DRN-5527264

The complaint

Mr V complains that the due diligence that DP Pensions Limited (DP Pensions) carried out when accepting his self-invested personal pension (SIPP) application and the investment was not sufficient.

What happened

Mr V has said that he was offered a review of his pensions by an adviser I will refer to as Mr A, who he knew through a family member. He believes he first spoke to him on the telephone and says he was offered a pension review. Mr V says he understood Mr A was a financial adviser. Following the review Mr V says he was advised to open a SIPP with DP Pensions, transfer in his existing personal pension plan (PPP) and make an investment into an overseas property fractional ownership investment (Rimondi Grand). He hadn't been looking to move his pension at the time.

A SIPP application was provided to DP Pensions in May 2010, along with a "*Broker Agreement*" signed by Mr V on 5 May 2010, it said that a firm I will refer to within this decision as Firm H had been appointed by Mr V and that a fee of £499 would be payable from his SIPP for the arrangement of the SIPP along with an ongoing fee of 1% of the total investments held. The SIPP was set up on 17 May 2010. Mr V's PPP was transferred into the SIPP on 26 May 2010.

Firm H were not authorised or regulated by the regulator at the time.

DP Pensions have provided a list of transactions within the SIPP. On 11 June 2010 '*IFA Fees*' were paid in the sum of £499 then an investment in the sum of £13,957.84 was made into Rimondi Grand on 6 July 2010. On 28 June 2011 an '*IFA Fees*' was paid in the sum of £161.01.

An extract has been provided about the Rimondi Grand investment by DP Pensions:

> *"For the initial two-year period from the Resort opening, the Developer guarantees that you will receive a 6% net return each year. Following the rental guarantee period, you will receive 50% of the income generated for the weeks assigned to you. The remaining 50% of the income is retained by Resort Management Company for the marketing and servicing of the property and the Resort.*
>
> *Where the annual Net Rental Income received is lower than the average annual Net Rental Income for Owners of the Properties of the same type within the Resort, the Management Company shall subsidise the Owner's income to meet the average annual Net Rental Income for the Property type".*

Mr V's SIPP received nine rental income payments from December 2011 to December 2013, the final payment was received on 20 December 2013.

In July 2015 DP Pensions wrote to Mr V, they expressed concern about the lack of rental income from the investment. They explained that they were chasing both Alternative Asset Alliance and the hotel management company (Paolo Management Services):

> *"Alternative Asset Alliance confirmed that one of their employees was flying to Crete in order to get a better understanding from the Property Managers as to what is happening."*

And that Mr V would be able to take legal action due to the agreement he had in place and asked him to let them know what he would like to do:

> *"When making the investment you entered into a SIPP Rental and Services Agreement with the hotel Management Company to pay your SIPP a rental payment each year relating to the SIPPs share of the rental income. We believe that they are in default of this agreement and as such you have the option of taking legal action. The Agreement is subject to English Law and therefore action should be possible via the English legal system."*

Then in August 2015 DP Pensions forwarded a client update from Paolo Management Services about the investment to Mr V. This explained that as well as political and economic issues in Greece there had been some technical issues with their payment systems. That they were manually working through payments for customers and apologised for the payment delays.

In November 2015 DP Pensions received a subject access request (SAR) from a CMC (Firm M) acting on behalf of Mr V. Firm M is no longer trading, and DP Pensions didn't receive a complaint from them. On 21 December 2015 DP Pensions responded to the SAR, they provided some information and set out:

> *"The authority form signed by the client states "I believe I have been mis-sold a pension." DP Pensions Limited (FRN: 463171) is a SIPP administration company and is not authorised to provide financial advice."*

In January 2016 DP Pensions wrote again to Mr V, they provided correspondence they had received from Paulo Management Service. It set out again that they apologise for the delay in rental income payments and:

> *"We understand that some clients are unnecessarily concerned about the money they invested to purchase their property at the resort. It is important to remind everybody that the properties purchased from the developer of the resort are separate to the rental and management that we perform. The properties are what we call "immovable objects" and therefore the funds used to purchase them, are secured on those properties and the property remains yours to do as you wish."*

On 23 February 2021 Mr V raised a complaint with DP Pensions, via a different CMC than Firm M. They said that DP Pensions had not carried out sufficient due diligence when accepting his SIPP application and allowing the Rimondi Grand investment. He asked to be put back into the position he would have been in but for DP Pensions' acceptance of his business.

DP Pensions provided their final response on 9 April 2021. They argued that the complaint had been made too late and could not be considered.

An Investigator provided their view of Mr V's complaint. They said it had been made in time. That was because Mr V would not have reasonably known he could raise a complaint about

the due diligence DP Pensions carried out until it was well publicised following the Berkeley Burke SIPP Administration Ltd v Financial Ombudsman Service judgement (BBSAL).

DP Pensions did not agree with the assessment and so it was passed for an ombudsman to consider.

This case was allocated to me, I issued a jurisdiction decision on 6 February 2025. I said I could see no evidence that Mr V was aware, or ought reasonably to have been aware, more than three years prior to raising a complaint with DP Pensions in February 2021, that they may have done something wrong and may be wholly or partly responsible for the position he was in of having lost his pension investments. So, I was satisfied this complaint has been brought in time and that it's one we can consider.

The complaint was passed to an Investigator to consider it's merits. Additional submissions were made by DP Pensions in relation to this Service's jurisdiction, they said, in summary:

- That they agree the three year period begins from when Mr V knew, or ought to have known he had cause to complain about DP Pensions. Their argument is that this was in November 2015, based on the contents of the letter of authority Mr V signed at this time.
- DP Pensions reiterated their arguments that the letter of authority clearly demonstrates Mr V had an awareness of a potential complaint about DP Pensions.
- Documentary evidence must take precedence over Mr V's recollection, which has been limited and it has been a long time since the events took place.
- It's illogical to suggest DP Pensions believed Mr V was considering a complaint against the party who provided him with financial advice, following their response to the SAR request. When no financial adviser had been appointed to the SIPP.
- DP Pensions didn't need to do or say anything to Mr V to make him think they were (or could potentially be) responsible for his loss.
- The point made within the jurisdiction decision - *"if DP Pensions were unclear on the extent of their own obligations its difficult to understand how they can argue that Mr V, as a retail client, ought to have known about and linked those obligations to his situation at the time."* overlooks that Mr V instructed Firm M who were clearly focussing on DP Pensions' role.
- Firm M's social media accounts show they had knowledge of SIPP provider's obligations prior to the BBSAL judgement.

And about the merits of Mr V's complaint DP Pensions said, in summary:

- Mr V was treated as a direct client, no introducer was involved.
- Firm H acted as a broker.
- There was no introducer agreement between DP Pensions and Firm H.
- DP Pensions understood Firm H was a trading name of a regulated firm that I will refer to as Firm P. Firm H shared the same address, bank details and their logo appeared on Firm P's email correspondence. DP Pensions provided an email from Mr A liaising with them about another consumer's broker fee. Mr A's role is noted as '*Alternative Assets Advisor*', his email address is a Firm P address with Firm H's logo after his signature. The broker agreement Mr V signed had Firm P written on it and then crossed out, it was clearly a Firm P template.
- DP Pensions was reasonably entitled to place reliance on Firm H given it was a trading name of Firm P, a regulated advisory firm.

- DP Pensions considered that whilst Firm H was not on the regulator's register as a stand-alone name, it was a trading name of a regulated entity. DP Pensions, though not required to do so, satisfied themselves that this was an appropriate entity from which they could accept business.
- Had DP Pensions believed Firm H were carrying out the business of an introducer, they would have only accepted business once detailed due diligence had been carried out to establish they were regulated, had the appropriate permissions and were providing the consumer with financial advice.
- DP Pensions received four requests from consumer's to pay a broker fee to Firm H and two to pay a broker fee to Firm P, all six invested in Rimondi Grand.
- Internal due diligence sign off on the Rimondi Grand investment was dated 1 February 2010. This sets out that DP Pensions found *"nothing about the investment that could give rise to any tax liability and that the investment is within HMRC's permitted list of investments for SIPPs".* The document lists the selling agent as A World Overseas – a trading name of House Apart Ltd.
- No valuation was obtained by DP Pensions at the time – DP Pensions say this could be provided on request from the Trustees – Citadel Trustees Ltd.
- The investment is illiquid, but has not failed. The Rimondi Grand resort is fully operational.

At the time of the transaction, around May 2010, Firm P was an appointed representative (AR) of Firm C. Neither Firm P or Firm C list Firm H as a having been trading name of theirs on the FCA register. Firm C were not permitted to provide pension advice, and so they were not able to pass permission to do so to their AR Firm P.

An Investigator reviewed Mr V's complaint and provided their assessment. The Investigator reiterated that the complaint was within this Service's jurisdiction and they upheld it. I won't repeat the jurisdictional points here, but the investigator's uphold view was on the basis, in summary:

- DP Pensions say that Mr V was a direct client. However they were aware of the involvement of Firm H, who they have said they believed was a trading name of Firm P. Based on the evidence and Mr V's testimony the investigator was persuaded that there was an introducer involved (Firm H) and that DP Pensions were aware.
- Firm H were not regulated by the FCA.
- Firm P was an AR of Firm C at the time of Mr V's business introduction.
- Firm C were not permitted to provide pension or investment advice, and so even if Firm P were linked to Firm H, they were not permitted to provide pension or investment advice to Mr V in any case.
- DP Pensions ought to have been concerned about the application they received from Mr V, which should have prompted them to make some enquiries, because:

    - He proposed to invest into a non-standard, high risk investment which are typically held by sophisticated investors. Mr V wasn't a sophisticated investor, which was apparent by his occupation listed within the SIPP application form.
    - Mr V proposed to transfer a relatively small pension, it is unusual for such a small pension to be transferred to a SIPP and invested into a high-risk investment.
    - He had been introduced by an unregulated firm.

- Had DP Pensions undertaken adequate due diligence they would have found that Mr V had been advised by an unregulated introducer and declined his application.
- Mr V wouldn't have gone on to switch his pension, or make the investment he did had DP Pensions declined his application.
- In order to resolve the complaint DP Pensions should carry out a redress calculation to put Mr V back into the position he would have been in had he not transferred his PPP into the SIPP. And DP Pensions should pay £500 compensation for the distress and inconvenience Mr V has been caused and provide details of the calculation to Mr V in a clear format.

In response to the assessment Mr V's representatives asked for interest to be applied if DP Pensions caused a delay to the redress being paid. DP Pensions responded to the Investigator's view, I won't reiterate repeated arguments here, but in summary about this Service's jurisdiction they added:

- Firm M's letter of authority names the pension provider as DP Pensions and so the only logical conclusion is that Firm M were referring to DP Pensions in their January 2020 letter.
- Reiterated their jurisdictional arguments in relation to the contents of the letter of authority.
- Mr V would have gained an awareness from Firm M's social media posts that SIPP providers can be liable in relation to pension transfers. He didn't need to be aware of the specific details of what obligations a SIPP provider may be in breach of.

DP Pensions made no further comments in relation to the merits of Mr V's complaint. The investigator contacted DP Pensions to let them know that there may not be any further opportunities to provide information prior to a final decision.

As no agreement could be reached the complaint was passed to an ombudsman for consideration.

DP Pensions have continued to comment on this service's jurisdiction, following my jurisdiction decision. I have considered the arguments put forward, I have not seen anything that changes my position and so, for the reasons set out within my jurisdiction decision, this service has jurisdiction to consider this complaint. I will go on to address the merits below.

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 considered all the submissions made by the parties. However, I trust that they won't take the fact that my decision focusses on what I consider to be the central issues as a discourtesy. The purpose of this decision is not to comment on every individual point or question the parties have made, rather it is to set out my findings and reasons for reaching them. Having carefully considered all of the evidence I am upholding Mr V's complaint. I will go on to explain why below.

Relevant considerations

When considering what's fair and reasonable in the circumstances, I need to take account of relevant law and regulations, Regulator's rules, guidance and standards and codes of practice, and what I consider to have been good industry practice at the time. Where the

evidence is incomplete, inconclusive or contradictory, I reach my conclusions on the balance of probabilities – that is, what I think is more likely than not to have happened based on the available evidence and the wider surrounding circumstances.

I have taken a number of considerations into account:

- The Financial Services and Markets Act 2000 ("FSMA").
- Court decisions relating to SIPP operators, in particular *Options UK Personal Pensions LLP v Financial Ombudsman Service Limited* [2024] EWCA Civ 541 (*"Options"*) and the case law referred to in it including:
    - *Adams v Options UK Personal Pensions LLP* [2021] EWCA Civ 474 ("*Adams"*)
    - *R (Berkeley Burke SIPP Administration) v Financial Ombudsman Service* EWHC 2878 (*"Berkeley Burke"*)
    - *Adams v Options SIPP UK LLP* [2020] EWHC 1229 (Ch) (*"Adams – High Court"*)
- The Financial Services Authority (FSA) and FCA rules including the following:
    - PRIN Principles for Business
    - COBS Conduct of Business Sourcebook
    - DISP Dispute Resolution Complaints
- Various regulatory publications relating to, or relevant to, SIPP operators and good industry practice.

The regulatory publications and good industry practice:

The regulator issued a number of publications which reminded SIPP operators of their obligations, and which set out how they might achieve the outcomes envisaged by the Principles, namely:

The 2009 and 2012 Thematic Review Reports.
The October 2013 finalised SIPP operator guidance.
The July 2014 *"Dear CEO"* letter.

The 2009 Report included:

> *"We are very clear that SIPP operators, regardless of whether they provide advice, are bound by Principle 6 of the Principles for Businesses ('a firm must pay due regard to the interests of its clients and treat them fairly') insofar as they are obliged to ensure the fair treatment of their customers….*
>
> *We encountered a relatively widespread view among small SIPP operators that the bear little or no responsibility for the quality of the SIPP business that they administer, as this is the responsibility of the clients' advisers. As a result, some SIPP operators have not been taking basic measures such as checking, on an ongoing basis, that advisers who introduce clients to them are FSA authorised and have appropriate permissions…*
>
> *We agree that firms acting purely as SIPP operators are not responsible for the SIPP advice given by third parties such as IFAs. However, we are also clear that SIPP operators cannot absolve themselves of any responsibility, and we would expect them to have procedures and controls, and to be gathering and analysing management information, enabling them to identify possible instances of financial crime and consumer detriment such as unsuitable SIPPs. Such instances could then be addressed in an appropriate way, for example by contacting the members to*

confirm the position, or by contacting the firm giving advice and asking for clarification. Moreover, while they are not responsible for the advice, there is a reputational risk to SIPP operators who facilitate SIPPs that are unsuited or detrimental to clients.

Of particular concern were firms whose systems and controls were weak and inadequate to the extent that they had not identified obvious potential instances of poor advice and/or potential financial crime.

The following are examples of measures that SIPP operators could consider, taken from examples of good practice that we observed and suggestions we have made to firms:

- *Confirming, both initially and on an ongoing basis, that intermediaries that advise clients are authorised and regulated by the FSA, that they have the appropriate permissions to give the advice they are providing to the firm's clients, and that they do not appear on the FSA website listing warning notices.*
- *Having Terms of Business agreements governing relationships, and clarifying respective responsibilities, with intermediaries introducing SIPP business.*
- *Routinely recording and reviewing the type (i.e. the nature of the SIPP investment) and size of investments recommended by intermediaries that give advice and introduce clients to the firm, so that potentially unsuitable SIPPs can be identified.*
- *Being able to identify anomalous investments, e.g. unusually small or large transactions or more 'esoteric' investments such as unquoted shares, together with the intermediary that introduced the business. This would enable the firm to seek appropriate clarification, e.g. from the client or their adviser, if it is concerned about the suitability of what was recommended.*
- *Requesting copies of the suitability reports provided to clients by the intermediary giving advice. While SIPP operators are not responsible for advice, having this information would enhance the firm's understanding of its clients, making the facilitation of unsuitable SIPPs less likely.*
- *Routinely identifying instances of execution-only clients who have signed disclaimers taking responsibility for their investment decisions, and gathering and analysing data regarding the aggregate volume of such business.*
- *Identifying instances of clients waiving their cancellation rights, and the reasons for this."*

The 2009 and 2012 Thematic Review Reports and the *"Dear CEO"* letter are not formal guidance (whereas the 2013 finalised guidance is). However, all of the publications provide a *reminder* that the Principles for Businesses apply and are an indication of the kinds of things a SIPP operator might do to ensure it is treating its customers fairly and produce the outcomes envisaged by the Principles. They did not introduce new rules or requirements. They therefore have relevance in a case such as this one where the events complained about occurred before some of the publications were issued.

The publications setting out the regulators' expectations of what SIPP operators should be doing also go some way to indicate what I consider amounts to good industry practice. I am therefore satisfied it is appropriate to take them into account.

What did DP Pensions' obligations mean in practice?

I am satisfied that to meet its regulatory obligations when conducting its operation of SIPP business, DP Pensions had to decide whether to accept or reject SIPP applications and/or particular investments with the Principles in mind. I say this based on the overarching nature of the Principles (as is clear from the case law) and based on good industry practice.

I am satisfied that a non-advisory SIPP operator could decide not to accept a SIPP application or a request to make an investment without giving advice. And I am satisfied that in practice many non-advisory SIPP operators did refuse to accept business and/or refuse to make certain investments without giving advice.

It is my view that a non-advisory SIPP operator should have due diligence processes in place to check the applications it receives, and to check the investments they are asked to make on behalf of members or potential members. And DP Pensions should have used the knowledge they gained from their due diligence checks to decide whether to accept or reject an application or make a particular investment.

DP Pension's position in broad terms:

In broad terms, DP Pension's position is:

- They understood that Mr V was a direct client.
- Firm H acted as a broker, not an introducer.
- They understood Firm H to be a trading name of Firm P (a regulated firm) and so were reasonably entitled to rely on them.
- They carried out due diligence checks on the Rimondi Grande investment that was made.

What DP Pension's ought to have done

At the time of the application Mr V was around 40 years of age, his occupation was recorded and not linked to finance or pensions, or investing. He indicated within the SIPP application that he would be transferring a total of £18,000 and investing the full amount into a commercial fractional property purchase. Although the SIPP application didn't name an adviser, accompanying it was a '*broker*' agreement with Firm H.

I think DP Pensions ought to have identified Mr V's business as having a significant risk of consumer detriment. I say that because it contained a number of anomalous features as described by the regulator in their 2009 Thematic Report:

- He was transferring a relatively small sum into the SIPP, which is unusual.
- Almost all of the pension monies were being invested into a high risk and esoteric investment which is not usually suitable for retail consumers.
- Payment was being made to a party they understood to be a regulated advisory firm, but seemingly no advice had been declared as being given to Mr V.

DP Pensions have explained that they took comfort in Firm H being linked to Firm P – a regulated firm. I think it was right for DP Pensions to have considered what role Firm H played within Mr V's application. I appreciate DP Pensions have said they don't consider Firm H to have been acting as an introducer – however, they were aware of their involvement in assisting Mr V with his application in some capacity. And this, along with the features I have mentioned above should have prompted DP Pensions to carry out further checks prior to accepting Mr V's business.

I think DP Pensions ought to have reached out to Mr V to enquire how he came to make his application. Had they done so it's most likely that Mr V would have been honest with them and explained that he had been advised to do so by Mr A of Firm H.

DP Pensions have said they wouldn't have accepted business from Firm H prior to carrying out due diligence on them to establish they were regulated, had the appropriate permissions and were providing Mr V with financial advice.

Had DP Pensions spoken to Mr V, they would have become aware he had been advised by Firm H, and therefore carried out due diligence on them. Which I think would have been the right thing for them to have done. They would have established that Firm H did not have permission to provide Mr V pension transfer advice. And so, DP Pensions would not have accepted Mr V's business.

DP Pensions have said they understood Firm H was a trading name of Firm P. Had DP Pensions checked the register, which they ought to have done, they would have seen that it wasn't. And even if DP Pensions thought that the advice had been provided by Firm P, Firm P's principle at the time did not have permission to provide pensions advice either. So, DP Pensions would have established that they wouldn't accept business from Firm P either.

Therefore, had DP Pensions carried out sufficient due diligence, they would not have accepted Mr V's business and let him know that it had been declined.

I've thought about what Mr V would have done had DP Pensions refused his business. Mr V has said he wasn't seeking to transfer his pension, so I don't think he would have found a new adviser firm. And even if he had done so, I think it's very unlikely that a regulated adviser would have provided him with positive advice to carry out this transaction. I say that because he was transferring a small amount into a SIPP which likely had higher fees, to make a high risk investment with almost his full pension fund. I think it's most likely Mr V would have thought about what DP Pensions had to say about not accepting his business – and most likely left his pension where it was.

Summary

DP Pensions knew Firm H were involved with Mr V's introduction as they were mentioned within Mr V's application documents. And, Mr V's business introduction had anomalous features so they should have made further enquiries about how the introduction came about. I think it would be reasonable for DP Pensions to have contacted Mr V – and had they done so Mr V would likely have explained he had been advised by Firm H to transfer his pension and make the investment.

DP Pensions have said they wouldn't have accepted business from Firm H until they had carried out sufficient due diligence to make sure they had provided advice and had the correct permissions to do so. Firm H were not regulated, and they were not a trading name of Firm P. And, even if it had been Firm P who provided the advice – they were not regulated to do so either which DP Pensions would have discovered.

And so, DP Pensions would not have accepted Mr V's business had they carried out sufficient due diligence into the role of Firm H or Firm P in his introduction. And, because Mr V had not been looking to transfer his pension – I think it's most likely that had they refused his business Mr V would not have transferred his pension at all.

Investment due diligence

I've not gone on to consider the due diligence DP Pensions carried out on the investment that Mr V made. That's because they wouldn't have accepted his business if they had carried out sufficient due diligence on the introduction of Mr V's business. And so, Mr V would never have been in the position of making the investment within a DP Pensions SIPP.

Putting things right

In assessing what would be fair compensation, my aim is to put Mr V as close as possible to the position he would probably now be in if he hadn't switched his pension into a SIPP and made the investment he did.

I think Mr V would have remained with his previous provider; however I cannot be certain that a value will be obtainable for what the previous policy would have been worth. I am satisfied what I have set out below is fair and reasonable, taking this into account and given Mr V's circumstances when he invested.

What should DP Pensions do?

To compensate Mr V fairly I direct DP Pensions to:

- Compare the performance of Mr V's pension with the notional value if it had remained with the previous provider. If the actual value is greater than the notional value, no compensation is payable. If the notional value is greater than the actual value, there is a loss and compensation is payable.

- DP Pensions should also add any interest set out below to the compensation payable.

- If there is a loss, DP Pensions should pay into Mr V's pension plan, to increase its value by the amount of the compensation and any interest. The payment should allow for the effect of charges and any available tax relief. DP Pensions shouldn't pay the compensation into the pension plan if it would conflict with any existing protection or allowance.

- If DP Pensions are unable to pay the compensation into Mr V's pension plan, they should pay that amount direct to him. 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 Mr V won't be able to reclaim any of the reduction after compensation is paid.

- The notional allowance should be calculated using Mr V's expected marginal rate of tax at his selected retirement age as a basic rate taxpayer, so the reduction would equal 20%. However, if Mr V would have been able to take a tax free lump sum, the reduction would be applied to 75% of the compensation, resulting in an overall reduction of 15%.

- In addition, DP Pensions should pay Mr V £500 for the distress and inconvenience he has been caused due to the shock of his pension fund becoming illiquid and the worry about the future of his pension.

- Provide the details of the calculation to Mr V in a clear, simple format.

Actual value

This means the actual value of the pension as at the date of this decision.

If, as at the date of this decision, any investment in the pension is illiquid (meaning it cannot be readily sold on the open market), it may be difficult to find the actual value of the pension. So, DP Pensions should take ownership of any illiquid investments within the pension by paying a commercial value acceptable to them. This amount DP Pensions pays should be included in the actual value before compensation is calculated.

If DP Pensions are unable to purchase any illiquid investment the value of that investment should be assumed to be nil when arriving at the actual value of the pension. DP Pensions may wish to require that Mr V provides an undertaking to pay them any amount he may receive from that investment in the future. The undertaking must allow for any tax and charges that would be incurred on drawing the receipt from the pension plan. DP Pensions will need to meet any costs in drawing up the undertaking.

Notional Value

This is the value of Mr V's pension had it remained with the previous provider until the date of my final decision. DP Pensions should request that the previous provider calculate this value.

Any additional sum paid into the SIPP should be added to the notional value calculation from the point in time when it was actually paid in.

Any withdrawal from the SIPP should be deducted from the notional 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, DP Pensions can total all those payments and deduct that figure at the end to determine the notional value instead of deducting periodically.

If the previous provider is unable to calculate a notional value, DP Pensions will need to determine a fair value for Mr V's pension instead, using this benchmark: FTSE UK Private Investors Income Total Return Index. The adjustments above also apply to the calculation of a fair value using the benchmark, which is then used instead of the notional value in the calculation of compensation.

The SIPP only exists because of illiquid assets. In order for the SIPP to be closed and further fees that are charged to be prevented, those investments need to be removed. I've set out above how this might be achieved by DP Pensions taking over the investments. But that may not be possible.

Third parties are involved, and we don't have the power to tell them what to do. If DP Pensions are unable to purchase the investment, to provide certainty to all parties I think it's fair that DP Pensions waive the ongoing SIPP fees until such time that the investment can be removed and the SIPP closed.

Why is this remedy suitable?

I've chosen this method of compensation because:

- Mr V wanted capital growth and was willing to accept some investment risk.

- If the previous provider is unable to calculate a notional value, then I consider the measure below is appropriate.

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.

Although it is called income index, the mix and diversification provided within the index is close enough to allow me to use it as a reasonable measure of comparison given Mr V's circumstances.

Should DP Pensions take longer than 28 days to pay the above redress following the date of my final decision they should pay 8% simple interest per annum on the total compensation calculation from the date of this Final Decision to the date of settlement.

If DP Pensions considers that it's required by HM Revenue & Customs to deduct income tax from interest paid, it should tell Mr V how much it's taken off. It should also give Mr V a tax deduction certificate if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.

My final decision

I uphold Mr V's complaint about DP Pensions Limited and direct them to pay redress as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr V to accept or reject my decision before 19 January 2026.

Cassie Lauder
Ombudsman