

The complaint

Mr T complained that Capital professional Limited trading as Ascot Lloyd (Ascot Lloyd) has been deducting ongoing charges from his pension fund while not providing the appropriate services.

He would like the charges he has paid to be refunded

.What happened

I have reviewed all the evidence provided by both parties. I have not reproduced all of this in this decision but concentrated on what I believe to be the most relevant parts.

Mr T holds a Self-Invested Personal Pension (SIPP) with a pension provider. Ascot Lloyd provides him with financial advice. He became a client of Ascot Lloyd in April 2020 when it acquired his previous financial adviser firm.

On 6 April 2020, Ascot Lloyd wrote to Mr T to tell him that it had acquired his previous financial adviser. This letter stated:

based on the information we have received from [Previous adviser] we have determined that our Connect service is equivalent to what you have received from them previously. Therefore, you will continue with this service as a suitable equivalent and there will be no change to any ongoing fee you previously paid to [Previous adviser].

The letter also contained a copy of the Ascot Lloyd's *Service and Client agreement* which contained, along with other information, details of the ongoing service levels and fees it offered. The Connect service level Mr T was placed into was the lowest of five service levels Ascot Lloyd offered to its clients, with the lowest fee of 0.5% per annum.

The Connect service level was described as:

You are a client who likes to take responsibility for your own financial planning but have the access to a team of professionals for specific advice when you need it.

The client agreement stated that Mr T would receive access to the client portal and quarterly newsletters, along with specific benefits such as,

- *Access to a full menu of additional advice and service options*
- *Access to our bespoke investment solutions where appropriate*
- *Access to preferential product terms for any new investment placed with our selected product providers.*

Mr T has stated that he did not receive this letter or the terms and conditions.

On 11 March 2024, Mr T complained to Ascot Lloyd that he had not received any service for the fees he had been charged by Ascot Lloyd. In particular, he said that he had not received

any annual reviews of his pension arrangements as he had done from his previous adviser. He asked for the fees he had been charged to be reimbursed to him.

Ascot Lloyd responded to his complaint on 21 March 2024, not upholding the complaint. It said that it had informed him on 6 April 2020 of the service he could expect from Ascot Lloyd and the charges that these would incur.

Mr T remained unhappy with this outcome and so brought his complaint to this service.

Our investigator reviewed the evidence and formed the view that Mr T's complaint should be upheld. Ascot Lloyd confirmed to our investigator that Mr T had not contacted it since April 2020 and had received no advice from it. The investigator felt that as Mr T was unaware that he was no longer entitled to receive annual reviews the service was not appropriate for his needs and the charges should be refunded.

Ascot Lloyd was unhappy with this view and so the complaint has been passed to me to make a final decision. Before I considered the evidence, I asked Ascot Lloyd to provide me with the information it had received that led it to conclude that the connect service was the equivalent level of service to that Mr T had received from his previous adviser and so the most appropriate for him. Ascot Lloyd did not respond and so I will issue my final decision now.

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.

Having done so, I have reached the same conclusion as our Investigator and uphold Mr T's complaint.

I will explain now how I have reached my conclusions.

Firstly, I think it's important to reflect upon the role of this Service. Our role is to impartially review the circumstances of a complaint and make a decision on whether a business has made errors or treated a customer unfairly. Where it has, we expect a business to fairly compensate a customer for any financial loss and distress and inconvenience they have suffered as a result.

To reach my decision, I have considered a number of issues to determine what I think is fair and reasonable in the circumstances of this complaint.

The first issue I have considered is whether Ascot Lloyd took adequate steps to inform Mr T of the effect that being placed into the Connect level of service would have. To do this, I've looked at the letter and terms and conditions that it sent to Mr T. Although Mr T has said that he did not receive this letter, I can see that it is correctly addressed to him, so I think it's reasonable to assume that it was delivered to his address sometime shortly after 6 April 2020.

Having considered that, I'll now look at the contents of both the letter and the terms and conditions that it contained. While I agree that the terms and conditions accurately explain the nature and charges of the Connect service, I consider that the part of the letter that states that Ascot Lloyd had

determined that our Connect service is equivalent to what you have received from them previously. Therefore, you will continue with this service as a suitable equivalent and there will be no change to any ongoing fee you previously paid to [Previous adviser].

did not accurately summarise the situation. Although Mr T continued to be charged the same fee, I consider the omission of the annual review to be significant. I find that it's reasonable to consider that on reading the passage above, Mr T would be likely to form the view that he would continue to receive an annual review of his pension.

As our investigator stated in In their view, in order to warrant charging consumers for certain services, those services should be suitable for them. As Mr T had previously received annual reviews from his original adviser prior to its acquisition by Ascot Lloyd and had not indicated that he no longer required these, that the Connect level of service did not adequately meet his needs.

I also note that there is no suggestion that Ascot Lloyd did not provide the access to the online portal and quarterly newsletters that it was bound to in the Connect service, but I can't see that these services alone did not constitute a suitable replacement for Mr T's needs.

Consequently, I find it fair and reasonable to conclude that Ascot Lloyd did not treat Mr T fairly in the circumstances of this complaint.

Putting things right

In assessing what would be fair compensation, my aim is to put Mr T as close as possible to the position he would probably now be in if Ascot had not treated him unfairly. I am satisfied that what I have set out below is fair and reasonable.

To compensate Mr T fairly, Ascot should refund the fees he paid in respect of ongoing charges since it took from his previous adviser. Mr T's pension would have benefitted from not having the fees deducted at the time they were and so Ascot should:

- Ascot should purchase additional units for Mr T's pension at the rate which applied on each date a fee was deducted.
- The compensation shouldn't be paid into the pension 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 Mr T as a lump sum after making a notional reduction to allow for future income tax that would otherwise have been paid.
- If Mr T has remaining tax-free cash entitlement, 25% of the loss would be tax-free and 75% would have been taxed according to his likely income tax rate in retirement – presumed to be 20%. So, making a notional reduction of 15% overall from the loss adequately reflects this.
- All calculations should be provided to Mr T in a simple, easy to understand format.

I consider this method to be appropriate as it will allow Mr T to benefit from any growth that he would have gained from the fee deductions not having occurred at the time they did.

My final decision

For the reasons given above, I uphold Mr T's complaint.

Ascot Lloyd Limited should take the actions outlined above to resolve this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 14 May 2025.

Bill Catchpole
Ombudsman