

The complaint

Mrs M complains about the advice given by Portal Financial Services LLP to transfer the benefits from her defined-benefit ('DB') occupational pension scheme and her personal pension plan to a self-invested personal pension ('SIPP'). She says the advice was unsuitable and believes it caused her a financial loss.

What happened

In or around April 2017, Mrs M approached Portal to discuss her pension and retirement needs. Mrs M was aged 55 at the time and was interested in accessing her 25% pension commencement lump sum but didn't want to move her pension fund. Portal obtained details of Mrs M's DB scheme and proposed a telephone consultation.

During the telephone call on 9 June 2017, Portal completed a fact-find to gather information about Mrs M's circumstances and objectives. It established the following:

- That Mrs M was 55 years old, divorced with 4 non-financially dependent children and hoped to retire at 65;
- That Mrs A rented her home from her local council;
- That apart from her DB scheme and a further personal pension she had, Mrs M had no other provisions for retirement (save any state pension entitlement and one other small occupational pension worth £500), no other assets and no savings;
- Mrs M had no debts;
- She was employed earning a total net monthly income of £1,500. After all her monthly expenditure she was left with no disposable income.
- Mrs M's attitude to risk (ATR) was noted as 'moderately cautious' or 4 on a scale of 1 to 14 and that she had a suitable capacity for loss for the recommendation being made;
- She wanted to access the maximum tax-free cash ('TFC') from her DB scheme and also wanted combine another very small personal pension she had with it;
- Mrs M A had no previous investment experience and confirmed she was likely to rely on an adviser.

Mrs M had the following pension arrangements:

- A DB scheme with a former employer for which she was a deferred member, had 8 years 5 months of membership and had ceased contributions when she left her job in February 1988. The scheme had a normal retirement age of 60. The transfer value analysis ('TVAS') report for the scheme stated the transfer value was £72,351.52 and estimated that at age 60 Mrs M would be paid an annual pension of £3,524 or a PCLS of £15,088 and a reduced annual pension of £2,518. The scheme would also pay a spouse's pension at 66.67%.
- A personal pension with 'R' which at the time of the advice had a transfer value of £18.64.
- A personal pension with 'N' worth £500.
- She was in the processing of joining her new employer's occupational DC scheme.

On 19 June 2017 Portal sent Mrs M its letter of recommendation and its suitability report in which it advised Mrs M to transfer both her DB scheme and the personal pension plan with R into a SIPP with 'A' and to take TFC of £17,657. It advised she invest the balance of the proceeds in fixed interest, equity, and cash funds. The suitability report said Portal was making the recommendation so that Mrs A could have flexi-access drawdown of her pension. It also noted Mrs M had the following objectives which formed the basis of its reasons for recommending the transfer from his DB scheme:

- To release TFC from her DB scheme so she could purchase a new car and laptop, for home improvements and to go on holiday.
- To switch her personal pension with R so she could consolidate her pension savings all in one place.
- To have greater flexibility about how to access her pension in the future.
- To maximise her TFC in comparison to the DB scheme.
- Greater choice and flexibility when it comes to death benefits.
- Ownership and control of her pension fund
- Willingness to take investment risk.

The TVAS report assessed the critical yield (for the DB scheme) if Mrs A retired at 60 to be 14.8% if taking an annuity only or 7.8% if taking the full amount of TFC and a reduced annuity (both based on a joint life basis).

Portal's charge for arranging the transfer was 6.5% of the fund value (cited as £4,737.70) and it charged an ongoing adviser charge of 1% of the fund value each year. A's annual management charge was 0.84% of the fund value per year.

Mrs M proceeded with Portal's recommendation and the transfers took place in August 2017.

Mrs M complained to Portal in November 2020 about the suitability of the transfer advice she'd received. She said her circumstances weren't considered and her investment experience, capacity for loss and ATR weren't assessed adequately or at all. And she said the transfer to the SIPP wasn't suitable for someone with no investment experience and a low capacity for loss. She also said the investments her funds were placed in weren't suitable for someone with her ATR. And Mrs M said she'd suffered a significant financial loss as a result of the unsuitable advice to transfer that she'd received.

Portal looked into Mrs M's complaint but didn't uphold it. It said it had assessed her ATR and capacity for loss and advised her accordingly. And it said it had obtained details about her financial situation which included her assets and liabilities and that the investments it recommended for her SIPP were certainly not high risk. It said it had also advised Mrs M about the costs of the advice and the ongoing charges.

Unhappy with the outcome of Portal's investigation, Mrs M complained to this service. Our Investigator looked into her complaint and recommended that it was upheld. She said the advice Portal gave Mrs M to transfer out wasn't suitable as she was highly unlikely to be able to improve on the benefits she was entitled to under her DB scheme as a result of investing in line with her ATR. Our Investigator also thought that Mrs M's objectives – accessing the TFC to buy a car, laptop and go on holiday – didn't justify the transfer and the loss of her valuable DB benefits. And she thought that Mrs M's stated desire for more flexible death benefits along with more flexibility or control over her pension in retirement didn't render the transfer suitable either. Our investigator recommended that Portal compensate Mrs M for the unsuitable advice it'd given her.

Portal didn't reply to our investigator's view so the complaint was referred to me to make a final decision.

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.

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I've taken into account relevant law and regulations, regulator's rules, guidance and standards and codes of practice, and what I consider to have been good industry practice at the time. This includes the Principles for Business ('PRIN') and the Conduct of Business Sourcebook ('COBS'). And where the evidence is incomplete, inconclusive or contradictory, I reach my conclusions on the balance of probabilities – that is, what I think is more likely than not to have happened based on the available evidence and the wider surrounding circumstances.

The applicable rules, regulations and requirements

What follows below is not a comprehensive list of the rules and regulations which applied at the time of the advice, but provides useful context for my assessment of Portal's actions here.

PRIN 6: A firm must pay due regard to the interests of its customers and treat them fairly.

PRIN 7: A firm must pay due regard to the information needs of its clients, and communicate information to them in a way which is clear, fair and not misleading.

COBS 2.1.1R: A firm must act honestly, fairly and professionally in accordance with the best interests of its client (the client's best interests rule).

The provisions in COBS 9 which deal with the obligations when giving a personal recommendation and assessing suitability. And the provisions in COBS 19 which specifically relate to a DB pension transfer.

Having considered all of this and the evidence in this case, I've decided to uphold the complaint for largely the same reasons given by the Investigator.

The regulator, the Financial Conduct Authority ('FCA'), states in COBS 19.1.6 that the starting assumption for a transfer from a DB scheme is that it is unsuitable. So, Portal should have only considered a transfer if it could clearly demonstrate that the transfer was in Mrs M's best interests. And having looked at all the evidence available, I'm not satisfied it was in her best interests.

Financial viability

Portal carried out a transfer value analysis report (as required by the regulator) showing how much Mrs M's pension fund would need to grow by each year in order to provide the same benefits as her DB scheme (the critical yield).

The advice was given during the period when the Financial Ombudsman Service was publishing 'discount rates' on our website for use in loss assessments where a complaint about a past pension transfer was being upheld. Whilst businesses weren't required to refer

to these rates when giving advice on pension transfers, I consider they provide a useful indication of what growth rates would have been considered reasonably achievable when the advice was given in this case.

Mrs M was aged 55 at the time of the advice and wanted to retire at 65. However, her DB scheme normal retirement age was 60. The critical yield required to match Mrs M's benefits at age 60 was 14.8% if she took a full pension and 7.8% if she took TFC and a reduced pension. This compares with the discount rate of 3.7% per year for nine years to retirement and 3% per year for four years to retirement. For further comparison, the regulator's upper projection rate at the time was 8%, the middle projection rate 5%, and the lower projection rate 2% per year.

I've taken this into account, along with the composition of assets in the discount rate, Mrs M's cautious attitude to risk and also the term to retirement. There would be little point in Mrs M giving up the guarantees available to her through her DB scheme only to achieve, at best, the same level of benefits outside the scheme. But here, given the lowest critical yield was 7.8%, I think Mrs M was likely to receive benefits of a substantially lower overall value than the DB scheme at retirement, as a result of investing in line with that attitude to risk. But crucially, I don't think that was made at all clear to Mrs M in the suitability report.

Furthermore, Portal's models show that the fund would run out before Mrs M reached 85 based on the regulator's lower projection rate and a retirement age of 60. However, Portal's cashflow model doesn't appear to have made any mention of inflation. And as Mrs M's pension will be subject to an ongoing annual charge of 0.84% per year, plus an ongoing advice charge of 1%, it means she would need to achieve even higher growth to offset these extra charges. Also, as Portal will know, past performance is no guarantee of future performance and so I consider the discount rates and the regulator's standard projections to be a more realistic indicator of expected fund growth in this regard, particularly over such a long period of time. So, if returns were lower than Portal predicted, I think it's clear Mrs M's funds were at risk of running out before she reached the average age of life expectancy (89). Whereas the DB scheme would've continued to pay her an escalating income for the entire remainder of her life however, long that is.

The DB scheme was a significant component of Mrs M's retirement income, an income that looked like it would be modest. I can't see any basis for why someone like Mrs M, who had no previous investment experience, had stated she would need to rely on an adviser to understand investment matters and who was classed as having a moderately cautious ATR having any willingness to take on additional investment risk. I don't think the information from the fact-find supports such an assessment. Moreover, if Mrs M was deemed to be willing to take a risk then I would expect to have seen that explored further by Portal; but it wasn't.

In addition, Mrs M had no assets or other anticipated sources of income in retirement (other than any state pension and her new employer's DC scheme which she was potentially about to join) to support Portal's conclusion that she had suitable capacity for loss. I can't agree that Mrs M had any capacity to absorb a loss on her pension transfer.

For this reason alone a transfer out of the DB scheme wasn't in Mrs M's best interests. Of course financial viability isn't the only consideration when giving transfer advice, as Portal has argued in this case. There might be other considerations which mean a transfer is suitable, despite providing overall lower benefits. I've considered these below.

Flexibility and income needs

I don't think Mrs M required flexibility in retirement. This is because based on the evidence I've seen, I don't think she had a genuine need to access her TFC earlier than the normal scheme retirement age meaning she could leave her funds invested until a later date.

Whilst the principal objective for the transfer was stated to be the release TFC from Mrs M's DB scheme so she could purchase a new car and laptop, for home improvements and to go on holiday, I can't see that Portal fully explored alternative options with Mrs M for addressing it. Portal noted in the suitability report that Mrs M didn't want to take on any (further) lending or pay any interest (although from the fact-find however I can't see that Mrs M had any outstanding loans or debts). And it was noted that she didn't have enough disposable income to service her needs. However, I can see on the fact-find that after paying her rent and other monthly expenditure there was an amount of £587 left each month. Although this was placed in the 'miscellaneous' expenditure column there is no detail recorded by Portal about what this sum was used for. So I don't know if Mrs M actually did have some disposable income available to her each month.

I can't see that Portal explored the possibility of a personal loan, or presented Mrs M with some alternative lending options which would have allowed her to make an informed decision about how to proceed. It seems to me that Portal's advice was geared towards the transfer without fully exploring, in detail, Mrs M's alleged aversion to borrowing or explaining to her that by taking out a personal loan she could retain her valuable DB benefits. And I think that this option ought to have been fully explored, given how important Mrs M's DB scheme was to her overall retirement planning – transferring it in order to access a relatively small sum ought to have been the last resort. The purpose of a pension is to provide an income in retirement and as her DB scheme was Mrs M's main source of retirement income, she had no capacity for loss.

And I don't know, because Portal didn't record it, how necessary taking a holiday, acquiring a laptop and making some home improvements were to her. I can see from the fact-find that obtaining a car was very important but if the other items were more of a 'nice to have' and/or weren't time critical then I think Portal should have explored with Mrs M the cost of borrowing to finance a car – but it didn't.

I don't doubt that Mrs M wanted to transfer so that she could achieve her principal objectives but Portal wasn't there just to execute what Mrs M said she wanted, it had a duty to act in her best interests and it wasn't in her best interests to transfer her pension just so she could access her TFC.

I also can't see evidence that Mrs M had a strong need for variable income throughout her retirement. Portal noted one of Mrs M's objectives was greater flexibility about how she accessed her pension in the future but it should have acknowledged her lack of financial experience and knowledge and explained to her how important her DB pension benefits were. In addition, given Mrs M's circumstances and limited financial and investment knowledge it is very unlikely that she would remain capable of managing her investments into old age or be prepared to pay for ongoing advice given her limited retirement provision. It's reasonable to think that Mrs M didn't understand the ongoing cost of having pension flexibility.

It also doesn't appear that Portal did any assessment of Mrs M's income requirements in retirement and how she could fund this by transferring out of her DB scheme. Mrs M didn't own her own home, so it seems likely her current expenses would more or less continue in retirement. While Mrs M would've been entitled to a state pension at age 67, it isn't clear how she would've funded an income of around £1,000 per month if she took the maximum TFC from the pension.

Overall, I'm satisfied Mrs M could have met her income needs in retirement through her DB scheme at 65. Under the DB scheme, Mrs M was entitled to an annual income of £3,524 from the scheme at 65, and she would also have had her new occupational DC scheme that I've mentioned above which could have provided her with the extra income she needed until her state pension became payable. At that point her income needs would have been met and guaranteed for life. So I don't think Mrs M should've been advised to give up the valuable benefits associated with her DB scheme.

Death benefits

Death benefits are an emotive subject and of course when asked, most people would like their loved ones to be taken care of when they die. The lump sum death benefits on offer through a SIPP were likely an attractive feature to Mrs M. But whilst I appreciate death benefits are important to consumers, and Mrs M might have thought it was a good idea to transfer her DB scheme to a personal pension because of this, the priority here was to advise Mrs M about what was best for her retirement provision. A pension is primarily designed to provide income in retirement. And I don't think Portal explored to what extent Mrs M was prepared to accept a lower retirement income in exchange for higher death benefits.

I also think the existing death benefits attached to the DB scheme were underplayed. Whilst Mrs M wasn't married, that she would be in the future could not be ruled out at which the spouse's pension provided by the DB scheme could've been useful to her spouse if Mrs M predeceased him. I don't think Portal made the value of this benefit clear enough to Mrs M. This was guaranteed and it escalated – it was not dependent on investment performance, whereas the sum remaining on death in a personal pension was. And as the cashflow analysis shows, there may not have been a large sum left as the fund may have been depleted particularly if Mrs M lived a long life. In any event, Portal should not have encouraged Mrs M to prioritise the potential for higher death benefits through a personal pension over her security in retirement.

Furthermore, if Mrs M genuinely wanted to leave a legacy for her family members, which didn't depend on investment returns or how much of her pension fund remained on her death, I think Portal should've instead explored the option of life insurance; but it didn't.

Overall, I don't think different death benefits available through a transfer to a SIPP justified the likely decrease of retirement benefits for Mrs M. And I don't think that insurance was properly explored as an alternative.

Control

I think Mrs M's stated desire for control over her pension benefits was both overstated and a generic objective. Mrs M was by no means an experienced investor and I cannot see that she had an interest in, or the knowledge to be able to manage her pension fund on her own. Indeed Portal's letter of recommendation states that the SIPP will need to be regularly reviewed. So, I don't think that this was a genuine objective for Mrs M – it was simply a consequence of transferring away from her DB scheme.

Nor was the funding of Mrs M's DB scheme in a position such that she should have genuinely been concerned about the security of her pension.

Suitability of investments

Portal recommended that Mrs M invest in fixed interest, equity, and cash funds. As I'm upholding the complaint on the grounds that a transfer out of the DB scheme wasn't suitable

form Mrs M, it follows that I don't need to consider the suitability of the investment recommendation. This is because Mrs M should have been advised to remain in the DB scheme and so the investments wouldn't have arisen if suitable advice had been given.

Summary

I don't doubt that the ability to take a larger sum of TFC, and the flexibility, control and potential for higher death benefits on offer through a personal pension would have sounded like attractive features to Mrs M. But Portal wasn't there to just transact what Mrs M might have thought she wanted. The adviser's role was to really understand what Mrs M needed and recommend what was in her best interests.

Ultimately, I don't think the advice given to Mrs M was suitable. She was giving up a guaranteed, risk-free and increasing income. By transferring, Mrs M was very likely to obtain lower retirement benefits and in my view, there were no other particular reasons which would justify a transfer and outweigh this. Mrs M shouldn't have been advised to transfer out of the scheme just to buy a laptop, car, make home improvements and go on holiday, and the potential for higher death benefits wasn't worth giving up the guarantees associated with her DB scheme.

So, I think Portal should've advised Mrs M to remain in her DB scheme.

Of course, I have to consider whether Mrs M would've gone ahead anyway, against Portal's advice. I've considered this carefully, but I'm not persuaded that Mrs M would've insisted on transferring out of the DB scheme if Portal had advised her it wasn't in her best interests to do so. I say this because Mrs M was an inexperienced investor with a moderately cautious attitude to risk and, aside from her state pension and a potential new DC scheme, her DB pension accounted for a significant portion of her retirement provision. So, if Portal had provided Mrs M with clear advice against transferring out of the DB scheme, explaining why it wasn't in her best interests, I think she would've accepted that advice. It is also worth stating that I've seen no evidence that Mrs M would've insisted on going against such advice had it been given.

In light of the above, I think Portal should compensate Mrs M for the unsuitable advice, using the regulator's defined benefits pension transfer redress methodology.

Personal pension transfer

Portal also advised Mrs M to transfer her personal pension into the SIPP alongside her DB scheme so she could consolidate her pensions in one place and meet the objectives I've set out above. Portal hasn't provided any information to suggest it carried out financial comparisons of the benefits attached to Mrs M's personal pension. I have no information about the pension itself save its very low value. But given the charges associated with transferring the pension along with the ongoing annual fees, I think it likely that Mrs M's personal pension would be less valuable on retirement after the transfer and she therefore should have been advised to leave his personal pension where it was.

Mrs M was advised to transfer on the basis that she could access tax free cash, reducing her income during retirement that I simply don't think Mrs M could afford. It's for this reason that I think the advice to transfer the personal pension alongside the DB pension was unsuitable. Mrs M should have been advised to leave both pensions with their existing providers. And as a result of not being advised to do this, I believe her retirement provisions have been financially impacted.

Compensation

I understand that the fund value of Mrs M's SIPP has fallen substantially from the amount she transferred – I can see I was worth £31,279 in November 2020, which is significantly lower than the amount invested after she took the TFC. I don't know what her SIPP is valued at today but I appreciate that the falling value of Mrs M's SIPP – which accounted for the majority of her retirement provision – will have caused her some significant distress and inconvenience. Where a financial business causes a consumer avoidable distress and inconvenience this service can recommend that it compensate the consumer. For the reasons I've given above, I don't think the transfer Portal recommended Mrs M make was in her best interests. The consequent distress and inconvenience caused to Mrs M was avoidable had she been suitably advised. I therefore agree with the recommendation made by our Investigator that Portal pay Mrs M compensation of £200 for the trouble and upset she was caused.

Putting things right

A fair and reasonable outcome would be for the Portal to put Mrs M, as far as possible, into the position she would now be in but for its unsuitable advice. I consider Mrs M would have most likely remained in her DB scheme, and kept her personal pension arrangements, if suitable advice had been given. I say this because the transfer wasn't financially viable and wasn't in her best interests.

What should Portal do?

To compensate Mrs M fairly, Portal must determine the **combined fair value** of her transferred pension benefits as outlined in Step One and Step Two below. If the **actual value** is greater than the **combined fair value**, no compensation is payable.

fair value – step one

If Mrs M had been given suitable advice, I think she would have remained in the DB scheme. Portal must therefore calculate the value of the benefits Mrs M lost as a result of transferring out of her DB scheme in line with the regulator's pension review guidance as updated by the FCA in its Finalised Guidance 17/9: Guidance for firms on how to calculate redress for unsuitable DB pension transfers.

On 2 August 2022, the FCA launched a consultation on new DB transfer redress guidance and set out its proposals in a consultation document - [CP22/15-calculating redress for non-compliant pension transfer advice](#).

In this consultation, the FCA said that it considers that the current redress methodology in [Finalised Guidance \(FG\) 17/9](#) (Guidance for firms on how to calculate redress for unsuitable defined benefit pension transfers) remains appropriate and fundamental changes are not necessary. However, its review has identified some areas where the FCA considers it could improve or clarify the methodology to ensure it continues to provide appropriate redress.

A policy statement was published on 28 November 2022 which set out the new rules and guidance - <https://www.fca.org.uk/publication/policy/ps22-13.pdf>. The new rules will come into effect on 1 April 2023.

The FCA has said that it expects firms to continue to calculate and offer compensation to their customers using the existing guidance in FG 17/9 for the time being. But until changes take effect firms should give customers the option of waiting for their compensation to be calculated in line with the new rules and guidance.

We've previously asked Mrs M whether she preferred any redress to be calculated now in line with current guidance or wait for the new guidance/rules to come into effect.

She has chosen not to wait for any new guidance to come into effect to settle her complaint.

I am satisfied that a calculation in line with FG17/9 remains appropriate and, if a loss is identified, will provide fair redress for Mrs M.

The calculation should be carried out as at the date of my final decision, using the most recent financial assumptions at the date of that decision. In accordance with the regulator's expectations, this should be undertaken or submitted to an appropriate provider promptly following receipt of notification of Mrs M's acceptance of the decision.

Portal may wish to contact the Department for Work and Pensions ('DWP') to obtain Mrs M's contribution history to the State Earnings Related Pension Scheme ('SERPS or S2P'). These details should then be used to include a 'SERPS adjustment' in the calculation, which will take into account the impact of leaving the occupational scheme on Mrs M's SERPS/S2P entitlement.

If the complaint hasn't been settled in full and final settlement by the time any new guidance or rules come into effect, I'd expect Portal to carry out a calculation in line with the updated rules and/or guidance in any event.

fair value – step two

Portal must compare the value of Mrs M's personal pension transferred to her SIPP with that of the notional value from the previous provider shown below to determine the fair value of Mrs M's personal pension if suitable advice had been given. I consider that there was no reason for Mrs M to have moved her personal pension. It was invested in a with profits fund which met with this ATR.

Investment name	Status	Benchmark	From ("start date")	To ("end date")	Additional interest
Value of the personal pension fund transferred	Still exists and liquid	Notional value from the previous provider	Date of investment	Date of my final decision	8% simple per year from final decision to settlement (if not settled within 90 days of the business receiving the complainant's acceptance)

Notional Value

This is the value of Mrs M's investment had it remained with the previous provider until the end date. Portal should request that the previous provider calculate this value.

If the previous provider is unable to calculate a notional value, Portal will need to determine a fair value for Mrs M's investment instead, using this benchmark: For half the investment: FTSE UK Private Investors Income Total Return Index; for the other half: average rate from fixed rate bonds. The adjustments above also apply to the calculation of a fair value using the benchmark, which is then used instead of the notional value in the calculation of

compensation.

Any additional sums paid into the SIPP should be added to the fair value calculation from the point in time when they were actually paid in. Any withdrawal, income or other payment out of the SIPP should be deducted from the fair value at the point it was actually paid so it ceases to accrue any return in the calculation from that point on. If there are a large number of regular payments, to keep calculations simpler, I will accept if Portal totals all those payments and deducts that figure at the end instead of deducting periodically.

The combined value of the sums produced by the above two steps is the ***combined fair value***.

If the redress calculation demonstrates a loss, the compensation should, if possible, be paid into Mrs M's pension plan. The payment should allow for the effect of charges and any available tax relief. The compensation shouldn't be paid into the pension plan if it would conflict with any existing protection or allowance.

If a payment into the pension isn't possible or has protection or allowance implications, it should be paid directly to Mrs M as a lump sum after making a notional deduction to allow for income tax that would otherwise have been paid.

The payment resulting from all the steps above is the 'compensation amount'. The compensation amount must, where possible, be paid to Mrs M within 90 days of the date Portal receives notification of Mrs M's acceptance of my final decision. Further interest must be added to the compensation amount at the rate of 8% per year simple from the date of my final decision to the date of settlement for any time, in excess of 90 days, that it takes Portal to pay Mrs M.

It's possible that data gathering for a SERPS adjustment may mean that the actual time taken to settle goes beyond the 90-day period allowed for settlement above – and so any period of time where the only outstanding item required to undertake the calculation is data from DWP may be added to the 90-day period in which interest won't apply.

Where I uphold a complaint, I can award fair compensation of up to £160,000, plus any interest and/or costs that I consider are appropriate. Where I consider that fair compensation requires payment of an amount that might exceed £160,000, I may recommend that the business pays the balance.

Why is this remedy suitable?

I've decided on this method of compensation because:

- Mrs M wanted capital growth with a small risk to her capital.
- If the previous provider is unable to calculate a notional value, then I consider the measure below is appropriate.
- 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 Mrs M'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 Mrs M into that position. It does not mean that Mrs M

would have 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 Mrs M could have obtained from investments suited to his objective and risk attitude.

For the reasons given above, I also require Portal Financial Services LLP to pay Mrs M compensation of £200.

My final decision

Determination and money award: I uphold this complaint and require Portal Financial Services LLP to pay Mrs M the compensation amount as set out in the steps above, up to a maximum of £160,000.

Where the compensation amount does not exceed £160,000, I would additionally require Portal Financial Services LLP to pay Mrs M any interest on that amount in full, as set out above.

Where the compensation amount already exceeds £160,000, I would only require Portal Financial Services LLP to pay Mrs M any interest as set out above on the sum of £160,000.

Recommendation: If the compensation amount exceeds £160,000, I also recommend that Portal Financial Services LLP pays Mrs M the balance. I would additionally recommend any interest calculated as set out above on this balance to be paid to Mrs M.

If Mrs M accepts this decision, the money award becomes binding on Portal Financial Services LLP.

My recommendation would not be binding. Further, it's unlikely that Mrs M can accept my decision and go to court to ask for the balance. Mrs M may want to consider getting independent legal advice before deciding whether to accept any final decision.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs M to accept or reject my decision before 3 February 2023.

Claire Woollerson

Ombudsman