discretionary fund manager who

would, in exchange for an annual charge of 0.44% of the SIPP fund value, monitor and adjust the underlying investment funds to maintain alignment with his agreed medium risk profile. In addition to this, Mr P agreed to pay Informed Pensions an annual fee of 0.29% of the SIPP fund value to provide ongoing pension management advice. So I'm satisfied that Mr P understood and accepted the basis upon which the SIPP would be invested and managed by Parmenion and Informed Pensions.

- In his email of 19 February 2020 to Informed Pensions, Mr P stated, "*the investment profile looks wrong and I would like to have a review of it!*". But the investment profile and investment strategy were what he agreed with in December 2019. I cannot see any evidence Mr P mentioned any concerns about this before his email of 19 February 2020. So I'm not convinced it was wrong. It seems to me that during the interim period between accepting the recommendation in December 2019 and transfer being completed in February 2020, Mr P changed his mind and instead wanted to hold the transfer value in cash rather than invest on the basis previously agreed.
- I haven't seen any evidence that Informed Pensions told Mr P or misled him to believe that he'd have full control of the Parmenion SIPP including the ability to self-select investment funds without the input or involvement of Informed Pensions. I think it's worth noting here that Parmenion doesn't usually deal directly with clients. Rather, its relationship is usually with financial advisers representing an end client. Parmenion's terms and conditions, which Mr P accepted, set out that in order to have a SIPP that the end client must be serviced by an FCA authorised business. So it would've been odd for Informed Pensions to recommend a Parmenion SIPP to Mr P if it had told him or led him to believe he'd be able to fully manage it without its ongoing involvement or input knowing that he wouldn't be able to do this.
- Mr P said that Informed Pensions failed to explicitly tell him that he wouldn't have full control of the Parmenion SIPP. But my view is that all the evidence indicates Mr P understood and accepted any changes to the SIPP would need to go through Informed Pensions.
- Parmenion received the transfer value of £163,983 on 14 February 2020. This was invested in the agreed investment portfolio on 19 and 20 February 2020. By the time the fund switch to cash was carried out on 24 February 2020, the fund value had reduced to £159,631. The difference of £4,352 is the financial loss Mr P says he's suffered and for which he wants compensation. The reduction in fund value was the result of market movements during that period. It wasn't due to an error by Informed Pensions. So I don't think it would be fair or reasonable to find Informed Pensions responsible for the financial loss claimed by Mr P.
- I agree with our investigator's assessment that following Mr P's instruction on the evening of 19 February 2020 that the fund switch to cash on 24 February 2020 couldn't have happened any sooner. I'm satisfied that Informed Pensions instructed Parmenion to carry out the fund switch as quickly as it could've done, and that Mr P is therefore in the correct financial position.
- Based on the above, I cannot agree with Mr P's assertion that Informed Pensions and Parmenion colluded to cover up its errors that led to him suffering the financial loss of £4,352. This is because there were no errors to cover up. The 'financial loss' claimed by Mr P was due to market movements following his decision to depart from the agreed investment strategy and instruct Informed Pensions to switch the value of the Parmenion SIPP to cash.

- Like our investigator, I think Informed Pensions could've done a better job of keeping Mr P informed between 20 and 25 February 2020 regarding the fund switch. Had it done this it's likely Mr P wouldn't have felt ignored or 'out of the loop' during that period.
- Mr P said that his objective was always to have full control of his SIPP and self-select the underlying investment funds. If that's the case, it seems he achieved that objective following the subsequent transfer to his other SIPP with a different provider on 2 March 2020.

### **Putting things right**

In line with our investigator's recommendation, and if it hasn't already done so, Informed Pensions must pay £250 compensation to Mr P due to the poor level of service it provided, as set out above.

### **My final decision**

I uphold this complaint in part. Lemonade LLP trading as Informed Pensions must redress Mr P as I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 22 November 2022.

Clint Penfold

**Ombudsman**