

## The complaint

Mr S complains that GSI Wealth Management Limited (GSI) provided a poor ongoing service in respect of his Personal Pension Plan (the plan). He wants a refund of the advisor fees he paid.

## What happened

Mr S had dealt with a financial adviser for a number of years. In November 2022 this adviser retired and transferred his clients to GSI. Mr S says he paid his previous adviser 0.5% per annum of the funds value of his plan for ongoing services including annual reviews and advice if required. He says the documents GSI sent to him indicated this service would be maintained. Documents sent in November 2022 proposed that an annual review would be completed in May 2023. In May 2023 GSI asked Mr S to complete some identity verification checks by logging on to its online portal, administered by a third-party IT company. The portal would also allow him to view and receive other information and documents. Mr S says there was a problem with the portal, and he sent an email about this on 4 June 2023 without response. Mr S says he then received review documents dated 26 June 2023, being a valuation and transaction report, an *“Annual Costs and Charges Summary”* and GSI’s *“365 Review”* document.

Under a section headed *“Your Progress so far”* the 365 review document set out a number of areas where Mr S was either *“On track”* or *“Needs more attention”*. Of the twenty areas noted, Mr S was on track for six and in need of attention on fourteen. Under the heading *“Conclusion”* the review document said,

*“We’ll be in touch with you over the next few weeks to set up a review 365 meeting with your Financial Planner. Consideration will be given to your current circumstances and future needs, and we may discuss a different approach, at which point we will provide you with our next steps, if any.”*

But Mr S says he didn’t hear anything further until November 2023 when he was asked to provide an online review for GSI. Unhappy about the issue with the portal and the lack of contact Mr S left a negative review. He says this prompted GSI to contact him in February 2024. Mr S’s adviser at GSI (the adviser) responded and proposed *“bringing forward your review”*. The adviser said there had been *“quite a lot of interaction”* and that it had worked within the *“expectations”* of the regulator. Mr S queried this, and the adviser sent him a log of largely administrative tasks carried out since November 2022. The adviser said the review document sent in June 2023,

*“provides an opportunity for a client to raise any issue they wish to discuss with us. Very often, that is the starting point for a focused advice process”*

Mr S said the review had promised a meeting would be arranged in a few weeks, but he was now being offered a meeting for the current year. He said he was planning to appoint another advisory firm and asked that GSI’s charges for 2023 of around £1,485 be refunded in view of the poor service. GSI registered a complaint and sent Mr S a final response on 8 April 2024, it didn’t uphold the complaint. GSI said it had provided the *“Buffet”* level of

service offered as set out in its Services Brochure. It said that annual reviews were documents rather than meetings which were offered to some clients, but it said Mr S should have received a follow up call and it apologised that this had been overlooked. But it said Mr S hadn't raised any concerns until leaving the negative review and it wanted to address his concerns. With regard to the technical problem, it said it had been unaware of this as Mr S had emailed the third party software provider rather than GSI. And it said it wouldn't refund the adviser charges of £1,483.22 for 2023 as it didn't consider its service was poor and it said a *"considerable amount of work occurs behind the scenes."*

Mr S said he wasn't aware that a *"Buffet"* service level was being provided, which appeared to be to let the customer decide whether they needed advice or not. Which he said was unacceptable as he was paying a professional to advise him. GSI didn't change its position.

So, Mr S referred his complaint to our service. Our investigator looked into it, and he upheld the complaint.

Our investigator said GSI had provided some services to Mr S and whilst he hadn't been specifically unaware of the *"Buffet"* service tier, this did provide for a review to be *"delivered annually by telephone call or video call"* and this hadn't happened. Our investigator said GSI should refund the proportion of its annual fee that related to this further contact and advice, along with any lost investment return. He said GSI had provided evidence that showed this element was 25% of the overall charge at the *"Buffet"* service level. GSI said Mr S had complained its service was poor rather than about the provision of ongoing advice, but our investigator said Mr S's complaint about poor service amounted to a complaint about the level of adviser charge incurred and the services provided in return.

As GSI doesn't agree it has come to me to decide.

### **My provisional decision**

I issued my provision decision on; 31 March 2025, I explained the reasons why I was planning to uphold the complaint in part. I said:

*I've considered all the available evidence and arguments to decide (provisionally) what's fair and reasonable in the circumstances of this complaint. Having done so, I'm planning to uphold the complaint.*

*I think Mr S made a general complaint about both the standard and cost of the services he was receiving from GSI. It isn't entirely clear what ongoing service level GSI was providing to him. Advisers often have different tiers of services available frequently based around the level of fees charged with an increasing amount of adviser time and features made available as costs increase. GSI's welcome documents from 2022 indicated it would continue the level of service in place with the original adviser. This provided for reviews and ongoing advice. GSI says the service level its *"Buffet"* tier (level two of four) was applicable for Mr S. The fees paid to GSI direct from Mr S's plan of around £1,480 fall into the indicated fee range for this service tier but were below that of the next tier up which provided for face-to-face reviews and advice.*

*GSI's annual review document did state Mr S would be contacted to consider his position further, saying,*

*"Action required:*

*We will need to speak with you regarding your investment strategy*

*As this is your first 365 Review, we will review your attitude to risk tolerance and capacity for loss, together with your ethical investing preferences and your knowledge and experience. Once completed, we will assess the continued suitability of the portfolio. Until we can conduct our review, no changes will be made to your investment strategy."*

*So, it appears that further consultation with Mr S was important if ongoing services were to be provided, as well as something he was reasonably expecting to receive based on the information sent to him. And the "Buffet" service level did provide for a follow up to the annual review documents and for any financial advice required to be provided without additional charge. Each of the service tiers is outlined in general with this one described as "adjusted to meet the requirements our clients should require, a little more face time." That doesn't really make sense, but clearly there should be contact time with the adviser for discussion and possibly further follow up actions for the annual review to be actually completed. And as GSI said it would contact Mr S over the above issues and it didn't, I don't think it provided all the services it was charging for. Because of that I think it is fair that the cost of the services not provided and any impact their deduction has had on Mr S's investment value should be re-imbursed by GSI.*

### **Putting things right**

*I said my aim in awarding compensation is to put Mr S as closely back into the position he should be in but for the errors made by GSI. I said as not all the fees GSI had charged related to the annual review and follow up so it wasn't fair that it should re-imburse the full charge for 2023. And as the review for 2024 wasn't yet due it wasn't fair that these also be refunded. I said based on a breakdown of its charges provided by GSI 40% of the fee charged related to the annual review and follow up and it was fair that this sum and any lost investment growth from those fees being deducted should be re-imbursed.*

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

### **Response to provisional decision**

Mr S accepted by provisional decision in principal, but he questioned the split of GSI's charges as he said many of the administrative tasks it had referred to had actually been completed by him through the portal and a further refund was appropriate.

GSI didn't accept my provisional decision. It said it wanted to clarify some inaccuracies. It said Mr S hadn't placed his negative online review in November 2023 as I'd said but on 31 January 2024 and it had responded the same day to offer an annual review. It said Mr S hadn't emailed it over the technical issue with its client portal and it had never received his message and was unaware of the issue until 31 January 2024. It said it wasn't reasonable to hold it responsible for not acting on correspondence not sent to it. GSI said it had held a face to face meeting with Mr G in November 2022, after which he'd been in touch with it regarding the breakdown of his pension fund, which showed there was multiple contact before the June 2023 review. It said the annual review was provided as promised in the form of the annual review document. And this was "in line" with or exceeded with the service level Mr S had historically received whilst being more "comprehensive". It said the agreement with the previous adviser didn't contain an obligation to provide "proactive" meetings or ongoing advice unless requested by Mr S. It said it hadn't failed to provide the agreed level of service.

## **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.

I think there was some ambiguity about what level of service GSI was to provide to Mr S but it was its responsibility to make sure this was clear. It did receive fees commensurate with providing advice according to its tiered service levels and it said it would contact Mr S to provide this, but didn't in 2023. The annual review document sent to Mr S seems to me to be very much a primer for a discussion and advice to follow, and it isn't reasonable to say it was a financial review. There was some discussion around Mr S's pension plan in November 2022, so there was some contact in that year where it also received OAC, and services were offered in 2024.

I've thought about the services to be provided and Mr S's comments about the administrative and self-service nature of many of the tasks built into GSI's charging structure. I think what Mr S wanted and valued was the annual review and ongoing advice around it. Ultimately this was the service GSI was selling and like most businesses it needed certain equipment and systems in place to be able to provide the services offered. Naturally such overhead costs need to be built into what a business charges for its services but it's only reasonable to charge for those overheads where the actual service wanted by the customer has been provided. It wasn't in 2023 and consequently, I think it's fair that the entire fee charged for 2023 be refunded rather than just the amount internally allocated by GSI to advice and direct client contact costs.

## **Putting things right**

My aim in awarding compensation is to put Mr S as closely back into the position he should be in but for the errors made by GSI. I think the adviser charge should be refunded for 2023. I've also considered the position for the early months of 2024. The annual review wasn't due but was offered by GSI, but by then Mr S had decided to seek alternative advice. So, I don't think it is fair to say any fees for 2024 should also be refunded.

- GSI should contact Mr S's pension provider and ask it to calculate the notional value had the adviser charge not been taken for each month through 2023 and compare it to the actual value of the plan when it ended. If the notional value is higher Mr S has suffered a loss and compensation must be paid. If the pension provider can't produce a valuation, GSI should use a suitable benchmark, which I'll set out below.
- The compensation amount should if possible be paid into Mr S's pension plan. The payment should allow for the effect of charges and any available tax relief. The compensation shouldn't be paid into the pension plan 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 S as a lump sum after making a notional reduction to allow for future income tax that would otherwise have been paid.
- If Mr S has remaining tax-free cash entitlement, 25% of the loss would be tax-free and 75% would have been taxed according to his income tax rate in retirement - presumed to be 20%. So, making a notional reduction of 15% overall from the loss adequately reflects this.

- Provide Mr S with a simple calculation of how it has worked out the figures.

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

### **Benchmark alternative**

| Portfolio name   | Status       | Benchmark  | From ("start date") | To ("end date")       | Additional interest  |
|--|--------------|--|---------------------|-----------------------|--|
| Quilter Collective Retirement Account Investment Portfolio | Not in force | For half the investment: FTSE UK Private Investors Income Total Return Index; for the other half: average rate from fixed rate bonds | 1 January 2023      | Date investment ended | 8% simple per year on any loss from the end date to the date of settlement |

### **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, GSI 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 GSI 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:

- Mr S wanted Capital growth with a small risk to his 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 his 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 Mr S's risk profile was in between, in the sense that he was prepared to take a small level of risk to attain his investment objectives. So, the 50/50 combination would reasonably put Mr S into that position. It does not mean that Mr S would have invested 50% of his 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 Mr S could have obtained from investments suited to his 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 GSI Wealth Management Limited.

I direct GSI Wealth Management Limited to undertake the calculations set out above and pay any compensation due to Mr S.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 24 June 2025.

Nigel Bracken  
**Ombudsman**