

The complaint

Mr M has complained about pension planning advice he received from Skipton Building Society.

What happened

Following a referral, Mr M contacted Skipton Building Society (Skipton) to ask for advice on options available for investing a lump sum. On 3 March 2023 Mr M had an initial meeting with a Skipton financial adviser and following on from this meeting Skipton sent Mr M a suitability report dated 20 April 2023. I will refer to the Skipton financial adviser that Mr M met with on 3 March 2023 as “*adviser A*” in this decision.

In the 20 April 2023 report, adviser A recommended that Mr M invest a lump sum of £48,026.25, and make regular payments of £1,250 a month, into a personal pension. The report said that Mr M was already a member of the pension scheme offered by his employer, so the lump sum and regular pension payments recommended by Skipton were in addition to the pension payments that Mr M was already making into his employer’s pension scheme. Skipton also recommended that Mr M invest £11,579 into a stocks and shares ISA.

Adviser A then sent Mr M a further suitability report on 1 August 2023. In this report adviser A told Mr M that they’d made a mistake when they’d calculated how much he should invest into a personal pension as a lump sum. This time adviser A told Mr M that he should invest £46,380.49 as a lump sum to a personal pension, together with regular savings of £1,250 a month, and he should invest £12,895.61 into a stocks and shares ISA.

Mr M had another meeting adviser A on 9 January 2024. Adviser A sent Mr M a new suitability report following this meeting which said that they’d: “*concluded that it is not appropriate to make a lump sum payment into your new pension as we do not hold sufficient evidence that this payment will not exceed your annual allowance which may result in a tax charge*”. The report went on to say that Mr M should continue paying the regular savings of £1,250 a month into a personal pension. It also recommended that Mr M invest £20,659.44 into a stocks and shares ISA and £82,471.96 into a General Investment Account.

Mr M met with a different Skipton financial adviser on 16 August 2024. I will refer to this different Skipton adviser as “*adviser B*” in this decision. In this meeting Mr M was told by adviser B that he shouldn’t make any lump sum payment into a personal pension. Adviser B explained that this was because Mr M would only receive 20% income tax relief against any lump sum that he invested into a personal pension, but adviser B had worked out that Mr M would likely be a 40% income taxpayer when he retired and started to draw an income from his pension savings.

Adviser B therefore concluded that Mr M shouldn't pay any lump sum into a pension plan on top of what he was already paying into his employer's pension scheme and the regular payments of £1,250 a month that he was saving into a personal pension.

Mr M still went ahead and invested capital into a stocks and shares ISA and a General Investment Account with Skipton. However, Mr M subsequently moved these investments away from Skipton to a different investment provider. When Mr M sold down the investments in his Skipton General Investment Account, he realised a profit on these investments which generated a capital gains tax charge for him.

Mr M wasn't happy with the pension planning advice he'd received from Skipton, so he complained to Skipton about this in August 2024. In his complaint Mr M said that Skipton had "*induced*" him to enter a contract with it "*based on promises of competitive fees, assured returns, and alignment with my early retirement goals*". Mr M also complained that he'd received inconsistent pension planning advice, which he claimed had left him confused and financially disadvantaged. Mr M claimed that because of this inconsistent advice he'd potentially missed out on tax relief and investment growth, which he said totalled £28,831.83.

To put things right, Mr M said that Skipton should pay him compensation of £28,831.83 for the above financial loss he said he'd suffered, together with additional compensation for the potential long-term financial impact of Skipton's pension planning advice. Mr M also said that he should have all the fees he'd paid to Skipton refunded in full and he should be paid compensation for the inconvenience he'd suffered. Finally, Mr M said that Skipton should pay the costs to have an independent financial adviser to review and rectify his financial planning and that Skipton should compensate him for the capital gains tax bill he'd paid when he sold the investments in his General Investment Account.

Skipton responded to Mr M's complaint on 4 October 2024. In its response Skipton said that it was upholding the part of Mr M's complaint about poor service he'd received in relation to lump sum pension planning advice. To compensate Mr M for the inconvenience he'd suffered due to this poor service Skipton offered Mr M compensation of £500. Skipton didn't uphold the other elements of Mr M's complaint.

Mr M wasn't happy with Skipton's response to his complaint, so he brought this to the Financial Ombudsman Service. One of our Investigators reviewed Mr M's complaint. Their view was that Skipton hadn't acted fairly and that it needed to put things right for him.

Our Investigator thought that Skipton should refund the ongoing advice fees that Mr M had paid between April 2023 and August 2024. They also thought that if Skipton hadn't given Mr M inconsistent pension planning advice, then he'd have invested the capital that he put into a stocks and shares ISA and a General Investment Account earlier than he did. Our Investigator therefore thought that Skipton should complete a loss assessment for Mr M to identify what, if any, loss Mr M had suffered because of its error. Finally, our Investigator thought that Skipton should pay Mr M compensation of £750 for the distress and inconvenience he's suffered due to Skipton's failings.

Mr M didn't agree with our Investigator's view as he thought that all the fees he'd paid should also be refunded and that he'd been "*induced*" into investing with Skipton and had suffered a financial loss as a result. Mr M asked for his complaint to be considered by 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.

Mr M has complained to Skipton that he received inconsistent pension planning advice and because of this he received a poor level of service. Skipton has admitted that it provided Mr M with poor service in relation to pension planning advice. Our Investigator set out their view on what they thought would be a fair and reasonable amount of compensation for Mr M to receive in respect of this.

However, Mr M has said that he should receive more compensation than the amount recommended in our Investigator's view. I will therefore consider the various elements of Mr M's complaint to Skipton and what, if any, compensation it would be reasonable for Mr M to receive due to any failings by Skipton.

Because Mr M has made several claims in his complaint against Skipton, I will set out my findings on each of these claims in turn to make it easier to read through this decision.

Mr M's claim that Skipton should pay him compensation equal to the amount of tax relief he would've received if he'd paid a lump sum pension contribution.

Mr M has said that he should receive compensation for the income tax relief he would have received if he'd paid a lump sum contribution into a personal pension plan following the suitability reports he received from adviser A. Mr M has claimed that because of the inconsistencies in Skipton's pension planning advice he ended up not making a lump sum pension contribution, so he should be paid the income tax relief he'd otherwise have received.

Adviser B told Mr M on 16 August 2024 that he shouldn't make any lump sum payment into a personal pension. Skipton explained that because of the payments that he was already making into his employer's pension scheme, and the monthly savings he was paying into a personal pension, he would only receive 20% income tax relief against any lump sum that he invested into a personal pension. Adviser B told Mr M that they'd worked out that he would likely be a 40% income taxpayer when he retired. Adviser B said that because Mr M would receive 20% income tax relief on a lump sum pension contribution but would pay income tax at 40% when he drew an income from these pension savings in retirement, then putting any lump sum into a personal pension wouldn't be tax efficient for him.

In an earlier report, dated 9 January 2024, adviser A had also told Mr M that he shouldn't pay any lump sum into his personal pension, but had said that the reason for this advice was because it didn't: *"hold sufficient evidence that this payment will not exceed your annual allowance which may result in a tax charge"*. Therefore, whilst Skipton had told Mr M not to make a lump sum payment into his personal pension in January 2024, Skipton then gave a different reason in August 2024 to explain why Mr M shouldn't make a lump sum pension payment.

I therefore think that Mr M's complaint is about the inconsistency of the pension planning advice that he received from Skipton between March 2023 and August 2024. Mr M had his first meeting with adviser A in March 2023 and then received his first suitability report in April 2023, which recommended that he invest a lump sum into a personal pension plan.

Subsequent suitability reports prepared by adviser A told Mr M that he should invest a lower amount into a personal pension, as they'd made a mistake in the April 2023 report, and then told Mr M that adviser A didn't have enough evidence to determine if he would exceed his

annual allowance. Finally, adviser B told Mr M not to invest any lump sum into a personal pension because of him likely being a 40% income taxpayer in retirement.

Skipton did however recommend that Mr M invest £1,250 a month into a personal pension and Mr M followed this advice and set up these regular savings. Mr M also invested into a stocks and shares ISA and a General Investment Account through advice from Skipton.

My conclusion is that Skipton did provide Mr M with inconsistent and confusing advice between March 2023 and August 2024 on whether he should invest a lump sum into a personal pension. Mr M didn't invest a lump sum into a personal pension. I therefore think it's reasonable to assume that Mr M decided to follow the recommendation given by adviser B in August 2024, when he was told that he shouldn't invest a lump sum into a personal pension.

But I've not seen any evidence to show that Mr M has permanently missed out on making a lump sum contribution into a personal pension or has missed any deadline or opportunity to do so because of any failing by Skipton. Instead, whilst Skipton initially recommended that Mr M make a lump sum contribution into a personal pension, it then later changed this recommendation.

My conclusion is that it wouldn't be fair or reasonable to ask Skipton to pay Mr M an amount equal to the income tax relief that he could've received if he had paid a lump sum pension contribution, when no such pension contribution has been paid.

Mr M's claim that he was "*induced*" to invest with Skipton and that all initial advice fees should be refunded.

Mr M has also said that Skipton should make a full refund all the fees he's paid. I think that Mr M paid initial advice fees when he went ahead with Skipton's recommendation to invest into a stocks and shares ISA and a General Investment Account, and to make regular monthly savings into a personal pension. I think that Skipton's initial advice fees were calculated on a percentage basis and were applied when he went ahead with these investments and saving recommendations.

I've not seen any evidence to show that Mr M paid Skipton a consultancy fee for any of the meetings that he had, or for the suitability reports it sent him, or for the recommendations and advice set out in these reports. Instead, I think that Skipton only applied an initial fee when Mr M went ahead and completed a transaction.

I think this meant that Mr M didn't pay any fee to Skipton for the advice and recommendations it gave him on paying a single lump sum into a personal pension. Also, as Mr M didn't proceed and pay a lump sum into a personal pension, then he didn't pay any initial fee based upon such a transaction. Therefore, as I don't think that Mr M paid Skipton an initial fee for any of the advice it gave him on investing a lump sum into a personal pension, then my conclusion is that there wouldn't be any initial advice fee to refund.

Mr M did however proceed and invest capital into an ISA and a General Investment Account through Skipton. Mr M paid a percentage fee to Skipton for the advice he received on these investments, and for setting up them up. Mr M also paid an initial percentage fee for the monthly pension savings that he went ahead with. Mr M has said that these fees should be refunded to him.

Mr M has claimed that he was “*induced*” to invest with Skipton, through “*promises of competitive fees, assured returns, and alignment with my early retirement goals*”, instead of any alternative investment options he might have considered. Mr M has said that if he hadn’t been “*induced*” to invest through Skipton then he would have considered investing into a buy to let property and would have used a different investment platform to open his ISA and General Investment Account.

Mr M has asked this Service to listen to recordings of the meetings he had with his Skipton advisers as evidence to support his claim. I’ve therefore listened carefully to these recordings.

In the recordings Mr M explains to adviser A that he is considering investing in a buy to let residential property. Mr M also explains how much he is thinking of investing as a deposit to purchase a buy to let property. In the first meeting that Mr M had with Skipton on 3 March 2023 Mr M also says that because he has been considering investing in buy to let property, he’s been referred to Skipton as he wants to find out what other investment options would be available to him. Adviser A then discussed other investments that Mr M could consider, which included investing in a pension, in line with Mr M’s request.

However, adviser A tells Mr M in this meeting that because of the amount of savings and expected inheritance that he has available, then he would have scope to invest capital through Skipton as well as investing in buy to let property, if he wanted to. In the meeting of 20 April 2023 Mr M tells adviser A that he’s now thinking less about investing in buy to let property because of coverage he’s seen on the news. However, adviser A again tells Mr M that he still has scope to invest in both buy to let property and through Skipton if he wanted to.

In a meeting held on 7 July 2023 Mr M explains to adviser A that he’s considering investing through an execution only platform as its fees and charges are less than Skipton’s. Adviser A explained to Mr M that Skipton’s fees are higher as he is paying for advice and service and that if Mr M didn’t want to pay for advice and service then the execution only platform he’s considering would be an option for him.

In the meeting of 14 August 2023, adviser A discusses Skipton’s forecast investment returns with Mr M. Adviser A outlines Skipton’s “*highest*”, “*lowest*” and “*average*” forecast returns over a 10-year period, of which the lowest is a loss of 35%. But I think that adviser A is only talking about Skipton’s forecast returns, and not “*assured*” returns as Mr M has claimed.

In this meeting adviser A also discusses with Mr M how in future tax years it will be possible to move capital from his General Investment Account to use annual ISA allowances and to invest in a personal pension. But, on balance, I don’t think that it would be reasonable to conclude that these discussions were sufficient to “*induce*” Mr M to invest with Skipton. Instead, I think that this discussion explained the future service that Skipton could offer to Mr M.

In the suitability reports that Skipton sent to Mr M on 20 April 2023 and 9 January 2024, Skipton told him under the heading “*Risk warnings*”: “*Unit prices and the value of your investment can go down as well as up. Past performance is not a guide to future returns. There’s no guarantee you’ll get back what you originally invested*”. I think it’s reasonable to conclude that Mr M should have understood from reading this that Skipton wasn’t promising him “*assured*” returns but was instead telling him that he could get back less than he invested.

My conclusion is that having listened to the meeting recordings, and read through the suitability reports sent by Skipton, I've not heard or seen evidence to support Mr M's claim that he was "*induced*" into investing with Skipton which then prevented him from investing into a buy to let property or using the execution only platform he'd found, if he'd wanted to.

I therefore don't think it would be fair or reasonable to ask Skipton to refund the initial advice fees paid by Mr M for the transactions he went ahead with.

Mr M's claim that ongoing advice fees should be refunded.

In addition to the initial advice fees that Mr M paid, he also paid ongoing advice fees to Skipton after he went ahead with some of the advice and recommendations Skipton gave him. As I've said above, Skipton has admitted that it provided Mr M with poor service on investing a lump sum into a personal pension. I've also said above that I think Skipton provided Mr M with poor service between March 2023 and August 2024 and because of this I think it's fair and reasonable that Skipton refund any ongoing advice fees that Mr M paid between these dates.

Mr M's claim that he would have invested capital earlier if it hadn't been for errors made by Skipton.

I also think that if Skipton had told Mr M before 16 August 2024 that he shouldn't invest a lump sum into a personal pension for the reasons explained by adviser B, it's likely that Mr M would have invested capital into his stocks and shares ISA and General Investment Account earlier than he did. I say this because Skipton has said in its response letter to Mr M's complaint that Mr M did invest capital that was intended for a personal pension into a stocks and shares ISA and a General Investment Account, after he'd been told not to invest a lump sum into a personal pension by adviser B.

If Mr M had invested into his ISA and General Investment Account earlier than he did then it's possible that this earlier investment might have generated a return for him. I therefore think it's reasonable that Skipton should complete an assessment to determine if Mr M has suffered a financial loss because of its error.

Mr M's claim that Skipton should pay for an independent financial adviser to review his financial affairs.

Mr M has also said that Skipton should pay the cost for an independent financial adviser to review his financial affairs and to rectify his financial planning. Mr M has complained about the inconsistency of the lump sum pension planning advice he received from Skipton. But Mr M didn't make any lump sum contribution into a personal pension, so didn't go ahead with the advice that he initially received from Skipton. Also, as I've said above, I think that Skipton should complete a loss assessment to identify if its error resulted in Mr M suffering a financial loss. I therefore don't think it would be reasonable or fair to also ask Skipton to pay for an independent financial adviser to review Mr M's finances.

Mr M's claim that Skipton should compensate him for the capital gains tax liability he paid when he encashed his General Investment Account.

Mr M moved his financial planning and investments away from Skipton to invest through a different investment service. Mr M has said that he made the decision to move his investments himself but has complained that he had to pay a capital gains tax charge when he sold down the investments in his General Investment Account. Mr M has said that Skipton should reimburse him for this tax charge.

I've not seen any evidence to show that Skipton gave Mr M any advice or recommendations on moving his investments to a different provider, or it told him that he had to move his investments elsewhere. Instead, I think that the decision to move investments away from Skipton, and the timing of when the investments in the General Investment Account were sold, was Mr M's alone. I also think that because Mr M paid a capital gains tax charge when he sold down his Skipton investments, then those investments had produced a profit for him, which I think would've been in line with his investment objectives.

In the recorded meeting of 14 August 2023 adviser A explains to Mr M that profits from his General Investment Account could be subject to capital gains tax and explains what his annual capital gains tax allowance is. Skipton also tell Mr M about his capital gains tax allowance in its suitability report of 9 January 2024.

I therefore think it reasonable to conclude that Mr M should have been aware from the information that Skipton had previously given to him that profits from his General Investment Account could be subject to capital gains tax. As I also think it was Mr M's decision to encash his Skipton's investments, and that Skipton hadn't given him any advice or recommendations on this encashment, then it wouldn't be fair or reasonable to ask Skipton to reimburse Mr M for the capital gains tax bill that he paid.

Summary

My conclusion is that Skipton caused Mr M distress and inconvenience due to the inconsistent and confusing advice it gave him on investing a lump sum into a personal pension. I also think that if Skipton hadn't provided Mr M with this inconsistent advice he would've likely invested into his stocks and shares ISA and General Investment Account earlier than he did.

Finally, I think that it wasn't fair or reasonable for Skipton to have applied ongoing service and advice fees for the period during which it was providing Mr M with confusing and inconsistent advice on investing a lump sum into a personal pension.

I am therefore upholding these elements of Mr M's complaint and will now consider what actions Skipton should take to put things right for him. I am however unable to uphold the other elements of Mr M's complaint for the reasons set out above.

Putting things right

I think that Skipton should repay any ongoing fees that Mr M paid up until it provided the recommendation not to invest a lump sum into a personal pension on 16 August 2023. Mr M had his first meeting with Skipton on 3 March 2023 and then provided him with his first suitability report on 20 April 2023. Skipton should therefore refund all ongoing advice fees that Mr M paid between 3 March 2023 and 16 August 2024 inclusive. Skipton should also pay interest on the refunded fees calculated at 8% simple from the date that the ongoing fee was paid, up until the date of settlement.

I've set out above why I think Mr M would've likely invested into his stocks and shares ISA and General Investment Account earlier than he did if it hadn't been for Skipton's errors. Skipton should therefore now complete a loss assessment to identify if Mr M has suffered a financial loss due to its errors and then compensate him for any loss identified.

Skipton should now:

- Calculate the actual value of Mr M's stocks and shares ISA and General Investment Account on the date that these investments were encashed to then transfer to another investment provider. I will refer to the date that Mr M encashed his Skipton stocks and shares ISA and General Investment Account to then transfer the proceeds to a different investment provider as the "*end date*". This is figure "*X*".
- Calculate what the notional value of what Mr M's investments would have been on the end date if Mr M had started his investments on 20 April 2023, the date that Mr M received his first suitability report from Skipton. This is figure "*Y*".
- The notional value ("*Y*") should be compared with the actual value ("*X*") of Mr M's investments. If the actual value ("*X*") is greater than the notional value ("*Y*"), no compensation is payable. If the notional value ("*Y*") is greater than the actual value ("*X*"), there is a loss and compensation is payable.

If, having completed its calculations, Skipton identifies a loss, Skipton needs to compensate Mr M for that loss. Interest should also be paid on this loss, calculated from the end date to the date of settlement at 8% simple.

As I've also said above, I think that Skipton's errors caused Mr M distress and inconvenience. Skipton sent Mr M his first suitability report, which recommended investing a lump sum into a personal pension, on 20 April 2023, but then didn't give a final recommendation that Mr M shouldn't pay a lump sum into a personal pension until 16 August 2024. I therefore think that Skipton's errors caused Mr M more than the levels of frustration and annoyance he might reasonably expect from day-to-day life. I also think that Skipton's errors caused Mr M inconvenience over many months.

Skipton has already offered to pay Mr M compensation of £500 for the distress and inconvenience he suffered. But because of the length of time over which Skipton gave Mr M inconsistent and confusing pension lump sum advice, I don't think that amount of compensation is sufficient in this case. Instead, I think it would be fair and reasonable for Skipton should pay Mr M compensation of £750 in respect of the distress and inconvenience its actions caused.

My final decision

My final decision is that I uphold part of Mr M's complaint and that Skipton Building Society should now compensate Mr M as I've detailed above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 9 July 2025.

Ian Barton
Ombudsman