

The complaint

Mr M complains about the service received from Ascot Lloyd Limited trading as Ascot Lloyd in relation to his pension. Mr M says Ascot Lloyd failed to provide the ongoing advice he was paying for and made changes to the level of service he was due to receive without agreeing this with him.

What happened

I understand that Ascot Lloyd acquired the clients of Mr M's previous financial adviser in 2019. And in June 2019 Mr M signed a client declaration with Ascot Lloyd confirming his agreement to its fees in respect of it providing him advice about pensions and investments. These were stated as being 3% of the value of policy for initial financial advice and 0.5% per year for ongoing service.

Mr M holds a self-invested personal pension ('SIPP') with a provider I'll call Firm P. I've seen a letter from Firm P indicating that his SIPP has a start date, and was opened on, 8 November 2021. From December 2021, ongoing advice fees were paid from the SIPP to Ascot Lloyd. And it is these fees that Mr M's complaint concerns.

Mr M was initially dealing with a specific adviser at Ascot Lloyd. That adviser wrote to Mr M on 6 April 2022, summarising a meeting that took place on 15 March 2022, in which an annual review was completed. The letter said the review had included the completion of an up-to-date fact find, summarised Mr M's attitude to risk and explained that it had been concluded that the current investments remained appropriate, so no changes were recommended at that time.

An updated client agreement was completed electronically by Mr M on 8 September 2022. This said he agreed to Ascot Lloyds 'full wealth management service', the fee for this was 1% per year and this would be collected monthly from his pension.

Ascot Lloyd has provided a copy of a letter from one of its administrators, dated 28 April 2023, which was addressed to Mr M. This said that his adviser had tried to contact Mr M but hadn't heard from him, so it enclosed the latest valuation of the policy. It said the next review was diarised for 1 March 2024 but if he required a meeting in the meantime he should contact his adviser.

The adviser that Mr M had been dealing with left Ascot Lloyd around May 2023. Ascot Lloyd says Mr M was then switched to its 'Connect service' on 24 May 2023. And it says a terms of business for this service was issued to him on 26 June 2023. Ascot Lloyd has since said *"The Connect service is suitable if you are a client who has straightforward financial affairs and prefers to receive a simplified on-demand level of servicing. Your needs may be limited to a specific area of financial advice, for example. All advice and servicing in this proposition is provided remotely by a dedicated team of telephone-based Financial Advisers at a time that suits you whenever you choose to contact them. The service does include annual reviews but only when you request to have them."*

Mr M emailed Ascot Lloyd on 23 May 2024 saying he was looking at altering his pension

contributions and asked how to go about that - noting that he hadn't had any contact from it since his previous adviser left.

It appears that Mr M didn't receive a response so emailed again on 5 July 2024 saying he assumed, having not had any contact since his adviser's departure, he was no longer a priority for Ascot Lloyd, so he was looking at moving his pension elsewhere. But he noted he'd been paying for ongoing services which hadn't been received so requested a refund. This email was acknowledged the same day. I've seen a copy of an email chain over the next several days following which Ascot Lloyd said it was treating Mr M's comments as a complaint.

Ascot Lloyd didn't uphold Mr M's complaint. It said it had attempted to contact him to complete a review in 2023 but had been unsuccessful. After that he'd been transferred to its 'Connect Service' so reviews would only be completed if he requested them.

Unhappy with this response, Mr M asked the Financial Ombudsman Service to consider his complaint. He said he'd received no contact about an annual review in 2023, nor had he received the letter dated 28 April 2023 that had been referred to – noting that his adviser was in the process of leaving Ascot Lloyd at that time anyway. He also said he'd received no correspondence about moving to Ascot Lloyd's 'Connect Service', he hadn't agreed to this and he'd still been paying the same fees as its 'full wealth management service' despite not receiving the same level of service.

One of our Investigator's looked into Mr M's complaint and thought it should be upheld. She accepted that a review had taken place in March 2022 but didn't think there was sufficient evidence to show that Ascot Lloyd made meaningful attempts to carry out the review in 2023. She also didn't think there was evidence of Mr M agreeing to the alteration to the level of service that Ascot Lloyd had referred to so didn't think it had acted fairly by switching him to this. As a result, she recommended a refund of all fees charged in respect of reviews due after March 2022, with the calculation accounting for lost growth. She also recommended that Ascot Lloyd make a payment of £100 for the trouble and upset caused by it not responding to Mr M's emails in May 2024, until he chased up.

Mr M accepted the Investigator's opinion. Ascot Lloyd said, while it agreed with the findings prior to Mr M moving to its 'Connect Service' it did not agree with the findings about its actions after that switch. So, it asked for an Ombudsman to review the matter. As a result, the complaint has now been passed to me to decide.

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.

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. 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.

As a regulated firm, there were many rules and principles Ascot Lloyd needed to adhere to when providing advice to Mr M about his pension. Many of these are found in the regulator's, the Financial Conduct Authority ('FCA'), handbook under the Principles for Businesses ('PRIN') and the Conduct of Business Sourcebook ('COBS'). And in relation to ongoing advice charges, the following provides useful context for my assessment of Ascot Lloyd's actions here.

In 2014, the FCA produced guidance in the form of a factsheet titled *“For Investment advisers - Setting out what we require from advisers on how they charge their clients”*. The factsheet said:

Ongoing charges should only be levied where a consumer is paying for ongoing service, such as a performance review of their investments, or where the product is a regular payment one. If you are providing an ongoing service, you should clearly confirm the details of the ongoing service, any associated charges and how the client can cancel it. This can be written or orally disclosed. You must ensure you have robust systems and controls in place to make sure your clients receive the ongoing service you have committed to.”

The factsheet wasn't published until late 2014, but it didn't mark a change to the rules firms like Ascot Lloyd were already expected to follow. Rather it re-enforced or reminded firms of the standards already in place when providing on-going advice services.

There are also specific rules and guidance within COBS about ongoing advice charges. COBS 6.1A.22 says:

“A firm must not use an adviser charge which is structured to be payable by the retail client over a period of time unless (1) or (2) applies:

- (1) the adviser charge is in respect of an ongoing service for the provision of personal recommendations or related services and:*
 - (a) the firm has disclosed that service along with the adviser charge; and*
 - (b) the retail client is provided with a right to cancel the ongoing service, which must be reasonable in all the circumstances, without penalty and without requiring the retail client to give any reason; or*
- (2) the adviser charge relates to a retail investment product or a pension transfer, pension conversion or pension opt-out or arrangement with an operator of an electronic system in relation to lending for which an instruction from the retail client for regular payments is in place and the firm has disclosed that no ongoing personal recommendations or service will be provided.”*

In February 2025, the FCA published findings from a review it had conducted into whether financial advisers were delivering the ongoing advice services that consumers had paid for. Amongst the things that the FCA said it had found, it said it recognised *“there may be circumstances where firms have made reasonable and proportionate attempts to engage with clients to conduct suitability reviews without success”*. And it said in those situations it thought the need for redress would be less likely.

Ascot Lloyd has provided a copy of its terms of business which included a section relating to its ongoing services, which said

“...where we agree to provide you with a service that includes periodic or ongoing reviews of your arrangements, we may carry out this review at least annually. To do this we will need to make contact with you to assess whether the information we hold remains accurate and up to date.

Following this review, we will issue you with a report setting out the results of our assessment and, if relevant, any suggested changes.

If you wish to receive an ongoing service from us, we agree to deliver that service to you in a

timely manner. If you tell us that you wish to postpone or cancel a review meeting we will record this on your file and any fees relating to your ongoing service will still continue to be collected.

If a meeting is due and we cannot reach you to arrange a convenient time, we will write to you asking you to contact us.”

I think these terms of business are clear that Ascot Lloyd would carry out a review each year, in a timely manner, and that it would be responsible for making contact with Mr M to do so.

I've seen evidence of a review taking place in March 2022, specifically the follow up report having been sent to Mr M. So, I'm satisfied that the agreed service was provided by Ascot Lloyd at that time. That however appears to have been the last review which took place.

As I noted above, Ascot Lloyd has provided a copy of a letter it says it sent to Mr M on 28 April 2023 about a review and his adviser having been unable to contact him. Mr M says he never received that letter. But regardless of whether the letter was sent or received by Mr M, I don't think this alone is enough to say that Ascot Lloyd made reasonable and proportionate attempts to contact Mr M to carry out a review.

The letter in question says that the named adviser had attempted to contact Mr M. But Mr M has noted that the adviser was in the process of leaving Ascot Lloyd at that time, which the subsequent events support. And we've been provided no evidence of how these apparent attempts to contact him took place. I haven't seen any contact notes demonstrating attempts to get in touch with Mr M via phone, we haven't been provided any emails attempting to arrange a review appointment and nor is there any evidence of the adviser writing to Mr M, prior to the letter of 28 April 2023.

In addition, the letter of 28 April 2023 doesn't ask Mr M to contact Ascot Lloyd to complete a review – as the terms of business suggested should have happened. Rather the letter simply says it had tried to contact him, which again there is no evidence of, explained that regular reviews are important but says the next review was now scheduled for March 2024. It said Mr M could contact Ascot Lloyd if he required a meeting before then. But I don't think this is sufficient, bearing in mind again the terms of business.

Taking all of this into account, I don't think Ascot Lloyd acted as it should have or that it made sufficient effort to carry out an annual review in 2023. As a result, I think the fees paid for this service should be refunded. And I understand from its response to our Investigator's opinion that Ascot Lloyd may now accept this.

Ascot Lloyd has said though it remains of the opinion that it acted fairly in switching Mr M to its 'Connect Service' once his adviser left the business, meaning annual reviews would only be conducted if he got in touch. But, while this may come as a disappointment to Ascot Lloyd, based on what I've seen I don't agree.

As I've explained, the terms of business it has provided set out that its ongoing review service would include proactive annual reviews. And the updated client agreement which Mr M completed in September 2022 said he had signed up to its 'full wealth management service'. This was described as “*Service Level 2*” with the alternative “*Service Level 1*” being Ascot Lloyd's 'on-demand advice service'.

In response to the complaint, Ascot Lloyd described the 'Connect Service' as being its “*on-demand level of servicing*”. So, moving to that from the 'full wealth management service' appears to have represented a change to the service agreement. However, Ascot Lloyd has

continued to charge the same fee, for doing less, which doesn't seem fair or reasonable. And more importantly I've been provided no evidence of Mr M being contacted about this and him agreeing to the alteration to the level of service that was due to be provided.

Ascot Lloyd has provided a system note which it says demonstrates a terms of business being issued on 26 June 2023. And it says this terms of business set out the 'Connect Service'. But the system note makes no reference to how this was sent out. No contact information is included. I haven't been provided a copy of an email or letter showing that this was actually sent to Mr M. And indeed, the terms of business themselves, setting out this alternative service level, have not been shared with us.

But even if this document was sent, without evidence that Mr M had agreed to the alteration to the level of service, and that he understood what this meant for him - that he would no longer be proactively contacted for annual review, I can't reasonably say that Ascot Lloyd has acted fairly.

Mr M was still paying the same fee for Ascot Lloyd's ongoing advice service that he had been previously. And there isn't enough evidence that he'd been informed of, or agreed to, a change to the level of that service. So, I think in the circumstances, Ascot Lloyd was still required to provide the previously agreed service – including proactive annual reviews. But I can't see that it did this. So, I agree with our Investigator that the fees for this service should also be refunded

Our Investigator also recommended that Ascot Lloyd pay Mr M £100 for the upset caused by it failing to respond to his query in May 2024. And, in the circumstances, I think that recommendation is fair. Mr M used the same recipient email address for this query as his follow up email in July 2024. So, on balance, I think the first email was received. Ascot Lloyd responded in just over an hour to his follow up email – in which he mentioned changing advice provider. So, it appears that the email address was monitored. It isn't clear why the initial email was not responded to. But I think this was a mistake on Ascot Lloyd's part. And I agree that this was likely to have been frustrating for Mr M, given he'd already noted in the original email that Ascot Lloyd had neglected to contact him since his adviser had departed.

Putting things right

As I've explained, I think Ascot Lloyd has failed to provide the agreed ongoing service to Mr M after the annual review which took place in March 2022. As a result, I think it would be fair and reasonable that *all* further fees applicable to services due after that review, which were paid to Ascot Lloyd, be refunded.

These amounts should be adjusted for growth had the fees remained in the existing investment funds, from the date the fees were deducted to the date of my final decision.

While I understand that Mr M has now changed his advising business from Ascot Lloyd, the compensation amount should still be paid into Mr M's SIPP if possible. The payment should allow for the effect of charges and any available tax relief. The compensation shouldn't be paid into the SIPP if it would conflict with any existing protection or allowance.

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

Mr M would though be entitled to tax-free cash from the SIPP. So, 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.

Ascot Lloyd should provide details of the calculation to Mr M in a clear, simple format.

In addition, Ascot Lloyd should pay Mr M £100 for the trouble and upset caused.

My final decision

For the reasons I've explained I uphold this complaint. To settle matters Ascot Lloyd Limited, trading as Ascot Lloyd, should carry out the steps set out in the 'putting things right' section of this decision.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 2 October 2025.

Ben Stoker
Ombudsman