DRN-4604771

The complaint

Mr A has complained about the actions of Insight Financial Associates Limited ('Insight') which advised him on the transfer of his personal pensions to a self-invested personal pension ('SIPP') in 2010. The SIPP was used to invest in a property scheme that looks to have failed. Mr A says Insight failed in its responsibilities and is therefore responsible for the financial losses he suffered.

What happened

In April 2010 Insight completed a 'fact-find' of Mr A's circumstances and objectives. The fact-find said Mr A had been referred to Insight by an 'introducer' of investments and that Mr A was interested in a commercial property investment in Cape Verde (details of which weren't recorded in any detail, but it was a hotel developed by The Resort Group or 'TRG'). Mr A had two personal pension policies with the same provider worth, in total, approximately £65,000. In May, Insight produced an advice report which said that it was only advising Mr A on a suitable SIPP to allow investment in Cape Verde commercial property. Insight recommended a SIPP managed by London & Colonial ('L&C'). Mr A transferred his two pension policies to the L&C SIPP in June. Later the same month, just under £40,000 was transferred from the SIPP to TRG in order to make the investment.

In January 2013, Mr A withdraw just under £17,000 in tax-free cash from his SIPP. He had just turned 55. In December 2015, Mr A withdrew a further £2,590.

In December 2022 Mr A, who is represented by a claims management company, complained to Insight. His complaint, in brief, was that the recommendation to invest his entire pension in a high-risk, illiquid, asset was unsuitable. In response, Insight said that its role was limited to providing advice on a SIPP to house an investment that Mr A was already committed to making. It pointed to Mr A's experience in property investment as a buy-to-let landlord and his comfort with the high-risk nature of investing in Cape Verde property. It also said Mr A had complained too late under the rules that govern complaints such as this because it had been made more six years after the event in question (the advice and transfer) and more than three years after he ought reasonably have had an awareness of there being cause for complaint.

I issued a provisional decision in which I said the complaint had been made in time. I went on to consider the merits of Mr A's complaint. I provisionally concluded that Insight had fallen short of what I'd expect and caused Mr A losses as a result, for which it should pay compensation. I said:

Did Mr A complain in time?

Dispute Resolution ("DISP") rule 2.8.2R says:

The Ombudsman cannot consider a complaint if the complainant refers it to the Financial Ombudsman Service:

(1) more than six months after the date on which the respondent sent the complainant its final response, redress determination or summary resolution communication; or

(2) more than:

(a) six years after the event complained of; or (if later)

(b) three years from the date on which the complainant became aware (or ought reasonably to have become aware) that he had cause for complaint

It's the second part of the rules that's relevant here. The "event complained of" happened in 2010. Mr A complained to Insight in December 2022. So he is comfortably outside the six year time limit, which ended in 2016.

Insight says Mr A also complained too late under the three-year part of the rules. It says this because the last rental payment from TRG was paid in March 2019. According to Insight this means Mr A would have spotted the missing rental payment in the SIPP statement sent 'during 2019'. Insight hasn't been particularly precise in its arguments in this respect. But I can see Mr A's 2019 SIPP statement was sent on 13 June 2019. So, following Insight's logic, this means Mr A had until June 2022 to complain, meaning he would be too late having complained in December 2022.

I disagree with Insight's logic. I'm not persuaded Mr A would have been concerned by the June 2019 statement because, by that point, it wouldn't have been apparent that a rental payment had been missed. His June 2019 SIPP statement showed rental payments in September 2018, January 2019 and March 2019. So I don't think Mr A would realistically have considered there to have been a missing rental payment when he received his 2019 statement on 13 June. It came too early for that to be apparent – especially as the statement said transactions over the previous 'few days' may not have been recorded. And it would certainly have been too soon for a pattern of missed rental payments to have become apparent by that point. It would have been the next SIPP statement – sent on 10 July 2020 – that showed Mr A the problem with rental payments. But this doesn't help Insight because this would mean Mr A had until July 2023 to complain.

Furthermore, Mr A's SIPP statements record the value of the TRG investment as follows:

- *statement sent on 9 June 2014: £39,582*
- *statement sent on 29 May 2015: £39,582*
- *statement sent on 6 June 2016: £39,582*
- *statement sent on 16 August 2017: £31,500*
- *statement sent on 18 June 2018: £27,292*
- *statement sent on 13 June 2019: £35,628*

- *statement sent on 10 July 2020: £36,257*

It's difficult to see why Mr A would have been concerned by these valuations. They strike me as being comfortably within the bounds of what most people would consider as being the normal fluctuations of an investment. The valuations don't, to my mind, necessarily point to an investment that has run into trouble or one that potentially resulted from errant advice.

That isn't to say the valuations were up-to-date valuations from an independent valuer. It's evident that the valuations were the historic book value and the fluctuations in later years a result of a change in methodology which resulted in the valuation being affected by changes in the £/€ exchange rate. But the question here is whether the statements ought to have caused Mr A to be concerned about his investment and, therefore, the advice process that led him to that investment. And I think the statements as presented wouldn't have caused him that concern. First, as outlined above, the headline figures weren't alarming. And, second, even if Mr A had looked beyond the headline figures, I don't think he would have thought the lack of regular, up-to-date, independent valuations for an overseas property was unusual in itself or a sign that the investment had run into trouble. If I took that view, Mr A should have become concerned on receipt of his first SIPP statement in July 2011 which doesn't seem a credible argument to me.

I've considered the fact that the nature of Mr A's investment changed in 2015 when his SIPP entered into an agreement to invest via a fractional ownership of a TRG property. Previously he invested directly in a TRG property. Legal documents were completed to put this new arrangement in place. The change wouldn't have been planned by Mr A but appears to have been prompted by difficulties in securing finance to fund the residual balance that was owed on his investment. Arguably, this doesn't present a picture of an investment performing in line with expectations and Mr A ought – so the argument goes – to have questioned why the original agreement was being altered and what this meant for future investment returns and his pension provision; the inference being that this would therefore have started the three-year 'clock'.

However, Mr A paid contributions into his SIPP until 2012. L&C reclaimed tax on those contributions. In 2013 Mr A took nearly £17,000 tax free cash from the SIPP. In 2015 he withdrew a further £2,590. So Mr A's pension was ostensibly operating as intended around this time. The valuations of the underlying investment appeared stable as discussed above. I can see rental payments were paid into the SIPP on a regular basis from 2015 onwards (until March 2019) so this – combined with the stable valuations – wouldn't have indicated there was cause for concern.

I also note that Insight was sent details about the change in ownership by the SIPP provider, including the legal document that had been drawn up to implement the change. There's no evidence to show Insight followed-up on this matter with Mr A. Whilst Insight wasn't Mr A's legal adviser, in 2010 it had agreed with Mr A an annual fee to cover 'future advice'. This annual fee was clearly recorded on the SIPP's transaction statements. So I think Mr A would have expected to have heard something from Insight if it thought the change in ownership structure had significant repercussions for his pension provision. By extension, Insight's silence on the matter would have suggested to Mr A that his pension provision hadn't been significantly compromised. Likewise, I can see Insight was sent annual statements before and after the change in ownership structure. Mr A would have been aware of this. So, by not acting, I think Insight would have given Mr A comfort that nothing serious had happened to his investment.

So in the context of a pension plan that appeared to be operating as normal, an investment that was stable in value and generating rental income, and an adviser that appeared unconcerned about developments, I think Mr A would have considered the change in *ownership structure as being a financing issue that had been overcome rather than something that pointed to significant problems with investing in TRG.*

I can't see anything else the SIPP provider sent to Mr A that would have, or ought to have, alerted him to a potential problem with the TRG investment. I note here that the SIPP provider has confirmed it has sent us all the information it sent Mr A with regards the TRG investment. I also haven't seen anything else that makes me think Mr A had concerns, or ought to have had concerns, about Insight's actions more than three years before he complained to Insight in 2022. It follows that Mr A complained in time and this is a complaint I can consider.

<u>The merits of Mr A's complaint – did Insight act as it should have done?</u>

Firms such as Insight are subject to the Financial Services Authority (FSA)/Financial Conduct Authority (FCA) Handbook and under that to the Principles for Businesses and to the Conduct of Business Sourcebook ("COBS"). The following is not a comprehensive list of the relevant rules, regulations and principles. But I consider them to be particularly relevant here:

- *Principle 2 – A firm must conduct its business with due skill, care and diligence;*
- *Principle 6 – A firm must pay due regard to the interests of its customers and treat them fairly;*
- *Principle 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);*
- *COBS 9 – which details what firms need to do when assessing suitability*

I also consider a 2013 alert from the FSA on pension transfer advice to be helpful here. The alert warned about the following:

"The cases we [the FSA] have seen tend to operate under a similar advice model. An introducer will pass customer details to an unregulated firm, which markets an unregulated investment (e.g. an overseas property development). When the customer expresses an interest in the unregulated investment, the customer is introduced to a regulated financial adviser to provide advice on a SIPP capable of holding the unregulated investment. The financial adviser does not give advice on the unregulated investment, and says it is only providing advice on a SIPP capable of holding the unregulated investment."

The alert went on to say:

"Financial advisers using this advice model are under the mistaken impression that this process means they do not have to consider the unregulated investment as part of their advice to invest in the SIPP and that they only need to consider the suitability of the SIPP in the abstract. This is incorrect.

"The FSA's view is that the provision of suitable advice generally requires consideration of the other investments held by the customer or, when advice is given on a product which is a vehicle for investment in other products (such as SIPPs and other wrappers), consideration of the suitability of the overall proposition, that is, the wrapper and the expected underlying investments in unregulated schemes."

A follow-up alert from the FCA reiterated the same points. For example:

"Where a financial adviser recommends a SIPP knowing that the customer will transfer or switch from a current pension arrangement to release funds to invest through a SIPP, then the suitability of the underlying investment must form part of the advice given to the customer. If the underlying investment is not suitable for the customer, then the overall advice is not suitable."

I recognise the alerts came after Insight advised Mr A. But they're important because they pointed out what an adviser, acting with the Principles and COBS rules in mind, should have been doing when advising on a potential switch from a personal pension to a SIPP. So the alerts weren't new guidance – they were a reminder to advisers of what they should always have been doing.

The alerts are helpful here because they describe a situation close to the one Mr A and Insight found themselves in. And they show that Insight failed in its duties under the Principles and the COBS rules outlined above. It did so because it didn't advise Mr A on the whole transaction but, deliberately, decided to only advise on a suitable SIPP for housing an overseas property investment. It took the view that transferring to a SIPP, and the investment to be held within it, were not its concern. In so doing, Insight failed to take account of the significant number of reasons why the TRG investment made the transaction as a whole unsuitable and why it should have advised Mr A against proceeding.

The investment wasn't suitable because the development hadn't been completed at the time of the transfer so Mr A was opening himself up to the possibility of the development not being completed. At best, the investment wasn't a known quantity generating a predictable income stream; it was far more speculative in nature. It also carried exchange rate risk. And it wasn't an asset that Mr A could easily have sold at a point of his choosing. A lot can go wrong with this type of investment and the potential for significant losses is far higher than would be the case for pooled funds investing in a wide range of quoted securities. It wasn't suitable for Mr A to have invested such a large proportion of his pension savings (approximately 60%) in TRG. Doing so put his pension savings at more risk than he could, reasonably, tolerate.

I have considered the fact that Mr A was recorded in his advice report as having a high attitude-to-risk. However, I've treated this with caution as an attitude-to-risk exercise wasn't completed. This was deliberate on Insight's part. According to the fact-find, Mr A didn't want to complete a questionnaire on this. Insight went along with this, taking the view that Mr A had a high attitude-to-risk because his UK buy-to-let portfolio meant he understood the high-risk nature of investing in Cape Verde property. As outlined above, this wasn't the right approach. Insight should have advised on the transaction as a whole and couldn't, realistically, have done so without a more objective and thorough understanding of Mr A's attitude-to-risk. Its failure to assess this was a significant failing, albeit one that stems from the same root cause which was Insight's decision to deliberately narrow the focus of its advice.

But even if Mr A did have a high attitude-to-risk, it was still unsuitable to put such a large percentage of someone's pension savings in the one asset – especially if that asset is higher risk. This is especially so in Mr A's case because he had a significant amount of wealth tied up in UK buy-to-let properties. The vagaries of the buy-to-let market – property values, void periods, mortgage rates and so on – meant there would have been a certain amount of uncertainty about what Mr A could have planned for in retirement. Using a large portion of Mr A's remaining financial wealth to invest in a speculative, illiquid, overseas investment would have added to that certainty and doesn't strike me as being a suitable step to take.

I recognise Mr A's buy-to-let portfolio was relatively sizeable (10 properties) and those properties appear to have given him a good income. So there's an argument that Mr A had a high capacity for loss and could, in effect, afford to lose his pension. It's not an argument I agree with. I don't think many people would be comfortable with the possibility of losing approximately £40,000. I see no reason why Mr A would have been any different. I also note that Mr A's capacity for loss wasn't assessed by Insight. This failing is a particular problem here because his buy-to-let properties and his home all had mortgages, the details of which weren't recorded in the fact-find. It means Mr A's net wealth and net income weren't recorded and, implicitly, Insight was relying on overstated wealth and income figures for Mr A. In other words, it's likely that Mr A's capacity for loss was far lower than it first appeared.

Of course, Mr A was interested in the TRG investment and may well have presented himself as being an expert in investing in overseas hotel developments. So I recognise that Insight was, at face value, acting on its client's wish to use his pension savings to invest in TRG. And I recognise Insight could also argue that Mr A knew what he was getting into. But I don't think Mr A's UK buy-to-let portfolio necessarily conferred on him expertise on the TRG investment. And, even if it did, Insight's role wasn't just to expedite Mr A wishes. Its role was to advise him properly, in line with the regulator's Principles and rules. It failed to do so.

<u>Would it have made a difference had Insight acted differently?</u>

Insight has pointed to Mr A's interest in investing in TRG, experience as a buy-to-let investor and the fact that he was referred to Insight with the intention of investing in TRG. It does so to make the point that it was acting on Mr A's wishes and its actions in facilitating those wishes should be seen in that light. I've explained why I don't think Insight should have acted in this way earlier. But Insight's point raises another question, which is whether Mr A was so committed to the TRG investment that he would have invested in the same way regardless of Insight's actions.

The fact that Mr A had come to Insight because he was interested in the investment isn't particularly material in my view. The material consideration is what Mr A would have done once he had been given the information and advice he should have been given. And I'm satisfied Mr A would have heeded Insight's advice if it had advised against proceeding. Mr A was paying Insight for its professional opinion on the matter. Faced with a clear recommendation to not transfer, and a comprehensive explanation why, I think most reasonable people would accept the advice. I see no persuasive reason why Mr A would be any different. It follows that I intend to uphold Mr A's complaint.

In my provisional decision, I also outlined what steps I thought Insight should take to put things right for Mr A.

Mr A didn't respond to my provisional findings. Insight's response focussed on whether Mr A had complained in time. I address its comments below.

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.

Insight maintains Mr A complained too late because he did so more than six years after the event in question and more than three years after he ought reasonably to have been aware of having cause for complaint.

I covered the six-year part of the rules in my provisional decision. I'm in agreement with

Insight on this – Mr A complained more than six years after the event in question.

In relation to the three-year part of the rules, Insight originally thought Mr A would have spotted missing rental payments in the SIPP statement sent "during 2019". As Mr A's 2019 SIPP statement was sent on 13 June 2019, this would have meant he had until June 2022 to complain. Mr A didn't complain until December 2022. I covered why I wasn't persuaded by Insight's point in my provisional decision. Its response to my provisional decision didn't address what I said so I see no reason to change my mind on this specific point – my findings on this are therefore as outlined in my provisional decision.

However, Insight broadened its arguments and concluded Mr A's awareness of there being a cause for complaint would have started even earlier than 2019. It thinks this for three, interrelated, reasons. One, Insight thinks it would have been evident to Mr A that the property hadn't been completed by 2011/12 as intended because rental payments didn't come through until 2015. Two, the change in ownership structure in relation to Mr A's investment should, in Insight's view, have prompted concerns on his part because it would have indicated the TRG investment was "not as originally planned". And, three, the lack of rental income up to 2015, and the low rental payments thereafter, should have prompted Mr A to question the TRG investment sooner than he did given returns were below the 9.4% p.a. it says Mr A was expecting.

I'm not persuaded by Insight's first argument. Delays are hardly uncommon in property development so I don't think a delay in this case would, in itself, have alarmed Mr A to the extent he would have considered there being a potential cause for complaint against Insight.

It's also worth repeating here what I said in my provisional decision which is the context within which Mr A was operating. The value of the investment appeared stable. Mr A also paid contributions into his pension, received tax relief on those contributions, and withdrew cash in 2013 and 2015. So the pension was ostensibly operating as intended. And Mr A agreed to pay Insight for "future advice" when he transferred – the fee for which was clearly recorded on his SIPP statements. I think Mr A would have expected there to have been *some* contact from Insight if the lack of rental income in the early years was likely to be anything more than just a temporary problem. So I think a lack of any apparent concern on the part of Insight would therefore have given Mr A comfort – especially in combination with an investment that appeared to be holding its value and a pension wrapper that was allowing him to manage his pension as normal. With all this in mind, I don't think Mr A would have been unduly alarmed by the delay in the property being built.

Similar considerations apply to Insight's second argument about the change of ownership structure being evidence of the investment not working out as planned. I agree with Insight in so far as the change in ownership structure wasn't part of the plan when the investment was originally made. But the question here is whether this ought reasonably to have given Mr A cause for complaint. And my view was – and remains – that this wouldn't have been a trigger for such concerns in this particular case. Again, Insight's actions are key here. Insight was sent details about the change in ownership structure by the SIPP provider, including the legal document that had been drawn up to implement the change. Insight didn't follow-up on this with Mr A. Whilst Insight wasn't Mr A's legal adviser, Mr A was paying it an annual advice fee. I think Mr A would therefore have expected to have heard something from Insight if it thought the change in ownership structure had significant repercussions for his pension provision. By extension, my view is Insight's silence would have suggested to Mr A his pension provision hadn't been significantly compromised.

Likewise, I can see Insight was sent annual statements before and after the change in ownership structure. Mr A would have been aware of this. So, by *not* acting, I think Insight would have given Mr A comfort that nothing serious had happened to his investment. And the start-up of rental payments in 2015 also supports the notion that the change in ownership structure had solved a temporary problem rather than being a prelude to more ongoing, intractable, problems of the type that would have compromised Mr A's pension provision.

In relation to Insight's third argument about the returns falling short of 9.4% p.a., Insight points to its advice report, the relevant passage of which says the following:

"You told me the Cape Verde property will be rented out…and you have been told that it may generate potentially 9.4% gross per annum income."

I don't think the above sentence suggests Mr A thought 9.4% was guaranteed or that he would have thought falling short of that figure was a cause for alarm or a reason to complain. The sentiment is too equivocal for that. Besides, the advice report has various projections, some of which were considerably lower than 9.4% p.a. It also included various risk warnings about returns being dependent on a variety of factors. So Insight tempered any expectations Mr A may have had. So, taking everything into consideration, I'm not persuaded Mr A would have considered his returns were such that he ought reasonably have had cause to complain more than three years before he did actually complain.

I noted above, and in my provisional decision, that according to Mr A's SIPP statements the value of the investment was stable. Insight says it's aware that the SIPP provider didn't update its valuations for this asset and that valuations received for other fractional properties were nil. But the issue here is what information Mr A was given rather than what information Mr A could, or should, have been given which is what Insight appears to be saying. And the valuations as presented in Mr A's SIPP wouldn't have shown an investment that had run into trouble. And I don't think he would have thought the lack of regular, up-to-date, independent valuations for an overseas property was unusual in itself or a sign that the investment had run into trouble.

With the above in mind, I'm satisfied Mr A complained in time.

Neither party provided substantive comments on my provisional findings on the merits of the complaint. With that in mind, and having reviewed the case once again, I see no reason to reach a different decision on Mr A's complaint. Therefore, for the reasons outlined in the previous section and in my provisional decision, I uphold the complaint. Insight must now put things right for Mr A in line with the approach I outlined in my provisional decision, which I repeat below.

Putting things right

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

I think Mr A would have remained with his previous provider. However, I cannot be certain that a value will be obtainable for what the previous policies would have been worth. I am satisfied what I have set out below is fair and reasonable, taking this into account and given Mr A's circumstances and objectives when he invested.

To compensate Mr A fairly, Insight must:

- Compare the performance of Mr A's investment with the notional value if it had remained with the previous provider. If the actual value is greater than the notional value, no compensation is payable. If the notional value is greater than the actual value, there is a loss and compensation is payable.

- Insight should also add any interest set out below to the compensation payable.
- If there is a loss, Insight should pay into Mr A's pension plan to increase its value by the amount of the compensation and any interest. The amount paid should allow for the effect of charges and any available tax relief. Compensation should not be paid into the pension plan if it would conflict with any existing protection or allowance.
- If Insight is unable to pay the compensation into Mr A's pension plan, it should pay that amount direct to him. But had it been possible to pay into the plan, it would have provided a taxable income. Therefore the compensation should be reduced to *notionally* allow for any income tax that would otherwise have been paid. This is an adjustment to ensure the compensation is a fair amount – it isn't a payment of tax to HMRC, so Mr A won't be able to reclaim any of the reduction after compensation is paid.
- The *notional* allowance should be calculated using Mr A's actual or expected marginal rate of tax at his selected retirement age. It's reasonable to assume that Mr A is likely to be a basic rate taxpayer at the selected retirement age, so the reduction would equal 20%. If Mr A has already taken his 25% tax-free cash from the SIPP, the full 20% reduction should be applied to the compensation amount if it's paid direct to him in cash. However, if Mr A is still able to take a tax free lump sum, the reduction should be applied to 75% of the compensation, resulting in an overall reduction of 15%.

Income tax may be payable on any interest paid. If Insight deducts income tax from the interest, it should tell Mr A how much has been taken off. Insight should give Mr A a tax deduction certificate in respect of interest if Mr A asks for one, so he can reclaim the tax on interest from HM Revenue & Customs if appropriate.

Portfolio name	Status	Benchmark	From ("start date")	To ("end date")	Additional interest
L&C SIPP	Still exists but illiquid	Notional value from previous provider	Date of investment	Date of my final decision	8% simple per year from final decision to settlement (if not settled within 28 days of the business receiving the complainant's acceptance)

Actual value

This means the actual amount payable from the investment at the end date.

It may be difficult to find the *actual value* of the portfolio. This is complicated where an asset is illiquid (meaning it could not be readily sold on the open market) as in this case.

Insight should take ownership of the illiquid assets by paying a commercial value acceptable to the pension provider. The amount Insight pays should be included in the actual value before compensation is calculated.

If Insight is unable to purchase the portfolio the *actual value* should be assumed to be nil for the purpose of calculation. Insight may require that Mr A provides an undertaking to pay Insight any amount he may receive from the investment in the future. That undertaking must allow for any tax and charges that would be incurred on drawing the receipt from the pension plan. Insight will need to meet any costs in drawing up the undertaking.

Notional Value

This is the value of Mr A's investment had it remained with the previous provider until the end date. Insight should request that the previous provider calculate this value.

Any additional sum paid into the L&C SIPP should be added to the *notional value* calculation from the point in time when it was actually paid in.

Any withdrawal from the L&C SIPP should be deducted from the *notional value* calculation at the point it was actually paid so it ceases to accrue any return in the calculation from that point on. If there is a large number of regular payments, to keep calculations simpler, I'll accept if Insight totals all those payments and deducts that figure at the end to determine the notional value instead of deducting periodically.

If the previous provider is unable to calculate a notional value, Insight will need to determine a fair value for Mr A's investment instead, using this benchmark: FTSE UK Private Investors Income Total Return Index. 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.

The L&C SIPP only exists because of illiquid assets. In order for the L&C SIPP to be closed and further fees that are charged to be prevented, those investments need to be removed. I've set out above how this might be achieved by Insight taking over the investment, or this is something that Mr A can discuss with the provider directly. But I don't know how long that will take.

Third parties are involved and we don't have the power to tell them what to do. If Insight is unable to purchase the investment, to provide certainty to all parties I think it's fair that it pays Mr A an upfront lump sum equivalent to five years' worth of wrapper fees (calculated using the fee in the previous year to date). This should provide a reasonable period for the parties to arrange for the L&C SIPP to be closed.

Why is this remedy suitable?

I've chosen this method of compensation because:

- Mr A wanted capital growth and was willing to accept some investment risk.
- If the previous provider is unable to calculate a notional value, then I consider the measure below is appropriate.
- 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.
- Although it is called an income index, the mix and diversification provided within the index is close enough to allow me to use it as a reasonable measure of comparison given Mr A's circumstances and risk attitude.

My final decision

My final decision is to uphold the complaint. Insight Financial Associates Limited must now compensate Mr A by following the approach set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 24 April 2024.

Christian Wood
Ombudsman