DRN-3302794

Financial Ombudsman Service

The complaint

Miss E has complained about advice she received to open a self-invested personal pension ("SIPP") with Brooklands SIPP and subsequently invest in what she now considers to be unsuitable high risk investments. Miss E says Quilter Financial Planning Solutions Limited ("Quilter") is responsible for the advice and should compensate her for the financial loss she has suffered. At the time of the events, Quilter was known as Positive Solutions and so I'll refer to Positive Solutions in this decision.

What happened

Miss E says she was advised by an adviser - Mr P - to transfer two personal pensions to a SIPP with Brooklands. Mr P was a Registered Individual ("RI") for Positive Solutions. So he was an agent of Positive Solutions and authorised to give advice on its behalf. He ceased to be an RI of Positive Solutions in December 2012.

Miss E's previous pensions were with Hartford (which held most of the funds) and Aviva. There is no suitability report or recommendations letter evidencing the advice. But the application for the switch of the pensions to the SIPP was made on 6 December 2010. Around £280,000 was switched to the SIPP and invested in a bond with Skandia from February 2011 onwards. This appears to be a type of bond that held managed funds – i.e. funds that were traded at fairly regular intervals on the instructions of an adviser.

Miss E realised in 2015 that the investments in the bond had lost a lot of money and it is this loss that she now complains about. She thinks that Positive Solutions should pay her compensation for the advice given by Mr P.

The following is a brief history of what's happened since the complaint was referred to our service.

Positive Solutions thought that the complaint had been submitted too late. But one of our ombudsmen issued a decision concluding that Miss E had actually complained in 2015 and therefore submitted her complaint within our time limits.

Positive Solutions also said it wasn't responsible for the acts being complained about as Mr P had acted outside of the authority given to him in his contract with Positive Solutions and was instead acting in a personal capacity.

One of our investigators considered this point and issued an opinion and agreed that Mr P had not complied with the provisions of the contract with Positive Solutions. But, she said Positive Solutions had placed Mr P in a position which would, in the outside world, generally be regarded as having authority to carry out the acts Miss E had complained about. She said that Miss E had relied on this representation and therefore her view was that Positive Solutions was responsible for the advice given in December 2010 to switch pensions to the SIPP on the basis of the common law principle of apparent authority. She thought that this switch was unsuitable as the charges were probably more expensive than her previous

pension plans through which similar investments to those in the bond could have been made.

However, the investigator did not believe that Positive Solutions was responsible for the bond or any investments held within the bond. She said that the evidence suggested that, by January 2011, Mr P was working in a personal capacity – separate to his role with Positive Solutions. She based this on the following evidence:

- On 6 January 2011, Mr P emailed Miss E from an email with a "*usonline"* domain name to let her know he was in the process of moving away from Positive Solutions, he said:

  "I am in the process of moving from Positive Solutions and will hopefully be away in the next couple of months. I have decided to go directly authorised with the FSA in relation to my UK financial services business and will be using this e mail address for any ongoing correspondence. As my business is now so much broader in scope than traditional IFAs, when I include the tax planning solutions and offshore work, I have been finding working through Positive Solutions quite restrictive as they have to work to the lowest common denominator of financial adviser.".

- On 20 January 2011, Mr P emailed Miss E this time using an email with a Synergi domain name:

  "Another new e mail address!! I don't have access to my [*usonline email address]* *while I am in Cairo and this is the company that I work for through when I am here".*

- An application for the Skandia bond for Miss E's Brooklands SIPP was completed by Mr P on 4 February 2011. The adviser was recorded as Mr P of Synergi Investment Ltd - based in Cairo. The regulatory body and authorisation number were left blank. A range of different funds were listed to be invested in from the bond.

- The Skandia bond key features document outlined a commission of £16,800 would be paid to Synergi for arranging the bond. On 22 February 2011, the bond application was accepted, and policy documents provided.

So the investigator thought that Positive Solutions should compensate Miss E for the SIPP charges, but not any investment losses or any investment related charges in the bond. She also said that Positive Solutions should pay Miss E £200 compensation for the trouble and upset caused to her by the unsuitable advice.

Both Positive Solutions and Miss E accepted the investigator's findings and proceeded to try and calculate what compensation was due to Miss E. But agreement on the calculation could not be reached and I was asked to issue a decision.

I issued a provisional decision on 22 December 2021. In brief, my findings were that:

- Positive Solutions was responsible for the advice given by Mr P for Ms E to switch her pensions to the SIPP;
- Mr P had also likely given advice to Miss E about the bond and initial investment choices – so Positive Solutions was also responsible for the initial investments and charges associated with the bond.

- But Positive Solutions wasn't responsible for any investments in the bond after July 2011 as Mr P was not operating as a Positive Solutions agent at that time and any advice about the investments could not be linked back to Positive Solutions.

- The advice given about the SIPP, bond and initial investments was unsuitable and so Positive Solutions should compensate Miss E for losses arising from SIPP and bond charges throughout the period Miss E was in the SIPP and bond. Positive Solutions should also compensate Miss E for losses from the initial investments until July 2011.

Positive Solutions didn't agree with my findings. It said:

- Positive Solutions couldn't be responsible for the bond as the application for the bond clearly showed that Mr P was working for Synergi– not Positive Solutions – at the time it was submitted.

- Even if Mr P had given advice to Miss E about the bond wearing his Positive Solutions hat, liability can't attach back to Positive Solutions if the bond and investments had been transacted by a different legal entity.

- Positive Solutions couldn't be held responsible for matters executed and advised by Mr P whilst working for Synergi for a period of 11 years. Miss E also knew about the charges from as far back as 2015.

- Positive Solutions was only responsible for the initial transfer to the SIPP from the personal pensions. That advice was suitable as Miss E's previous Hartford scheme was an expensive one. The recommendation of UK registered investment funds was also appropriate and in line with Miss E's attitude to investment risk. That was reflected by the fact that even the provisional decision proposed calculating redress using an index which tracks equity backed funds – i.e. similar to the investments Miss E held in the bond.

- Miss E would have been aware of the charges associated with the investment from the outset.

- Compensation should take account of any indicative charges that Miss E would have incurred for a suitable alternative investment.

- The provisional decision applied 8% additional interest. This was unfair as Miss E could never have achieved this level of return.

There have also been communications between me and the parties about the tax treatment of the compensation. I will explain this below.

Why I can look into this complaint

I've considered all the available evidence and arguments in order to decide whether we can consider this complaint.

I have previously explained why we have jurisdiction to consider this complaint against Positive Solutions.

The focus of Positive Solutions' arguments are now whether it is fair and reasonable for it to be accountable for all the losses suffered by Miss E. That is fundamentally a merits point which I will address later.

But for the sake of completeness, on jurisdiction, my findings are as follows:

- For the avoidance of doubt I agree with the previous ombudsman's decision that this case is not time barred as Miss E complained in 2015 – that's within our time limit rules as the advice from Mr P was given in 2010.

- There is documentary evidence in the form of correspondence and the SIPP application with Brooklands that Mr P advised Miss E about the switch in December 2010 as a Positive Solutions adviser. The SIPP application is dated 6 December 2010.

- In giving this advice, Mr P may have breached his contract with Positive Solutions as it authorised him to only give advice about products offered by approved institutions. Brooklands was not an approved institution and it appears that the advice and arrangements were not channelled through Positive Solutions as might ordinarily be expected.

  But I note that both Aviva and Skandia were approved institutions. So it appears that some aspects of the advice might be said to be within the actual authority given to Mr P by Positive Solutions in its contract.

  In any event, I don't need to make a finding of fact about whether there was a breach of the agreement. That's because I am of the view that Positive Solutions is responsible for the advice based on the common law principle of apparent authority.

- Positive Solutions represented to Miss E that Mr P was authorised to give the advice he gave to her and make the arrangements he did.

- I think it's likely that Miss E proceeded with the advice and arrangements to open the SIPP in order to invest in the Skandia bond on the basis that Mr P was acting as the agent of Positive Solutions with authority from Positive Solutions so to act. In other words, Miss E reasonably relied on Positive Solutions' representation that Mr P was authorised to give the advice he gave.

- I agree that there was a break in the services provided by Mr P before he ceased to officially be a RI of Positive Solutions in December 2012. He began operating as Synergi (which had no connection with Positive Solutions) at some point in 2011. The question is – when exactly did he cease to wear his Positive Solutions "hat" and when did he start wearing his Synergi hat?

- On 6 January 2011 he signalled to Miss E his intention to move to his own directly authorised business "in the next couple of months". But only a month later the bond application was signed using his Synergi details in the adviser section. So I think that by 6 February 2011, Mr P was wearing his Synergi hat and acting independently of Positive Solutions.

- But I don't think it is as simple as saying that Positive Solutions is responsible for the advice to switch to the SIPP in December 2010 and not the bond or investments that followed as they all took place on or after 6 February 2011. There is some overlap that must be accounted for.

- There is no record of the advice that was given in December 2010. So I don't know for certain what recommendations were given by Mr P and I have based my decision on the balance of probabilities.

- I think it's likely that Mr P did recommend that the funds in the SIPP would be used in a Skandia bond and that this would be used in turn to make investments in a range of funds. After all, the SIPP was simply a wrapper to hold investments. I think it's unlikely that Mr P would have recommended that Miss E undertake the switch of two personal pensions involving significant sums of money without advising her about what use the SIPP should be put to.

  There is also no evidence that Mr P later in January or February 2011 gave completely separate advice to Miss E about the Skandia bond and subsequent investments wearing his Synergi hat. The emails referred to above appear to all be informal and don't make new recommendations.

- Furthermore, Mr P ticked a box in the Skandia bond application form (which included a list of initial underlying investment choices) that confirmed that he had advised Miss P about the investments. He used his Synergi details on the form but, importantly, he said on the form that the advice was given on 8 December 2010. That isn't the exact date of the SIPP application form, but it is close. And it is before he said to Miss E that he was moving to his own business that was separate to Positive Solutions.

So, my conclusion is that Mr P, in December 2010, advised Miss E to switch her Hartford and Aviva personal pensions to the Brooklands SIPP to make an investment in various funds via the Skandia bond – and did so whilst wearing his Positive Solutions hat. Positive Solutions accepted responsibility for this advice on the basis of the common law principle of apparent authority. So we have jurisdiction to consider Miss E's complaint about this advice.

I acknowledge that the arrangements were made for the bond and investments when Mr P was wearing his Synergi hat. But I don't accept Positive Solutions' argument that this means that Synergi is solely responsible for the advice about the bond and initial investments. It simply means that there are two parties potentially responsible for what has happened. It does not mean that I don't have jurisdiction to consider the advice that I think was given by Mr E whilst representing Positive Solutions. I will discuss this further in my findings on the merits of the complaint below.

However, Positive Solutions isn't responsible for everything that followed. As I've said above, the Skandia bond was used to make investments that were regularly traded. After Miss E's bond was initially opened and investments made in February 2011, the first instructions to trade funds took place on 27 July 2011. Mr P was likely operating as Synergi at this point and there's no evidence he used his Positive Solutions hat at all in giving advice or making arrangements. Mr P gave instructions to Skandia for trades in Miss E's bond – but it's not clear whether he consulted with Miss E on each occasion or went ahead and arranged these trades on her behalf without giving advice.

Either way, I don't think it can be concluded that Positive Solutions is responsible for any investments within the bond from this point or thereafter. I think Mr P was acting in a completely separate capacity when giving advice or making arrangements for these subsequent trades. There is no link to anything he might have done with his Positive Solutions hat. Other advisers were involved in giving investment advice after 2015 too. So Positive Solutions isn't responsible for any investment losses from July 2011 onwards.

So, my conclusion on jurisdiction is that Positive Solutions accepted responsibility for:

- the initial advice to switch her two personal pensions to the Brooklands SIPP; and
- the advice to invest via the Skandia bond; and
- the initial investment choices in the bond; *but not* the investments after 27 July 2011.

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.

In giving advice to Miss E, Mr P needed to make a recommendation that was consistent with her investment objectives, which ought to have been assessed by reference to her personal and financial circumstances. He should have carried out a fact find of her circumstances and investment experience and given a written recommendation with reasons. There is no record that Mr P did any of this before recommending the SIPP and bond. So, the starting point is that Mr P did not comply with the regulatory standards required of him.

Miss E doesn't appear to be a sophisticated investor and has consistently said that she wanted to invest in low risk products. I think that is supported by emails I've seen (although sent much later in 2015) where she asks Mr P why her funds can't simply be left in a bank account. She was 59 years old at the time of the advice, and the SIPP application showed she intended to retire at 65.

Miss E's Hartford pension was relatively expensive as it had charges as part of a guaranteed income aspect of the plan. It's not clear how important this guarantee was to Miss E at the time, but I think it probably wasn't critical as she was clearly open to changing her pensions in 2010 when she was advised by Mr P. I think it's more likely that Miss E wanted to change to a lower cost pension, consolidating both her Aviva and Hartford plans and invest in relatively cautious lower risk funds. I don't think she wanted or needed access to specific funds that were only available via a specific bond arrangement.

I disagree with Positive Solutions arguments that the advice from Mr P met this objective. The Brooklands SIPP charges may have been, in isolation, cheaper than the Hartford plan. But the arrangement with Brooklands involved set up costs with Skandia, ongoing fixed bond charges and a very large initial payment to the adviser (£16,800) – equivalent to 6% of Miss P's fund. I acknowledge that this payment wasn't deducted from the initial sum invested by Miss E and was instead paid by Skandia to the adviser. But it was indirectly paid by Miss E through the general bond charges. There were also high exit costs. On any objective analysis, the arrangement was very expensive.

The investments initially chosen within the bond were diverse and mainstream – but they were not, overall, suitable for Miss E as there were a higher proportion of riskier funds that were selected. They don't appear to have caused the losses that Miss E suffered in subsequent years, but nevertheless I think the initial selections were more suited to someone who had a higher risk appetite – not a cautious investor like Miss E.

So, I don't think Mr P gave Miss E suitable advice even if Miss E was aware (or ought to have been aware) of the charges from any key features documents she may have been sent. I think Mr P should have recommended a low cost pension plan to be invested in relatively cautious funds in December 2010. But, as I've explained above and as set out below in the *putting things right* section of my decision, this doesn't mean that Positive Solutions is responsible for all the losses Miss E has suffered.

Positive Solutions doesn't accept that it should be responsible for any of the bond charges and investment losses given the later clear involvement of Mr P wearing his Synergy hat in

the arrangements for the bond and initial investments. But in this decision, I'm considering Miss E's complaint about Positive Solutions – not the role of Synergi an unregulated party.

While it was the case that Synergi was involved in the arrangements, Positive Solutions had its own distinct set of regulatory obligations when Mr P was acting as its agent and giving the advice he gave in December 2010. For the reasons I've explained above, Mr P, and consequently Positive Solutions, failed to comply with these obligations. So, I consider it fair and reasonable in the circumstances for Positive Solutions to compensate Miss E in the manner I set out below. Positive Solutions can have the option to take an assignment of any rights of action Miss E has against Synergi in respect of the compensation award below before compensation is paid by Positive Solutions. Compensation could be made contingent upon Miss E's acceptance of this term of settlement.

Putting things right

My aim is that Miss E should be put as closely as possible into the position she would probably now be in if she had been given suitable advice.

As explained above, Miss E did not receive suitable advice to take out the SIPP and bond and the initial investments within the Skandia bond did not match her risk profile. But Positive Solutions isn't responsible for everything that happened thereafter.

In the circumstances, I think it's fair to ask Positive Solutions to pay Miss E compensation for the bond charges and some investment losses (if there were any).

I understand that Miss E closed the bond and SIPP in 2019 after she took drawdown of the total pension.

I'll explain how Positive Solutions should compensate Miss E below.

The initial investments

Miss E should be compensated for any investment loss she incurred within the bond up to 27 July 2011. This is the date of the first subsequent trades within the bond.

Positive Solutions isn't responsible for any investment losses and fund specific charges within the bond from 27 July 2011 onwards. So 27 July 2011 is the appropriate "end point" for any investment losses and fund specific charges arising from the bond.

Miss E would have invested differently. It's not possible to say *precisely* what she would have done, but I'm satisfied that what I've set out below is fair and reasonable given Miss E's circumstances and objectives when she invested.

The charges for the bond

I think it is also fair and reasonable for Positive Solutions to calculate all general and fixed costs and charges incurred with the bond from the start date to the date Miss E closed the bond in 2019 (i.e. not limited to 27 July 2011) and pay her an amount equal to what this would have been worth had the same been reinvested on the dates they were incurred.

I think this is fair because I don't think Miss E should ever have been advised to take out the bond; and the general and fixed charges she incurred throughout the life of the bond can be linked back to the initial advice given to Miss E in December 2010 by Mr P whilst he was representing Positive Solutions.

I have considered whether it would be fair to cap the charges compensation up to 2015. That's because it's clear that Miss E was aware of problems with the arrangement and complained about this in November 2015 (as decided by the previous ombudsman in his decision on jurisdiction). The evidence from the SIPP and bond operators also suggests that from around this time, Miss E instructed a number of different professional advisers – all of whom gave advice about the arrangement.

However, Miss E was required to pay 1.1% bond fees per year. And after corresponding with the parties and reviewing the evidence further, I accept that the large surrender fee for the bond that would have been payable in 2015 (4.4%) was effectively the same as the sum Miss E ended up paying by staying in the arrangement until 2019. I appreciate that there would still have been other administration charges that could have been stopped by leaving the bond (£135 per quarter), but this would have had to be weighed up against the surrender fee and the costs of entering into new alternative investment arrangements. So, Miss E would not likely have paid significantly less by surrendering the bond early and ending the whole arrangement in 2015. She was effectively locked into paying at least the total sum of the bond fees (8.8% over the 8 year life of the bond) the moment that she entered the bond. So, I think it's fair and reasonable for Positive Solutions to pay Miss E for the fixed charges associated with the bond until 2019 when the arrangement was ended as it's not likely she could have mitigated her losses by ending the arrangement earlier in 2015.

I accept that Miss E might have had to pay some form of investment management charges for a suitable alternative to the bond. I don't know what these would have been. But, they would likely have been much cheaper than the bond charges. And, as I'll explain below, I think it's fair to use an investment benchmark to calculate compensation for this.

For the avoidance of doubt, this element of the redress award should **not** include any fund specific management charges incurred after 27 July 2011 or any additional adviser charges agreed after this date. In other words, Positive Solutions does not need to include compensation for any non-fixed charges associated with specific investment funds chosen within the bond after 27 July 2011 as I don't think Positive Solutions can be said to be responsible for these given the involvement of other parties by this point.

I've taken account of the fact that the SIPP fees were cheaper than Miss E's fees with her previous pension product providers. And even if Miss E was given unsuitable advice about the overall arrangement to enter the SIPP and bond, she would still likely have had to pay some form of fees for a suitable alternative pension arrangement. In the circumstances, I don't think it would be fair to ask Positive Solutions to refund Miss E her SIPP fees.

What must Positive Solutions do?

To compensate Miss E fairly, Positive Solutions must:

For the investment loss

- Compare the performance of each of Miss E's initial investments with that of the benchmark shown below.

- Positive Solutions should add interest as set out below.

What is being compensated	Status	Benchmark	From ("start date")	To ("end date")

Monies invested in the Skandia bond in February 2011 (including the effect of fund specific charges up to 27 July 2011)	No longer exists	For half the investment the FTSE UK Private Investors Income Total Return Index. For the other half of the investment the monthly average rate for one-year fixed rate bonds as published by the Bank of England. The rate for each month is that shown as at the end of the previous month. Those rates should be applied to the investment on an annually compounded basis.	Date of investment	27 July 2011

- The calculation should include specific fund charges but exclude any general and fixed charges as this is separately addressed below.

- If the *fair value* is greater than the *actual value*, there is a loss. If the *actual value* is greater than the *fair value*, there is a gain. Losses and gains should then be combined. If there is an overall loss, that is the amount of compensation payable for the investments.

  Actual value

  This means the value of the monies invested at the end date.

  Fair value

  This is what the investment would have been worth at the end date had it produced a return using the benchmark.

  Once the investment loss has been calculated (if there was one), Positive Solutions should calculate what the loss would be worth had the same sum been reinvested at the end date using the same benchmark until the SIPP was closed in 2019. From 2019 onwards, interest at 8% simple per year on any loss from the end date to the date of settlement should be applied.

This addresses Positives Solutions' concern that an 8% interest award from 2011 onwards would put Miss E in a better position than she would otherwise have been but for the unsuitable advice.

Interest at 8% from the date the bond and SIPP was closed is still appropriate because from this point the 8% is to compensate Miss E for being deprived of these funds from that time (when she went into drawdown), not to replicate the investment growth she could have achieved in that time.

For the charges and costs associated with the bond

- The bond charges and costs element of the compensation should be calculated as set out below as if the amounts paid by Miss E were reinvested at the date they were incurred and performed in line with the benchmark shown below. The value of the reinvested charges and costs is the compensation payable to Miss E.

- If there is a gain on the investment loss (as calculated above), this can be offset against the compensation for the charges and costs.

What is being compensated	Status	Benchmark	From ("start date")	To ("end date")
All general and fixed charges associated with the bond (but excluding fund specific charges after 27 July 2011 and any additional adviser charges agreed after this date).	No longer exists	For half the sum the FTSE UK Private Investors Income Total Return Index. For the other half of the sum the monthly average rate for one-year fixed-rate bonds as published by the Bank of England. The rate for each month is that shown as at the end of the previous month. Those rates should be applied to the investment on an annually compounded basis.	Date each cost and charge was incurred	Date the bond was closed in 2019

- From the end date in 2019 onwards, interest at 8% simple per year on any loss to the date of settlement should be applied for the same reasons explained above.

Payment of compensation

- Ordinarily we would ask Positive Solutions to pay compensation into Miss E's pension plan to increase its value by the amount of the compensation and any interest. However, it appears that Miss E no longer has a pension. So, Positive Solutions should pay the compensation amount direct to Miss E.

- Where compensation for a pension is paid as cash, we would normally allow the business to make a reduction to the compensation for the tax that the complainant would otherwise have paid. But Miss E lives overseas – and has done for some years. I think it's fair to take this into account as my decision aims to put her in the position she would have been in had she not received the unsuitable advice.

  It isn't clear what tax Miss E would have paid on the compensation had she received it as a lump sum when she took the rest of her pension in 2019. It's also unclear whether Miss E will now have to pay income tax on *compensation* she is paid now when she submits her next return.

  So, the fairest way to resolve this is for Positive Solutions to appoint an agreed independent expert to assist it in its calculations of the tax position. If agreement can't be reached about who to appoint, Positive Solutions must ask the Institute of Chartered Accountants in England and Wales to nominate an independent expert.

  The expert's report should be shared with Miss E when the compensation is calculated. The compensation payable to Miss E should be reduced if tax would have been payable on the compensation had she taken it as a lump sum in 2019. The compensation should be increased if Miss E will pay more tax by receiving the compensation now as opposed to if she'd had a larger lump sum in 2019. In other words, Miss E should neither be under compensated nor over compensated in real terms by receiving the compensation now as opposed to 2019. And the report should assume that Miss E would have adopted the most tax efficient route in taking the lump sum.

  Positive Solutions may elect to ask Miss E's overseas accountant to compile the report.

  The cost of appointing and drawing up the expert's report shall be met by Positive Solutions.

  The ongoing addition of 8% interest shouldn't apply for any period of time where the only outstanding item required to complete the calculation is the provision of the expert's report. To be clear, this temporary suspension of additional interest accruing on the redress only applies for the indicated period if Positive Solutions has already both commissioned the expert's report and provided any information the expert might have requested from it.

  Positive Solutions may alternatively choose to pay Miss E the compensation without any deduction for tax and agree to pay Miss E an additional sum on receipt of evidence in the form of a tax return and payment receipt for any additional tax she pays on the compensation in her next tax return.

Other matters

- Positive Solutions should pay Miss E £200 for the trouble and upset caused to her by the unsuitable advice she received.

- Positive Solutions should have the option of payment of this redress being contingent upon Miss E assigning any claim she may have against Synergi to Positive Solutions – but only in so far as Miss E is compensated here. The terms of the assignment should require Positive Solutions to account to Miss E for any amount it subsequently recovers against Synergi that exceeds the loss paid to Miss E.

- Income tax may be payable on any interest paid. If Positive Solutions deducts income tax from the interest, it should tell Miss E how much has been taken off.

Positive Solutions should give Miss E a tax deduction certificate in respect of interest if Miss E asks for one, so she can reclaim the tax on interest from HM Revenue & Customs if appropriate.

Why is the benchmark set out above suitable?

I've chosen this method of compensation because:

- Miss E wanted capital growth with a small risk to her capital.

- The average rate for the fixed rate bonds would be a fair measure for someone who wanted to achieve a reasonable return without risk to her capital.

- The FTSE UK Private Investors Income total return index (prior to 1 March 2017, the FTSE WMA Stock Market Income total return index) is made up of a range of indices with different asset classes, mainly UK equities and government bonds. It's a fair measure for someone who was prepared to take some risk to get a higher return.

- I consider that Miss E's risk profile was in between, in the sense that she was prepared to take a small level of risk to attain her investment objectives. So, the 50/50 combination would reasonably put Miss E into that position. It doesn't mean that Miss E would've invested 50% of her money in a fixed rate bond and 50% in some kind of index tracker investment. Rather, I consider this a reasonable compromise that broadly reflects the sort of return Miss E could've obtained from investments suited to her objectives and risk attitude.

- Although Positive Solutions says that the benchmark doesn't include the cost of charges that might have applied. But the benchmark is also not reflective of an active management approach that might have been taken to account for changing markets. So, overall, I think it's a fair way to compensate Miss E.

- The additional interest is for being deprived of the use of any compensation that isn't paid within 28 days of the business being notified of acceptance of the decision, subject to what I have said above about an independent tax report.

My final decision

I uphold Miss E's complaint. Quilter Financial Planning Solutions Limited must pay Miss E the compensation set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss E to accept or reject my decision before 16 June 2022.
Abdul Hafez
Ombudsman