

The complaint

Mr C complains that some advice he received from Connor Broadley Ltd (“CBL”) in November 2016 regarding the transfer of some pension savings was inappropriate.

What happened

Mr C held pension savings in a group personal pension plan with another provider. But he had a long-standing relationship with CBL who had provided him and his family with advice and support in relation to other investments. He met with CBL in November 2016 following which he was advised to move his pension savings into a new self-invested personal pension plan (“SIPP”) that would be managed by the firm.

Mr C had complained to CBL around the start of 2024 that it had failed to send him statements on his non-pension investments for a number of years. But once he received copies of those statements Mr C noticed the performance of his pension investments was different to others than he held. That prompted Mr C to also question whether the advice he’d received in 2016 was suitable.

CBL didn’t agree with Mr C’s complaint about the pension advice. It said that it was responding to a request from Mr C to align his pension investment advice with that he was already receiving on his other investments. And whilst the change to the SIPP meant that the overall fees Mr C would be paying were higher, that difference had been clearly set out in the advice it had provided. It said that it had offered a lower cost option to Mr C in 2022 but he decided to leave things unchanged. But, as a gesture of goodwill, CBL did offer Mr C a payment of £2,500 in relation to his first complaint about the missing statements. Unhappy with that response Mr C brought his complaint to us – he told us that he was only referring the part of his complaint about the pensions advice he’d received in 2016.

Mr C’s complaint has been assessed by one of our investigators. She thought the advice that had been given to Mr C in 2016 was reasonable. She noted that cost wasn’t always that over-riding factor in deciding whether advice was suitable. And she thought that CBL had clearly set out the differences in the charges for Mr C to consider. She said CBL had also explained the other options available to Mr C and why it didn’t think those were appropriate.

Mr C didn’t agree with that assessment. So, as the complaint hasn’t been resolved informally, it has been passed to me, an ombudsman, to decide. This is the last stage of our process.

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 deciding this complaint I’ve taken into account the law, any relevant regulatory rules and good industry practice at the time. I have also carefully considered the submissions that have been made by Mr C and by CBL. Where the evidence is unclear, or there are conflicts, I have made my decision based on the balance of probabilities. In other words I have looked

at what evidence we do have, and the surrounding circumstances, to help me decide what I think is more likely to, or should, have happened.

At the outset I think it is useful to reflect on the role of this service. This service isn't intended to regulate or punish businesses for their conduct – that is the role of the Financial Conduct Authority. Instead this service looks to resolve individual complaints between a consumer and a business. Should we decide that something has gone wrong we would ask the business to put things right by placing the consumer, as far as is possible, in the position they would have been if the problem hadn't occurred.

The applicable rules, regulations, and requirements

Within the FCA's handbook, COBS 2.1.1R required a regulated business to "act honestly, fairly and professionally in accordance with the best interests of its client."

The FCA's suitability rules and guidance that applied at the time CBL advised Mr C were set out in COBS 9. The purpose of the rules and guidance is to ensure that regulated businesses, like CBL, take reasonable steps to provide advice that is suitable for their clients' needs and to ensure they're not inappropriately exposed to a level of risk beyond their investment objective and risk profile.

In order to ensure this was the case, and in line with the requirements of COBS 9.2.2R, CBL needed to gather the necessary information for it to be confident that its advice met Mr C's objectives and that it was suitable. Broadly speaking, this section sets out the requirement for a regulated advisory business to undertake a "fact find" process.

Mr C's complaint is about advice that was given to him in 2016. There is no transcript or recording of what was initially discussed between Mr C and CBL that led to the advice being prepared. And I am conscious that, over such an extended period of time, even the most careful of memories can, and do, fade. So in this case I think it reasonable to be guided by the documentation that was prepared at the time. I can see that copies of that documentation were provided to Mr C, and Mr C was encouraged to get in touch with CBL if its conclusions from the meeting did not match his recollections.

As I have said earlier, Mr C already had a relationship with CBL. The firm managed other investments that were held by him and his family. So it wouldn't be surprising that, as part of its regular reviews, CBL might have discussed Mr C's pension savings and how they were managed. In its notes from the time CBL recorded that Mr C was keen to align his pension assets with the strategy that was already in place for his other investments.

CBL provided Mr C with a discretionary management service for his other investments. The meeting notes show that it discussed with Mr C that its service attracted a higher cost than the passive environment currently applied to his pension savings. And it also made him aware that it would be unable to offer its discretionary management service unless his pension savings were moved from the existing provider into a new SIPP.

Following those discussions Mr C agreed that CBL should provide him with a formal report considering the changes to his pension investments. That recommendation was provided in a report dated 17 November. In that report CBL set out its formal recommendation for Mr C to move his pension savings to the new SIPP. And it explained the pros and cons of that change, including some detailed information on the comparative charges of the current and proposed investments.

I think it is important to recognise that, taken alone, cost is not necessarily the only important factor in an investment decision such as this. With the previous provider Mr C received little

in the way of tailored investments and was responsible for making any alterations to his investments to reflect either changes in his circumstances or market conditions. So it was reasonable for CBL to conclude that aligning the pension investments with the discretionary management services Mr C was receiving on his other investments might provide him with better returns.

The report that CBL provided for Mr C clearly set out the additional charges that he would incur as a result of the change to the new SIPP. It told Mr C that his pension investments would need to grow by an additional 1.9% per annum to ensure he would be no worse off at his selected retirement age. But in CBL's opinion the benefits that Mr C would achieve, and the better alignment with his stated objectives, meant that the additional charges he would need to pay were justified. I don't think that conclusion was unreasonable.

And I have noted that, in 2022, CBL says that when it reviewed the pension investments with Mr C it offered to move them to a more generic investment approach, and at a lower cost. CBL says that Mr C declined that offer and said he would prefer the pension investments to remain aligned with his other investments and continue to benefit from the discretionary approach. That would lead me to conclude that the applicable charges were not the primary driver behind Mr C's investment decisions.

I am satisfied that the information CBL provided to Mr C at the time was sufficient for him to make an informed decision about the proposed changes. I have seen that Mr C has complained that the advisor created anxiety in Mr C's mind about the lack of active management of the previous pension investments. But I don't think it unreasonable that the advisor would have outlined any concerns he had about the suitability of the current investment arrangements, and proposed solutions that might counter those issues. I haven't seen anything to suggest that the information CBL gave to Mr C was inflammatory or intended to cause him undue alarm.

I understand that Mr C is disappointed with the performance of his pension investments, compared to some other investments CBL manage for members of his family. But I think it important to note the two investments are set up differently with different risk profiles. So it would be entirely expected that their relative performances might be different. I can see that CBL measured and discussed Mr C's attitude to risk, and I think the investments it chose for his pension savings were appropriate.

I appreciate that this decision will be disappointing for Mr C. With the benefit of hindsight he might conclude that he would have been better off leaving his pension savings invested with the previous provider. But I don't think that means the advice CBL gave to him in 2016 was inappropriate. So I don't think this complaint should be upheld.

My final decision

For the reasons given above, I don't uphold the complaint or make any award against Connor Broadley Ltd.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 25 February 2025.

Paul Reilly
Ombudsman