

The complaint

Mr F submitted a joint complaint, alongside his wife, about SG Kleinwort Hambros Bank, now Union Bancaire Privée (UK) Limited ('UBP'). The joint complaint has been separated. This decision is only about Mr F's case, but it shares broadly the same background and some facts with his wife's. His complaint is about UBP's advice, and service, on the transfer of his pension.

What happened

Mr F says he and his wife sought to consolidate their assets under one adviser/manager. Given that his wife already had some of her assets under UBP's management, and following discussions with it, beginning in late 2022, they decided to consolidate under UBP. For this purpose, he agreed to move his Ascentric Self-Invested Personal Pension ('SIPP') to UBP's management. The process began around January 2023.

He is unhappy that the consolidation objective was never achieved.

He says flawed advice from and delays by UBP, its failure to arrange the transfers of his and his wife's SIPPs simultaneously and its failure to conduct proper due diligence on both transfers at the outset meant *only* his SIPP was eventually transferred into its management (after being switched to a new provider (AJ Bell)) in May 2023.

His wife's SIPP could not be moved into UBP's management, due to the SIPP's specific characteristics. A pension switch was considered for the SIPP, to work around the problem, but the idea was essentially abandoned as it was not cost effective. Mr F says proper advice and due diligence at the start would have foreseen these factors. He also says initiating both transfers at the same time would have identified the SIPP problem much earlier. An investment related alternative approach for the matter was recommended by UBP in late 2023, but it was subsequently declined by Mr F and his wife.

UBP has conceded most of the issues raised in Mr F's complaint. In terms of settlement, its complaint response offered him a 5% discount on its management fees for the SIPP for a period of 12 months. This offer was discussed further between the parties, and UBP increased its offer to a 20% discount on its management fees, which he declined. He says, in addition to compensation for the trouble caused to him, UBP should instead cover the costs he incurred in the transfer and the costs he will incur in transferring his SIPP for a second time in order to achieve the initial consolidation objective.

One of our investigators looked into the complaint and concluded it should be upheld.

She mainly found that had UBP worked on both transfers simultaneously, instead of six months apart (which is what happened), the problems would have been identified much sooner; had that happened, consideration and discounting of the pension switch idea for Mr F's wife's SIPP would also have happened earlier; in response to these events happening much earlier he is likely to have withdrawn his SIPP from the transfer and retain the pre-existing arrangement, especially as there is some evidence that he was somewhat

hesitant about moving the SIPP to UBP in the first place; and UBP's settlement offer(s) does not fully resolve Mr F's position, so a different approach is needed.

The investigator proposed an award of £250, to Mr F, for the trouble and inconvenience caused to him. In addition, she said UBP should carry out a loss calculation based on the notional value his SIPP would have, to date, had it remained under the previous arrangement (using information from the Ascentric SIPP to help determine such notional value).

UBP sought clarification, and the investigator confirmed, that the compensation and redress proposals mean it is not required to meet its previous settlement offer. Thereafter, it accepted the investigator's view and conveyed preliminary calculations to her to support its submission that there is no financial loss to redress, because the AJ Bell SIPP (and its UBP based underlying investments) has performed better than Mr F's previous Ascentric SIPP. The investigator shared this information with Mr F, highlighting that UBP's calculation appears to be based on some of its assumptions, as opposed to information derived from Ascentric.

He did not find the calculations clear, and he was not persuaded by the outcome reached by the investigator. His comments include the following –

"I am afraid I simply do not understand the reasoning and mathematics. I have no idea whether their calculations are correct or not."

"What I think would be appropriate would be for you to order that SGKHB pay all our costs in reuniting our pensions in another fund, that is all we were trying to achieve when we engaged with them in the first place and it seems entirely proper that this be the outcome. I have previously offered to reach a compromise on the basis that they refund to me all the fees I incurred in moving my pension to SGKHB but this offer, which I considered very reasonable given the delays and poor service, was not taken up."

"It is not about their performance, it is about their failure to achieve the agreed goals upon which they were instructed."

The matter was then referred to an Ombudsman.

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 have reached the same conclusions expressed by the investigator, for broadly the same reasons she gave. I uphold Mr F's complaint. It is reasonably clear that UBP essentially did the same in its complaint response and, as stated above, it has also confirmed agreement with the investigator's findings. Therefore, merit in the complaint does not appear to be in dispute.

For the sake of completeness, I would briefly say that I echo and endorse the investigator's main findings on UBP's faults in this case, findings which essentially reflect and match the main points Mr F presented in support of his complaint. Consolidation of his SIPP under the same management as his wife's was his distinct and sole objective. His SIPP was successfully transferred, but UBP has conceded avoidable failings in its management of the transfer of his wife's SIPP, which meant Mr F's objective could not be achieved. I will not go into the alternatives it considered for his wife's position because they relate more to her

complaint. However, it is safe to say UBP accepted, at the time, that the pension switch idea was not viable (and discounted it), and the investment related alternative it proposed to her was new and remote to the initial recommendation that was agreed.

As the investigator said, but for the problems (resulting from UBP's early failings) happening after completion of Mr F's SIPP transfer, the transfer would probably not have proceeded. Either, as Mr F has argued, proper advice and due diligence at the outset would have foreseen and/or uncovered the problems and led to him reverting to and retaining his SIPP arrangement as it was, or UBP's management of both SIPP transfers at the same time would have meant the problems arose early enough to allow him to withdraw his SIPP from the process (which, faced with the prospect that consolidation could not be achieved, he probably would have done).

In terms of compensation for the trouble and inconvenience caused to Mr F, our service's guidance on how we approach awards for trouble, distress and inconvenience can be found on our website, at the following link – <https://www.financial-ombudsman.org.uk/businesses/resolving-complaint/understanding-compensation/compensation-for-distress-or-inconvenience>.

Under this guidance, awards between £100 and £300 can be considered where a complaint matter has caused a complainant *some* distress, inconvenience and/or disappointment. I consider this range applicable to the personal impact, on Mr F, of not achieving the consolidation he was looking for and for the delay he experienced in his SIPP transfer. Having said this, he remains in a position to achieve that objective by considering another pension move if he wishes to. Therefore, this is not a matter of lost opportunity, and it means any distress caused has likely been no more than relatively minimal. I acknowledge the costs he has referred to in terms of moving his SIPP again, but that is a separate matter related to redress (which I address next). As far as the trouble and inconvenience caused to him in the matter, and for these reasons, I am satisfied that a £250 award is fair and reasonable in the circumstances.

With regards to redress, I agree with the approach proposed by the investigator.

Redress is inevitably and, at least, partly about performance. The facts are that Mr F's SIPP was switched to AJ Bell and its underlying investment was changed to a UBP based portfolio; the SIPP portfolio remains to date and it has had its performance since the transfer in May 2023 to date; according to the AJ Bell illustration for the transfer, the transfer related fees that he has referred to were deducted from the SIPP, so that would have impacted its *actual* performance following the transfer, but the same actual performance will be covered in the redress calculations I order below; if UBP's claim is correct and if the redress calculations show that the SIPP has outperformed the notional value benchmark, then the surplus will be over and above the actual performance (including the deducted fees), which would mean Mr F is presently in a better position despite the fees deducted; and if the calculations show that there has been a loss, the deducted fees are still a part of the actual performance calculations so any resulting redress payment covers them too.

Indeed, it appears Mr F understands that performance will likely be an element of redress for his case, as suggested by his reference to lost growth in the following statement made in his complaint form –

"KH charged 0.5% of the pension sum to transfer the pension to KH (some £4,750) and I presume that another provider would charge the same percentage to transfer from KH (now some £5,300). In addition the original KH fee taken from the pension would have grown if left invested since the transfer. This results in a loss of slightly in excess of £10,000." [my emphasis]

For the deducted transfer related fees, and as explained above, they will be covered in the redress calculations. For ongoing fees, they would exist in any case, either in Mr F's previous SIPP arrangement or in his present arrangement, so this is not something for UBP to cover.

For any fees to be incurred in transferring away from UBP and/or away from the AJ Bell SIPP, that depends on Mr F's discretion and whether (or not) he resumes pursuit of the consolidation objective. He does not *need* to, but if he chooses to it will be his decision, like the decision he made in late 2022/early 2023 to seek consolidation. The cost of doing so will arise from that decision, so I also do not find this to be something for UBP to cover.

Overall, on balance and for the above reasons, I uphold Mr F's complaint, I endorse the £250 award in the investigator's findings, and I will be using, in my orders below, the same redress approach she proposed to both parties.

Putting things right

fair compensation

My aim is to put Mr F as close as possible into the position he would be in if he had not transferred his SIPP, and the reasoning behind this is as explained above. I consider that he would instead have retained his previous arrangement with the Ascentric SIPP and his previous SIPP manager. He retains the invested AJ Bell SIPP to date, so the aim is to compensate him for any loss arising from the transfer, using the Ascentric SIPP's notional value as the natural benchmark. The start date for the calculations is the date of transfer and the end date is the date of settlement.

Mr F is ordered to engage meaningfully and co-operatively with UBP to provide it with all information relevant to his previous Ascentric SIPP, and to UBP's calculation of redress, that it does not already have. Where necessary, UBP should obtain information directly from Ascentric in order to carry out the notional value calculations. If there are costs associated with doing so, they should be borne by UBP.

what must UBP do?

To compensate Mr F fairly, UBP must –

- Calculate the actual performance of his AJ Bell SIPP between the start and end dates to arrive at the 'actual value' of the AJ Bell SIPP on the end date.
- Calculate the notional performance that his previous Ascentric SIPP would have had between the start and end dates had it not been transferred and had it remained in place throughout, to arrive at the Ascentric SIPP's 'notional value' on the end date.
- If the actual value is greater than the notional value, no compensation is payable. If the notional value is greater than the actual value, the difference is the compensation due and payable to Mr F.
- Pay the compensation into Mr F's pension plan to increase its value by the total amount of the compensation. The amount paid should allow for the effect of charges and any available tax relief. The compensation should not be paid into the pension plan if it would conflict with any existing protection or allowance.
- If payment of the compensation into the pension plan is not possible or if it will have implications on existing protection or allowance, it should be paid directly to Mr F. Had it been possible to pay it into the plan, it would have provided a taxable income.

Therefore, the total amount 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 is not a payment of tax to HMRC, so he would not be able to reclaim any of the reduction after compensation is paid.

- The notional allowance should be calculated using his actual or expected marginal rate of tax at his selected retirement age. If he would have been able to take a tax-free lump sum, the reduction should be applied to 75% of the compensation.
- Provide the details of the calculation to Mr F in a clear and simple format and pay him £250 for the trouble and inconvenience he has been caused.

compensation limit

Where I uphold a complaint, I can make a money award requiring a financial business to pay compensation of up to £150,000, £160,000, £170,000, £190,000, £195,000, £200,000, £350,000, £355,000, £375,000, £415,000, £430,000 or £445,000 (depending on when the complaint event occurred and when the complaint was referred to us) plus any interest that I consider appropriate. If fair compensation exceeds the compensation limit the respondent firm may be asked to pay the balance. Payment of such balance is not part of my determination or award. It is not binding on the respondent firm and it is unlikely that a complainant can accept my decision and go to court to ask for such balance. A complainant may therefore want to consider getting independent legal advice in this respect before deciding whether to accept the decision.

In Mr F's case, the complaint event occurred after 1 April 2019 and the complaint was referred to us after 1 April 2024 but before 1 April 2025, so the applicable compensation limit would be £430,000.

decision and award

I uphold Mr F's complaint on the basis set out above. Fair compensation should be calculated as I have also stated above. My decision is that Union Bancaire Priv  e (UK) Limited must pay him the amount produced by that calculation, up to the relevant maximum.

recommendation

If the amount produced by the calculation of fair compensation is more than the relevant maximum, I recommend that Union Bancaire Priv  e (UK) Limited pay him the balance. This recommendation is not part of my determination or award. Union Bancaire Priv  e (UK) Limited does not have to do what I recommend.

My final decision

For the reasons given above, I uphold Mr F's complaint and I order Union Bancaire Priv  e (UK) Limited to pay him compensation and redress as stated above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F to accept or reject my decision before 1 July 2025.

Roy Kuku
Ombudsman