

The complaint

Mrs K complains that H V Financial Planning Ltd ('HV') provided poor advice in relation to her pension and investments. She says her investments have not achieved the targeted growth and believes she was placed in the wrong funds from the outset. She says her best interests were not served, only those of HV. She says she wasn't given advice not to make fund or equity / bond ratio changes, which she believes impacted the performance of her investments. Mrs K has also complained about the ongoing advice service she received and in particular says there's been no standardised reporting of performance. She says she's lost out as a result and wants compensation for her losses.

What happened

The business file submitted details many interactions, subsequent advice, pieces of communication and correspondence over the years Mrs K had a relationship with HV. While I have read and considered everything, the following is not a comprehensive account of everything that has happened here, but a summary of the relevant key events and background leading up to the complaint.

Mrs K first met with HV in October 2016 to discuss retirement planning, savings and investment, as well as protection needs. This was a joint meeting with her husband. And while much of what happened here and throughout the relationship is relevant to both and in that sense can be seen as joint, Mr K has a separate complaint, so I'll mainly refer to Mrs K here. HV completed a fact-find to gather information about Mrs K's circumstances and objectives. The key details recorded here are as follows:

- Mrs K was 45 years old, married, working and in good health.
- She and her husband jointly owned their home, which was mortgaged on a repayment basis.
- They owned a buy-to-let property, which was also mortgaged on an interest-only basis. This produced a monthly income of around £1,700.
- Their total household income was over £5,000 net a month and their expenditure was around £1700.
- They had cash savings of around £70,000 and they each held share and equity-based investments including ISAs.
- Mrs K held a Defined Benefit (DB) pension scheme and two Defined Contribution (DC) pension schemes.
- Their pension objectives were to retire at 65 with a joint income need of around £35,000. Their joint investment objective was to utilise savings more effectively for the ultimate goal of income generation.

HV also carried out an assessment of Mrs K's attitude to risk using a questionnaire – the results of which deemed she was a 'highest medium' risk investor (7 on a scale of 1-10.)

In a suitability report dated 11 January 2017, HV recommended Mrs K transfer her existing equity-based ISA, valued at around £16,200 and invest the remainder of her ISA allowance – around £13,000 – to a new provider. HV said the reasons for the transfer were because Mrs K's current investments didn't match her attitude to risk, and she wanted to consolidate her investments and pensions as much as possible to keep better track of them.

The report also recorded that a discussion about attitude to risk and the appropriate risk profile had taken place in light of Mrs K's intended goals. It was decided that for investment purposes a 'low/medium' risk approach would be taken (5 on a scale of 1-10.)

HV recommended Mrs K invest via a platform in a model portfolio with a 50% equity content with the remainder in bonds/ fixed interest and property.

HV recommended Mrs K and her husband take advantage of its ongoing advice service, which they agreed to at a fee of 1% a year of the value of their investments. In summary HV agreed to provide a review of their portfolio, consider their up-to-date circumstances and objectives and, if requested, review and provide a report on the ongoing suitability of its advice / portfolio. I note HV has said an annual suitability review took place regardless.

In January 2018, with an updated fact-find and attitude to risk assessment, and as set out in a suitability report, HV recommended Mrs K open a Self Invested Personal Pension (SIPP) with a contribution of £15,000 from Mr K's business, which Mrs K had recently started working for. It said Mrs K's target income still showed a shortfall, so the lump sum would boost her retirement provision. HV recommended Mrs K invest in a 50% equity-based model portfolio, which was suitable for a low/medium risk approach (5 out of 10) she wanted to take with her pension. The report said that to take advantage of portfolio rebalancing, it recommended the use of the portfolio management or Discretionary Fund Management (DFM) service. It said this was typically expensive, but in this case cost an additional 0.1% plus VAT a year, which it deemed would still ensure there was a potential performance premium.

There then followed a series of ISA top ups and changes as follows:

- In March 2020, HV recommended Mrs K top up her ISA to utilise her allowance and in response to Mrs K wanting to take advantage of a drop in the markets. £20,000 was invested in the 70% equity portfolio, which represented a change in risk approach from the 50% equity portfolio. An updated risk assessment recorded Mrs K as a 'balanced' investor. For pension purposes, Mrs K adopted a 60% equity-based portfolio.
- In July 2020, following a review, Mrs K made a further ISA contribution of £10,000 invested in the 70% equity portfolio.
- In October 2020, HV carried out a review and recommended a change of platform provider to take advantage of what it considered was a broader range of portfolios. Reference was made here to move to a 70% equity portfolio for Mrs K's investments and 60% for her pension.
- In March 2021, Mrs K invested a further £6,000 into her ISA. This was invested in the 70% equity portfolio.
- In June 2021, following an exchange of correspondence about reducing equity

exposure, Mrs K's investments were moved to a 30% equity-based portfolio.

- In November 2021, Mrs K invested a further £20,000 into her ISA. In the 'addendum' letter confirming the transaction, it was recorded that Mrs K wanted to increase her equity exposure from the 30% portfolio. A few weeks later, HV confirmed Mrs K's instructions that her pension should be invested in the 80% equity portfolio from its current 60% basis, while her ISA should be moved from the 30% to the 50% equity portfolio.

In July 2022, following a discussion and a review of Mr and Mrs K's attitude to risk, it was recorded in an 'addendum' letter that because the business was thriving and they had savings in place, Mrs K could take an increase in risk with her pension investments and move from the 80% equity portfolio to the 100% equity portfolio. The letter said Mrs K's ISA funds would remain invested in the 50% equity portfolio.

In May 2023, Mrs K (jointly) verbally complained to HV about the disappointing performance of her investments questioning the suitability of the advice she'd received. Mrs K withdrew her complaint almost immediately because she'd decided not to pursue matters formally. But Mr and Mrs K began the process of transferring their investments away, choosing to invest via a tracker fund instead. The transfer was completed in November 2023 with them managing their investments himself.

In March 2024, Mrs K jointly complained to HV again raising the same issues as before and as I set out at the start of my decision. HV told Mr and Mrs K that their complaint had been brought to late because when it closed the complaint in May 2023, it told them they had six months from this point to refer the matter to the Financial Ombudsman Service.

Mr and Mrs K referred the matter to us. They said the reason they were complaining now was because it was only after managing their investments themselves for a period of six months that they'd appreciated the full extent of the mismanagement of their monies and the lost opportunity in growth suffered under HV. In six months, they said they'd gained in excess of £100,000 and so believed their losses to be in the region of £400,000.

One of my ombudsman colleague's decided that we could consider Mrs K's complaint – it wasn't brought out of time – because the complaint in 2023 wasn't resolved for the purposes of the Dispute Resolution Rules (DISP), so the six-month time limit didn't start and therefore can't have been exceeded.

HV then considered the complaint and issued its final response. In summary it said the advice Mrs K received was suitable both at the outset and the subsequent advice she received. It said it was in line with her assessed attitude to risk and was suitable for her needs and objectives. It said it carried out annual reviews each year – sometimes more than once a year – with ad-hoc advice being offered as part of the review service. It said it had continued to monitor Mrs K's investments and had provided her with valuations and comprehensive reports each year. It said there was no guarantees of investment performance and that a smooth annual growth should not be expected and it pointed to the recent geopolitical events that had taken place.

Mrs K remained dissatisfied, so she asked us to carry on. One of investigators looked at things, and in summary they concluded HV had done nothing wrong. They said the advice Mrs K received was suitable and in line with her attitude to risk. And HV had provided Mrs K with comprehensive annual reports, statements and carried out annual reviews each year, thus providing her with the service she paid for.

Mrs K disagreed. In summary she said that she accepted many meetings with HV took place

– her concern was not the frequency of the meetings but the lack of transparent and comprehensible information to assess investment performance. Mrs K said she believes this was intentional on HV's part, concealing the true performance and misleading her into continued investment so it could earn more in fees. She said her overarching concern was HV's repeated and consistent placing of its own interests above hers.

Because the investigator wasn't persuaded to change their opinion, the complaint was 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, regulatory rules, guidance and standards, codes of practice, and (where appropriate) what I consider to have been good industry practice at the relevant time. And where the evidence is incomplete or inconclusive I've reached my decision based on the balance of probabilities – in other words, on what I think is more likely than not to have happened, given the available evidence and wider circumstances.

The applicable rules, regulations and requirements

As a regulated firm, HV had many rules and principles that they needed to adhere to when providing advice to Mrs K. And these can be found in the Financial Conduct Authority (FCA) handbook under the Conduct of Business Sourcebook (COBS) and Principles for Businesses (PRIN) as they were at the time of the advice.

The following are all relevant to this complaint and provide useful context for my assessment of HV's actions here.

COBS 6.1A.22: 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 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 2014, the FCA produced guidance in the form of a factsheet (For investment advisers - Setting out what we require from advisers on how they charge their clients). The factsheet said:

'Ongoing adviser charges

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.'

While the factsheet wasn't published until late 2014, it didn't mark a change to the rules firms like HV were already expected to follow. In my view, it re-enforced or reminded firms of the standards already in place when providing on-going advice services.

COBS 9A.3.9 (from 3 January 2018 arising from MiFID II): For some products, investment firms providing a periodic suitability assessment shall review, in order to enhance the service, the suitability of the recommendations given at least annually.

Having considered all of this and the evidence in this case, I've decided to not uphold the complaint for largely the same reasons given by the investigator. My reasons are set out below.

Suitability of HV's advice

I can see that what prompted Mrs K to re-visit her original complaint with HV in 2024 was the increase in growth / the performance of her investments she experienced once she moved away from HV and managed her monies herself. She says it was this that made her realise the lost investment opportunity suffered under HV's management of her funds.

For the avoidance of doubt, a complaint purely about investment performance is not one I would typically uphold. So, if Mrs K understood the risk she was taking but she thinks her investments should have produced a better return than they have, this alone is not grounds for me to uphold his complaint. But, if Mrs K did not understand or accept the risks involved and the investments recommended to her were not in line with the level of risk she was prepared to take, then this speaks to the overall suitability of the investments. And because Mrs K has said that she doesn't believe she was placed in the right investments from the outset, I've considered whether HV's advice and recommendations to her were suitable in her particular circumstances at the relevant times.

Firstly, and more broadly, I think the advice HV gave to Mrs K to use an ISA and then later on utilise a personal pension arrangement to meet her stated objectives, of themselves, were suitable and reasonable in the circumstances. It was recorded that Mrs K wanted to make better use of her savings. So, using an ISA to do so and to maximise or make best use of her personal ISA allowance each year with the various lump sum tops ups, was in my view suitable. And similarly, in 2018 when Mrs K started working in her husband's business and because she was not contributing to a pension at the time, based on an expected income shortfall at retirement, HV recommended Mrs K open a SIPP. I think investing for the potential to achieve her desired retirement income target and do so in a tax-efficient vehicle, was appropriate at the time. It appears the amounts Mrs K invested each time, as I set out earlier on, in both her pension and her ISA, were affordable too. I'm satisfied Mrs K could also commit her funds for the medium to long-term – I haven't seen anything to indicate that an upcoming significant life event would cause a material change in Mrs K's circumstances and objectives in the near future such that an investment terms of at least five years wasn't realistic or possible.

Mrs K has not specifically referred to or called into question the advice to transfer her ISA from her existing provider in 2017. But for completeness, I don't think it was unsuitable for HV to have recommended the transfer based on the reasons given for doing so and given the additional investments Mrs K made at the time.

Turning to Mrs K's attitude to investment risk, HV assessed Mrs K as a 'highest medium' risk investor – 7 on a scale of 1-10. This was determined by asking Mrs K a series of questions, of the type typically used in this kind of exercise, about her attitude towards investing and taking risks, weighting the answers to give an indicated risk appetite. Because Mrs K had some prior experience of investing, I don't think HV's assessment of Mrs K's attitude to risk was unreasonable. I'm mindful too that Mrs K's capacity for loss was also reasonable – she was intending to invest for the long-term and given hers and her husband's other assets, their joint day-to-day living would not be impacted by a fall in investment values.

That said, I can see that following a discussion with HV, Mrs K chose a 'low/medium' risk approach for her ISA, so below her indicated risk appetite. This was also carried forward for her initial pension investment in 2018. The rationale for this was, in my view, reasonable and I have no reason to doubt that Mrs K both understood and accepted this approach.

Turning to the investment recommendations – HV recommended a portfolio for both the ISA and pension with equity-based funds representing up to 50% with the remaining percentages invested in bonds and property. The portfolio had, in my view, a broad spread of around 15 underlying funds. So, in light of this and given Mrs K's capital growth objective, I think the investment recommendations were suitable and in line with the level of risk she said she wanted to take. I can see Mrs K believes she was placed in the wrong funds from the outset. But for the reasons I've explained, I don't think this was the case.

As I set out earlier on, Mrs K invested further lump sums into her ISA over the period in question. There were also changes to her risk profile and investment approach over time. For example, around March / April 2020, Mrs K was re-assessed as a 'balanced' investor where the recommended portfolio increased the equity exposure to 70% for her ISA monies. I don't think these changes were unusual in what appears to have been an engaging relationship with regular meetings, email exchanges and ad-hoc pieces of advice, which included discussions and re-assessments of risk approach. It's also not surprising to me that bigger changes in approach took place, particularly during the Covid pandemic period where advisers and investors alike were trying to navigate their way through what was a very uncertain time presenting challenging investment conditions.

So, while the move in June 2021 to a more defensive 30% equity-based investment approach was not necessarily in line with Mrs K's more balanced risk profile as assessed before, I don't think this was unreasonable given the prevailing geopolitical events at the time. I also think the evidence shows that this approach was discussed and considered. It wasn't HV simply ordering taking – something I wouldn't expect them to have done.

I can also see that in 2022 Mrs K's approach changed to a higher risk strategy adopting a 100% equity-based investment approach for her pension monies. And this was perhaps, on the face of it, out of line with the previous assessments. But in my view, the change was clearly documented, and the evidence supports that HV carried out a review of Mrs K's attitude to risk, recording that her circumstances reasonably supported an increase in risk, which she was both willing and able to take. I think it's important to note here that the pension monies (it appears Mrs K was also making regular contributions to her pension) were coming from the business Mr K owned, so his circumstances are also relevant to what happened here. So, taking all of this into account, I don't think this change in approach, and at this time, stands out as odd or unreasonable in the circumstances.

Again, looking at HV's recommended investment strategies when the various changes in risk / approach took place, and in particular the equity-based content of the portfolios, I'm satisfied the recommendations were suitable and in line with Mrs K's stated risk approaches over time.

For the sake of completeness, I've looked at the information Mrs K was provided with at the time. And I'm satisfied HV disclosed what was necessary and in the level of detail required to enable Mrs K to make an informed decision. And importantly this includes the cost information, which I also think was clear. So, I don't think HV did anything wrong here.

I understand Mrs K feels that HV mismanaged her money. And as I said earlier on, she's referred to the investment growth she experienced in a tracker fund from November 2023 up to the point she complained, having taken on the management of her own money, as supporting evidence of this, and that she lost out on significant investment growth opportunity whilst a client of HV's.

But I disagree that HV mismanaged Mrs K's money for the reasons I've set out above. I also think it is an unfair to compare the performance of a tracker fund over the period when investment conditions significantly improved and markets generally experienced larger gains, with investment returns during the period prior to Mr K transferring away. The conditions were very different for the reasons I've already explained.

So, in conclusion, I've not seen evidence to support Mrs K's belief that HV acted in its own interests and not in her best interests. I accept Mrs K is disappointed with the investment returns during the period she was a client of HV's. But I've seen nothing to show this was because HV mismanaged her funds or misadvised her. I think HV's recommendations were suitable including the advice to top up and make full or best use of Mrs K's annual ISA allowances to help meet her savings objective and ultimately her retirement income objective. I think HV acted fairly and reasonably in the circumstances.

Ongoing review and advice service

Mrs K agreed to HV's ongoing advice service at a cost of 1% a year as I referred to in the background section earlier on. In response to the investigator's assessment, Mrs K said she accepts that meetings took place and so her complaint is not about the frequency of meetings but is about what she describes as a lack of transparent and consistent reporting to allow her to make investment decisions. Nevertheless, for completeness, I've looked at what HV provided overall to see if Mrs K got the service he paid for.

I said earlier on that HV's business file is large and it appears that Mrs K was fully engaged in an ongoing relationship with HV. The evidence points to there being many meetings, including at least one annual review meeting every year (the 2019 meeting was delayed into 2020 I understand due to Covid and holiday commitment, which isn't unreasonable.) There were other meetings outside of this including ad-hoc pieces of advice, as well as advice following review meetings, for example, maximising ISA allowances. HV has provided evidence of updates it made to the cash flow forecast / modelling reporting, which supports HV's ongoing review and monitoring of Mrs K's investments to see if things remained on track to meet her objectives. Another example of ongoing suitability advice can, in my view, be seen in the October 2020 review outcome where HV recommended a change in platform provider to accommodate a broader range of investment portfolios.

HV has also provided copies of valuation statements covering various periods and other reports it regularly produced, which show underlying fund performance, and annual growth or return figures.

So, overall and in the round, I think the evidence supports Mrs K getting the service she paid for, and I haven't seen enough to support what Mrs K has said about HV's lack of transparent and consistent performance reporting. So, I don't think HV has done anything wrong here.

I'm sorry to disappoint Mrs K, I know this isn't the answer she was hoping for. But looking at the evidence from both sides, I don't think HV has acted unfairly or unreasonably here, so I don't uphold this complaint.

My final decision

For the reasons above, I've decided to not uphold this complaint, so I make no award in Mrs K's favour.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs K to accept or reject my decision before 28 August 2025.

Paul Featherstone

Ombudsman