

## The complaint

Mrs F complains that ValidPath Limited (ValidPath) provided unsuitable investment advice in respect of her Self Invested Personal Pension Plan (SIPP), failed to provide annual reviews she was charged for and caused delays when she decided to transfer her pension elsewhere. She wants compensation for the losses caused.

## What happened

Mrs F had dealt with ValidPath's appointed representative, Trinity for a number of years and a new Trinity adviser took over her account in in 2021. Her SIPP was then worth around £174,000. An online meeting took place, following which a fact find was completed on 22 January 2021, with the adviser emailing information about socially responsible investing. On 1 February 2021 ValidPath issued a suitability report. This said Mrs F had a medium attitude to investment risk (ATR) and recommended an ethical investment strategy. Along with a series of income withdrawals to enable her to pass funds to her son, with some funds to be held in cash for this. Mrs F raised some queries and ValidPath provided further information, and she accepted the recommendations on 17 March 2021. Withdrawals of £15,373 was made on 19 March 2021 and £22,500 in July 2021.

On 9 March 2022, Mrs F emailed ValidPath concerned about a fall in value of her SIPP, to around £129,900. A meeting was arranged for 11 May 2022, and she raised concerns about the performance of the ethical investments. ValidPath said this was due to World events such as the war in Ukraine. It was decided to set up a regular monthly withdrawal of £500. Mrs F says she again raised concerns about the ethical investments and requested that these be rebalanced to more traditional holdings whilst retaining an ethical element. ValidPath emailed proposing increasing the traditional investments to 30% of the portfolio, which Mrs F accepted on 30 June 2022. ValidPath says these were made but Mrs F disputes this.

Mrs F took a further withdrawal of £6,250 on 20 December 2022 and the annual statement issued on 5 April 2023 showed the SIPP was worth around £118,700. Mrs F withdrew a further £3,750. On 3 August 2023 Mrs F emailed ValidPath, expressing concerns about the investment performance. She asked how she could transfer to another pension provider. ValidPath said the loss after withdrawals was only around £1,800 since the investments were made. Further emails followed and a meeting was arranged for 7 September 2023. ValidPath said it would provide further investment suggestions, which Mrs F says she had to chase before these were provided on 17 October 2023. These set out several options including buying an annuity, replacing the SIPP provider, and restructuring the investments.

Mrs F decided she wanted to transfer her pension elsewhere. On 9 November 2023 she emailed ValidPath asking if there was an exit fee and also asked another provider (Fidelity) to request a transfer and to contact ValidPath. On 1 December 2023, she emailed ValidPath saying she didn't think the relationship had been successful and she'd decided to transfer her pension funds as cash to Fidelity. ValidPath acknowledged this on 4 December 2023.

Mrs F says she didn't hear anything further and emailed ValidPath on 8 January 2024. It replied that day saying that Fidelity should contact her SIPP provider (AJ Bell) to arrange the

transfer and ValidPath wouldn't be involved unless she asked it to sell her investments, which it wasn't aware that she had. The various parties then contacted each other and ValidPath confirmed to AJ Bell it no longer advised Mrs F. AJ Bell sold the investments, and the transfer to Fidelity was finally completed on 12 March 2024.

Mrs F raised a complaint with ValidPath about the suitability of the investments made in 2021, that a review hadn't been provided in 2023 and about the delays in transferring her pension. ValidPath didn't accept the complaint. It said the investment recommendations were suitable given her ATR, and the performance of the plan reflected the withdrawals taken. It said as Mrs F wanted to transfer her plan away from ValidPath it had interpreted this as her ending the relationship.

Mrs F referred her complaint to our service. She thought investment losses of around £50,000 had been caused by ValidPath's poor advice and the adviser's preference for ethical investments rather than her own. Our investigator looked into the complaint, and he said it should be upheld in part.

Our investigator said he thought the investment recommendations were suitable. He said the individual funds selected had different risk ratings, but it was likely the overall balance matched Mrs F's assessed medium ATR over the medium to long term. And Mrs F had queried the recommendations at the time before accepting the strategy. He said ValidPath had confirmed Mrs F's other assets and income gave her adequate capacity for loss in the event of shorter-term underperformance from these longer-term investment holdings. With a cashflow analysis showing she had sufficient income to last until age 100. Our investigator said usually a business wasn't responsible for the performance of investment markets because it is outside their control. He said considering the level and timing of the various withdrawals made from the plan, it had performed as expected and she was only considering the short-term performance of longer-term investments, that weren't unsuitable for her.

Our investigator didn't think ValidPath had delayed the transfer or treated Mrs F unfairly. He said he thought it had correctly interpreted her email of 1 December 2023 that she wanted to terminate the relationship. He said Mrs F hadn't given any instruction to sell the investments but had responded promptly to further requests from Mrs F, Fidelity, and AJ Bell, even though the relationship had ended by then.

Our investigator said ValidPath had agreed to provide an annual review of Mrs F's plan in return for an ongoing fee of 1% per annum. But there was no evidence a review had been undertaken in 2023, so the fee for that year should be refunded. He said as Mrs F had been raising concerns about investment returns, the failure to carry out the review had caused her distress and inconvenience and it was fair that ValidPath pay her £150 compensation for this.

ValidPath accepted our investigators view of the complaint, but Mrs F did not. She said in considering the suitability of the investments our investigator had mistakenly said she was 60 years old in 2021 when she was actually 70. She said her capacity for loss was less than stated as the cash reserve ValidPath had referred to of £48,000 already depleted by then. She said her email hadn't formally terminated the relationship as required by ValidPath's terms and conditions and was merely an advance notice of her intention. She said her understanding was that it was ValidPath's responsibility to sell the investments on transfer and it had caused delays and inconvenience lasting several months and compensation of £150 was too low.

Our investigator apologised for the error over Mrs F's age but said he didn't think this changed anything. He said there was no evidence ValidPath was aware Mrs F's savings had been depleted before it gave the advice in 2021 and she hadn't questioned this at the time.

He said it wasn't ValidPath's responsibility to tell her she could have appointed another adviser to her plan, and he didn't think it had delayed the transfer. He said £150 compensation was fair and in keeping with awards our service made in similar circumstances.

As Mrs F doesn't agree it has come to me to decide

### **My provisional decision**

I issued my provision decision on; 25 February 2025, I explained the reasons why I was planning to uphold the complaint in part. I said:

*Mrs F has provided a great deal of information about what happened, and I've carefully considered all of this. There is a dispute about what losses, if any, have been incurred with Mrs F suggesting as much as £50,000 whereas ValidPath says by August 2023 the overall loss was less than £1,800. Generally, it isn't fair to uphold complaints that are purely about investment performance as returns depend on market conditions which do vary, particularly over shorter timescales. That's provided the recommendations were suitable for what the investor wanted to achieve and how much risk they wished to take. Advisers usually recommend a portfolio of different investments to provide diversification and spread risk in different market conditions. So, even if the value of some investments reduce at some point it doesn't necessarily mean the advice was wrong.*

*I've separated Mrs F's complaint into its different elements and set out my thoughts on each part.*

### **Termination of relationship**

*Mrs F sent several emails expressing dissatisfaction with the advice she'd received, raising queries about transferring her plan to a specific provider, and asking for confirmation of any exit penalties. She emailed ValidPath again on 1 December 2023 repeating these concerns, and said that as it was aware she had been considering alternative:*

*"fund management organisations and after considerable discussion, have decided that my pension will move ... to Fidelity"*

*Mrs F then summarised the two available transfer options, either, "in its current platform", which I take to mean an in-specie transfer of the current holdings. But instead, she'd "opted for it to be transferred as cash". So, given the background I think ValidPath reasonably interpreted the email as terminating the relationship and agreement and that Mrs F had already instigated transfer to Fidelity on her preferred basis.*

*And ValidPath's client agreement states under clause "20. Termination of this Agreement", that it can be ended "at any time", that notification was to be in writing and "will take affect from the date of receipt." ValidPath's response on 4 December 2023 thanked Mrs F for confirming and wished her well for the future and didn't indicate that it would provide any further service for her. So, I don't think ValidPath acted unfairly here.*

### **Transfer delays**

*It follows that as I think Mrs F terminated the agreement on 1 December 2023, and specifically told ValidPath she was transferring to Fidelity in cash, that I don't think it is reasonable to say it delayed the transfer after then. It might have responded to her email of January 2024 asking for an update confirming it was taking no action. But I think it had reasonably concluded Mrs F was in the process of transferring. And it couldn't sell her funds*

without her specifically requesting it, which would be problematical with the relationship terminated.

Fidelity emailed ValidPath what appeared to be a standard information request on 16 January 2024, it isn't clear when Fidelity received Mrs F's transfer request. ValidPath replied that day directing Fidelity to AJ Bell, who then emailed ValidPath on 26 January 2024, it replied on 31 January 2024 confirming it no longer acted for Mrs F. But it seems the transfer didn't complete until sometime in March 2024, why this was, is perhaps a question for the third parties involved.

### **Ongoing reviews**

The agreement between Mrs F and ValidPath provided for annual reviews and a review and rebalance appears to have been carried out in 2022. Although there is some ambiguity about what happened then as I'll refer to below.

Whilst there was discussion about Mrs F's investments and possible alternative courses of action during 2023, a formal review doesn't appear to have been carried out. And ValidPath accepted our investigators view that it should refund the adviser fees for that year. I think that's fair.

### **Suitability of investments**

I've considered the recommendations made to Mrs F. Overall, I don't think they accurately reflected her attitude to investment risk. And I don't think ValidPath clearly explained the recommendations it made in the suitability letter and subsequent emails to her in terms she could readily understand.

The suitability report of 1 February 2021 sets out ValidPath's investment recommendations, with Mrs F's ATR assessed as four on a scale of one to seven, or "medium" defined as;

*"I am seeking a good return above inflation and am willing to see my capital fluctuate in value over the short to medium term."*

ValidPath continued that as most of the SIPP was to be invested over the medium to long term it;

*"would describe your requirement for risk as maximising the returns within the risk profile applied."*

The recommendations were that as Mrs F wanted to take withdrawals from her SIPP of around £62,500 (£50,000 after tax), this should be spread over three tax years to minimise income tax, and cash held to provide this. The balance of around £111,000 was to be invested across a range of assets including fixed interest, commercial property and share investments. ValidPath said 85% of this would be invested over the medium (eight to fourteen years) and long term (over fifteen years) and 15% over the shorter term of between five and seven years. These would be divided across three elements referred to as Traditional (15%) Ethical (50%) and Social Impact (35%). It also provided Mrs F with information explaining the ethical focus of its investment approach, the individual funds to be held and their percentage allocations which ValidPath said matched Mrs F's overall ATR of "medium."

Mrs F emailed ValidPath, saying "she didn't fully understand everything in the document". She queried several points including the investment timescales set out and how the funds would be invested. ValidPath said the different timescales used were "about managing risk".

*It said funds allocated over the five-to-seven-year timeframe were likely to be spent in five to seven years' time so less risk would need to be taken, but more risk could be taken on the longer-term funds to give "the appropriate amount of risk for the time frame".*

*I've considered the ATR assessment ValidPath generated using a proprietary risk profiling system. This ranks risk tolerance from one to seven with Mrs F being a four or medium. It illustrates the investment mix for a portfolio four investor as being "30% high risk/return, 40% medium risk/return and 30% low risk/return". And says,*

*"shares and property would be high-risk/high-return whereas cash and bank deposits would be low-risk/low-return"*

*I haven't fully analysed the non-cash investment recommendations, but from the summary provided in the suitability report, overall Mrs F would be investing around 80% of the balance of her funds in shares or commercial property investments. But that isn't clear from the report and needs to be calculated. I thought this was a relatively high allocation to assets like this for a "medium" risk portfolio. And it was certainly much higher than the example given on the ATR report, even for a long-term investment. The ATR report indicated that a risk profile of six would typically be 70% invested in shares and property and risk profile seven (the highest category) would be 100% invested in such assets.*

*As the intention was that Mrs F would withdraw around £62,500 from her plan between 2021 and 2023, I think it is reasonable to exclude this cash from the other investments to be made in terms of appraising the overall risk of the portfolio. And I think Mrs F was exposed to a higher degree of investment risk than she was comfortable with and expected to be exposed to from reading the suitability report.*

*So, I asked ValidPath about its risk profiling process, its broad investment strategy and whether the investments had been arranged as recommended, which it confirmed. It said the risk profiling system mapped to a percentage range of growth assets (like shares) and defensive assets (like fixed interest). And Mrs F's score of 50 (from 1-100), indicated a range of growth assets of between 36-55% in the portfolio. But it said that the risk profiler didn't consider the duration of investments or capacity of loss. And that the cashflow analysis showed Mrs F "had a very high capacity for loss in the longer term", because she was unlikely to need access to the funds in the shorter term. So, the longer-term holdings it had recommended reflected this and had been further explained in its response to Mrs F's queries about the recommendations in its email of 16 March 2021, whilst still remaining within her overall risk parameters.*

*However, I don't think this was a suitable approach for Mrs F even if there was a long-term investment horizon. As holding around 80% in growth assets was a far higher percentage than the 36-55% range ValidPath also states was within tolerance for Mrs F's risk score of 50. Including the additional cash holding of £62,500 reduced the growth assets percentage to around 51.5% of the total portfolio. But as I've said as this cash was being spent over the next three years, I don't think it was reasonable to say this balanced out the longer-term holdings in terms of risk.*

*Risk profiling systems and cashflow modelling software are commonly used tools to help the adviser assess the client's needs and requirements, but they don't provide definitive answers. It is certainly the case for many investors that taking too little risk over the long term can have very poor outcomes because of the impact of inflation eroding the real value of their capital. And it is "riskier" assets like shares and property that tend to provide above inflation returns over the medium to long term. But Mrs F had a history suggesting she was risk adverse, by which I mean she was someone who would be caused anxiety by even short-term losses and was likely to want to minimise the risk of them being incurred,*

*regardless of how a risk questionnaire profiled her. And because of that I think ValidPath should have considered things in more detail.*

*The evidence that has led me to this conclusion is as follows; Mrs F provided a copy of a suitability report prepared by her original ValidPath adviser dated 20 May 2014. Her ATR was assessed by the same risk profiling system used in 2021 (which I accept may have been updated). Her rating in 2014 was six out of seven, or “high” and that she preferred example portfolio five, containing “50% High Risk/Return, 40% Medium Risk/Return & 10% Low Risk/Return” assets. The adviser continued that Mrs F was surprised by this rating, which he said probably reflected that she didn’t anticipate drawing on the pension for many years at that point. And that following a discussion portfolio three, comprising “10% High, 40% Medium & 50% Low” return/risk assets was recommended as being suitable for her instead. And it appears this lower risk portfolio was originally put in place for Mrs F.*

*But despite this when the new adviser took over the meeting notes dated 7 January 2021 say that Mrs F was “concerned about the performance of her ... pension fund.” Two funds are mentioned in particular, and it was agreed to sell these holdings, although ValidPath’s email of 16 March 2021 suggests all holdings were sold and just cash was being held by then. That doesn’t suggest that Mrs F was the type of investor who was comfortable riding out the shorter-term volatility likely to be frequently exhibited by growth type investments.*

*ValidPath’s new recommendations in 2021 appear to have increased the risk compared to that originally arranged. As I’ve already said, based on the questions Mrs F asked about the suitability report dated 1 February 2021 I don’t think she understood the recommendations. And it is hard to see why she would have accepted more risk given what she’d actually done in response to falling investment values. Which was to raise concerns and apparently to sell rather than continue to hold. And she again raised queries about the fall in the value of her investments, which had “dented her confidence”. So, despite the further comments made by ValidPath, I don’t think Mrs F appreciated that she was taking a higher degree of risk than set out in the examples in the risk profiling report. I think if ValidPath’s suitability report had simply said hold the funds you expect to take out over the next three years in cash and invest around 80% of the rest in shares in the stock market, then Mrs F would probably have rejected the advice. It didn’t, and as I’ve said it isn’t clear that this level of exposure to shares and property investments was being recommended.*

*And this pattern of Mrs F raising concerns at falls in value continued. In March 2022 she emailed ValidPath about the “considerable losses in some areas” raising a number of questions. These were answered by email, broadly along the lines of maintaining diversification and giving investments time to recover. Mrs F asked further questions, again expressing concern about losses. At a meeting in May 2022, she again expressed concerns about the performance, specifically that the Ethical and Social Impact holdings was worse than the Traditional element. She emailed again in June 2022 further expressing concerns about losses, which had pre-dated the Russia – Ukraine War. ValidPath emailed suggesting Mrs F preferred a revised split increasing the Traditional element to 30% of the portfolio, reducing the Ethical part to 30% and the Social Impact part to 38%. It seems that would have reduced overall exposure to growth assets and presumably risk. In its final response letter to Mrs F ValidPath said this switch had been carried out, which she disputes.*

*I asked ValidPath what changes were made then. It said there was a rebalancing of the portfolio back to the allocations originally selected in 2021 which “didn’t change the overall risk of the portfolio”. This doesn’t appear to be what Mrs F wanted at the time, as well as contradicting what ValidPath has said previously. She continued to raise concerns about investment performance into 2023, and that her portfolio continued to fall despite stock markets rising. ValidPath said investment markets had been difficult, but much of the reduction in value was due to the cash withdrawals made rather than investment losses.*

*So, I think Mrs F consistently exhibited risk aversion based on how she actually responded when faced with investment losses that conflicted with the output of the risk profiling system used. But it doesn't appear her ATR was re-evaluated after 2021. I don't think it was appropriate to increase the level of risk on Mrs F's portfolio in 2021, which in any case seems to have exceeded the upper tolerance range provided for in the risk profiling system.*

*And it does seem that ValidPath had accepted this itself by 17 October 2023, when in setting out possible alternatives to continuing the current portfolio it said;*

*"In view of all the discussions I feel that the Social Impact Investments are too volatile for you even though we took a long-term perspective."*

*So, at this stage I don't think the recommendations were suitable because too much risk was being taken even for a long-term portfolio and it was ValidPath rather than Mrs F that had the long-term perspective in terms of risk. So, it is possible that Mrs F may have suffered losses as a consequence of the advice ValidPath gave.*

*Given Mrs F's financial objectives I think she would have still invested but would have done so differently. Although it is important to note that investment markets between 2020 and 2023 exhibited volatility across most asset classes. With typically more defensive assets, like fixed interest investments also seeing large fluctuations in capital value. So, it isn't clear that a lower risk portfolio would have produced better returns over the timeframe involved. But to fairly resolve this complaint I think it's reasonable that ValidPath should undertake a comparison of the performance of Mrs F's investments to that of a lower risk benchmark. And if that shows a loss it should compensate Mrs F for that. If the calculation doesn't show a loss, then no compensation will be due. I'll set out how I think the comparison should be done below.*

### **Putting things right**

*I said my aim in awarding compensation was that Mrs F should be put as closely as possible into the position she would probably be in now if she had been given suitable advice.*

*I set out how I thought ValidPath should compare the returns from Mrs F's actual portfolio to those from a suitable lower risk benchmark. And if this showed a loss, to pay compensation either into her pension plan or to her directly as appropriate. I said it should refund the adviser charges taken in 2023, when no review was provided. And to pay her £250 in compensation for the distress and inconvenience caused by the failure to provide suitable advice and carry out the review.*

*I asked both parties to send me any further information or comments they would like me to consider.*

### **Response to provisional decision**

*Mrs F said she accepted my provisional decision.*

*ValidPath didn't accept my provisional decision for the reasons that had been set out in our investigators view of the complaint, that the advice was suitable for Mrs F.*

## **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've decided to uphold the complaint in part.

As set out in my provisional decision I don't think ValidPath unfairly terminated the relationship or delayed the transfer of Mrs F's pension benefits, so I don't uphold those parts of the complaint.

I don't think a review was properly carried out in 2023 and it is fair that the adviser fees for that year are re-imbursed to Mrs F.

In terms of the suitability of the recommendations made to Mrs F in 2021 and 2022, ValidPath hasn't questioned or challenged my interpretation of the underlying investment asset allocations it put in place in 2021 or made any further comments or arguments as to why that advice was suitable for Mrs F in her circumstances. Nor has it explained the apparent discrepancy around the investment switches made in 2022. So, there is no further evidence to consider here. And, having reviewed the existing evidence, I haven't changed my mind from my provisional decision. I think too much risk was taken in 2021. Beyond what Mrs F was comfortable with and expected from the suitability report sent to her. The investments weren't in line with her ATR, particularly given the background information available to ValidPath.

The evidence shows that reducing the risk of the portfolio was discussed in 2022 and contrary to what appears to have been agreed, it wasn't. Instead, the portfolio was rebalanced to the original investment allocations in 2021. Taking everything together I don't think the investment recommendations were suitable for Mrs F. It's possible that this has resulted in investment losses, and if so it's fair that she be compensated for that. I think Mrs F has been caused distress and inconvenience by what has happened and it's fair that she be compensated for this also. In terms of potential investment losses, I think it's fair a comparison be made between the actual investments held and a lower risk benchmark, which I'll set out below. If this shows a loss, which it may not, then compensation must be paid by ValidPath.

## **Putting things right**

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

## **Fair compensation**

I think Mrs F would have invested differently. It's not possible to say *precisely* what she would have done, but I'm satisfied that what I've set out below is fair and reasonable given Mrs F's circumstances and objectives when she invested.

## **What must ValidPath do?**

To compensate Mrs F fairly, ValidPath must:

- Compare the performance of Mrs F's investment with that of the benchmark shown below. If the *actual value* is greater than the *fair value*, no compensation is payable.

If the *fair value* is greater than the *actual value* there is a loss and compensation is payable.

- ValidPath must also add any interest set out below to the compensation payable.
- If there is a loss, ValidPath should pay into Mrs F'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 ValidPath is unable to pay the compensation into Mrs F's pension plan, it should pay that amount direct to her. 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 Mrs F won't be able to reclaim any of the reduction after compensation is paid.
- The *notional* allowance should be calculated using Mrs F's actual marginal rate of tax in retirement.
- It's reasonable to assume that Mrs F is likely to be a basic rate taxpayer, so the reduction would equal 20%. However, if Mrs F would have been 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%.
- No review was provided in 2023, ValidPath should refund the adviser charges taken for that year which should be treated in the same way as above and either paid into Mrs F's pension or refunded directly to her. If the benchmark calculation set out above shows Mrs F has not suffered a loss, ValidPath may offset the refund of adviser charge against any gain.
- ValidPath must pay Mrs F £250 for the distress and inconvenience caused by the failure to carry out the review in 2023 and the unsuitable investment recommendations provided.
- ValidPath must provide Mrs F with a simple calculation of how it arrived at the figures.

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

Portfolio name	Status	Benchmark	From ("start date")	To ("end date")	Additional interest
Traditional, Ethical and Social Impact	No longer in force	For half the investment: FTSE UK Private	Date of investment	1 December 2023 when Mrs F terminated	8% simple per year on any loss from the end date to the

Investment Portfolio SIPP		Investors Income Total Return Index; for the other half: average rate from fixed rate bonds		the relationship with ValidPath	date of settlement
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### **Actual value**

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

### **Fair value**

This is what the investment would have been worth at the end date had it produced a return using the benchmark.

To arrive at the *fair value* when using the fixed rate bonds as the benchmark, ValidPath should use the monthly average rate for one-year fixed-rate bonds as published by the Bank of England. The rate for each month is that shown as at the end of the previous month. Those rates should be applied to the investment on an annually compounded basis.

Any withdrawal from the portfolio should be deducted from the fair 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 ValidPath totals all those payments and deducts that figure at the end to determine the fair value instead of deducting periodically.

### **Why is this remedy suitable?**

I've chosen this method of compensation because:

- Mrs F wanted Capital growth with a small risk to her capital.
- 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 F'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 F into that position. It does not mean that Mrs F 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 F could have obtained from investments suited to her objective and risk attitude.

**My final decision**

For the reasons I've given above and in my provisional decision, my final decision is that I uphold this complaint against ValidPath Limited in part.

I direct ValidPath Limited to undertake the calculations set out above and pay any compensation due.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs F to accept or reject my decision before 14 April 2025.

Nigel Bracken  
**Ombudsman**