DRN-5592739

The complaint

Miss A's complaint is about the service provided by Curo Advisers Limited (Curo) in setting up a pension for her with money from a pension sharing order (PSO).

What happened

Miss A was advised by Curo in late 2019. There's a suitability letter dated 16 December 2019. But Miss A says she didn't receive it at the time. And differing copies of the letter have been produced by Curo. However, it recorded that Miss A expected to receive, by way of the PSO, funds from three pension plans totalling £454,522.56. The main aim was to provide an income for Miss A as well as a capital lump sum to enable her to pay off some outstanding debts and undertake some home improvements. Miss A didn't have an existing personal pension, so a suitable contract had to be sourced. Curo recommended a Retirement Account (RA), which is a SIPP (self invested personal pension), with a provider I'll call Provider P.

The report which Curo says was sent to Miss A said that 72% of the funds should be invested in a named cautious fund with Provider P which matched Miss A's low (3 out of 10) attitude to risk. But Miss A says the report she received said that 100% of her fund would be invested in that cautious fund. And other information had also been changed or omitted. But the main discrepancy was the percentage to be invested.

Miss A accepted the recommendation and a RA with Provider P was set up. The investment instruction given by Curo in December 2019 was to invest 71.84% of Miss A's funds in the named cautious fund with Provider P. The remainder of the fund was to be left in cash. Whereas Miss A's understanding was that all of her fund would be invested in the cautious fund.

There were some delays on Provider P's part in investing one of the transfer payments and compensation for loss of growth was paid to Miss A, interest because tax free cash could've been paid earlier and a sum for distress and inconvenience. I think Provider P also paid compensation to Curo for the extra work incurred due to Provider P's delays.

There's a letter from Provider P dated 25 May 2021 to Curo saying that Miss A had appointed a new financial adviser for her RA and Curo would no longer receive any information or ongoing adviser charges.

Miss A says it was only after she'd appointed a new adviser that she found out that some of her fund had been left in cash. And her new adviser told her she should've received a suitability report. It was only after she'd requested it several times from Curo that she eventually received the suitability report – and, as I've said above, there were discrepancies in the versions supplied. On the advice of her new adviser she called Provider P, in November 2021, and instructed Provider P to move the funds out of cash and into the same cautious fund as the balance of her fund was invested in.

Miss A complained to Curo in October 2024. She said Curo hadn't set up her pension correctly by failing to invest 100% of the funds. She'd been made aware by her new adviser that a large amount had been left in cash and she'd lost out on investment growth. And, when she'd originally spoken with Curo's adviser about setting up her pension, an initial fee of £10,000 and an ongoing fee of 0.5% pa was agreed. But, once the pension had been set up, she received a letter from Provider P showing the initial fee charged was £12,000 and the ongoing fee was 0.75% pa. Curo's adviser eventually refunded the additional £2,000 and reset the ongoing fee to 0.5% pa. Miss A further says the adviser was intimidating and rude to her and accused her of discussing her pension with her family. She's provided some WhatsApp messages from Curo's adviser in February 2021. She says it was that exchange which led to her seeking a new adviser.

In response Curo said the reason for placing some of the funds in cash was due to an anticipated substantial withdrawal, although that's not recorded in the suitability letter. But, if Miss A could evidence she hadn't made withdrawals, Curo would be inclined to agree the advice was unsuitable and consider the loss of growth claimed. Curo also accepted there were discrepancies in the documentation regarding the fees for which they apologised but Curo understood this had been resolved to Miss A's satisfaction. It was regrettable if Miss A had found the adviser's communications intimidating but Curo didn't consider that was a reasonable description of how the adviser had come across. Curo welcomes family input but the feedback Miss A gave to her adviser seemed to suggest another individual was giving her financial advice, despite being possibly unauthorised to do so and which put Curo's adviser in a difficult position.

After discussions with our service, Curo accepted there'd been failings in the initial advice. Curo was prepared to cover the loss of growth arising from the funds not having been invested 100%. But only up to May 2021 when Miss A had appointed a new adviser.

Our investigator issued her view on 18 March 2025. She thought Curo's offer was fair and reasonable. The investigator noted that Miss A had appointed a new adviser in May 2021. And Miss A would've received an annual statement before she dispensed with Curo's services. She'd have seen where her money was held and that not all of her fund had been invested as she'd thought. So she could've taken steps to invest the money and so mitigated her losses. But that hadn't happened until November 2021. The investigator didn't think it would be fair to say Curo should be responsible for any investment losses over a period when they weren't able to amend the investments. There'd been communications with Provider P to find out if it or Curo was responsible for the money being left in cash. But that wouldn't have prevented Miss A from instructing that the money be invested in the meantime to prevent any further losses.

Miss A had said that the failures in the advice process, the communications she had with Curo's adviser and that she'd been overcharged had caused distress. The investigator agreed that Miss A had been let down by Curo and the adviser and said a payment of £250 for distress and inconvenience was appropriate.

The investigator set out what Curo needed to do to put things right – essentially Curo would need to ask Provider P to carry out some calculations. Provider P had earlier, at Miss A's request, undertaken some loss calculations which showed what the amounts held in cash would've been worth as at 21 November 2021 (when, following Miss A's instruction, the cash was invested) if those amounts had been invested in Provider P's cautious fund from the outset. The loss was calculated at £8,357.19. Miss A later requested further calculations to bring that loss up to date (as at around January 2025) and which showed a loss of £17,580.03. But, as I've said, the investigator didn't think Curo should be responsible for any investment losses after Miss A had appointed a new adviser.

Curo accepted what the investigator had suggested was a fair outcome.

Miss A said her annual statements didn't show the money held in cash and so she hadn't been alerted to the fact that not of her money had been invested as she'd thought. She attached a copy of the annual statement sent to her on 24 November 2021. She said she hadn't understood anything about pensions so she'd enlisted the help of a financial adviser and she'd trusted Curo to invest her money correctly but they'd let her down several times. Miss A also didn't think the dates used by the investigator in the 'Putting Things Right' section of her view were correct.

The investigator responded to say that, although Miss A had provided her November 2021 annual statement, it was the 2020 annual statement that the investigator had been referring to. And she'd taken the dates from the loss calculations undertaken by Provider P which Miss A had shared.

Miss A forwarded a copy of her 2020 annual statement sent to her on 23 November 2020. She said she wanted to get some further information from Provider P about the dates the three transfers had been received and the dates the payments were invested.

But we didn't hear back from Miss A and the complaint was referred to me.

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 agree with the investigator's view and the reasons she gave as to why she was upholding the complaint.

The situation was exacerbated as there were delays on Provider P's part in investing the transferred funds – it didn't invest the funds until 16 November 2021. But because the instruction Provider P received from Curo was only for a percentage of the funds (71.84%) to be invested, part of the funds (28.16%) was still held in cash. So Curo will be responsible for any investment loss sustained by Miss A as a result of the portion which remained in cash not being invested in Provider P's cautious fund from the date that money was available to invest.

Curo accepts they didn't deal with things as they should've and are prepared to pay compensation to Miss A on the basis that Curo should've instructed the full amounts of the transfer payments to be invested in Provider P's cautious fund.

As I've said above, Provider P did undertake some loss calculations. But, because Miss A didn't think the start dates were right, we reached out to Provider P for confirmation of the dates the three transfer payments had actually been received from the various providers and when they'd have been available to invest.

Provider P confirmed the following amounts were received on the dates shown, with the dates the funds were applied (which I take to mean available to invest) and the amounts held in cash.

£132,159.50 received on 10 February 2020
Date funds applied: 26 February 2020
Invested in cash: £37,216.12

£463,636.59 received 23 February 2021
Date funds applied: 24 February 2021
Invested in cash: £130,560.06

£13,938.96 received 18 February 2021
Date funds applied: 19 February 2021
Invested in cash: £3,925.21

We told Miss A and Curo that we'd asked Provider P to confirm the start dates for the loss calculations – on the basis that the actual dates that Provider P received the funds and should've invested them should be used as those were matters of fact and record and not something that Curo had any control over. We shared what Provider P had told us (as set out above) with Miss A and Curo. We said that the dates Provider P had specified would be the start dates for the loss calculations.

As to the end dates, we explained that I agreed with the investigator that Curo shouldn't be responsible for any failure to invest the funds after Miss A had instructed a new adviser. Curo's role came to an end then and Curo couldn't do anything about getting the money held in cash invested.

In taking that approach, I appreciate that it would've taken time for the new adviser to familiarise themselves with Miss A's case. And, if there'd been delays on Provider P's part in investing the monies, working out who might be responsible for that would've complicated matters. But it would've been easy to ascertain that part of Miss A's fund was held in cash, which wasn't what she wanted or thought had happened. She or her new adviser could've given an immediate instruction for that money to be switched to Provider P's cautious fund. As Miss A wanted all of her funds in the same cautious fund, she wouldn't have needed to discuss at any length with her new adviser how to invest that money. So, as a first step and to prevent further losses, a switch from cash to the cautious fund could've been instructed.

I'd add that I also agree with the investigator that Miss A would've seen from the annual statement issued in November 2020 that not all of her fund had been invested. The statement shows the opening zero balance on 13 December 2019 and a current value as at 22 November 2020 of £139,006. The investment breakdown shows that was made up of £102,385.46 in the cautious fund plus £36,620.82 in the Cash SIPP. So the full amount received hadn't been invested. I think by the time the annual statement for 2021 was issued (on 24 November 2021) Miss A's instruction to invest the cash balance had been acted on, hence the statement only showed a relatively modest £2,250 held in cash.

So I agree that Curo should only be responsible up until when Miss A's new adviser was appointed. That was around 25 May 2021, as evidenced by Provider P's letter of that date.

However, we also explained that I thought it would be fair that any loss suffered should be brought up to date – Miss A's fund value would've been higher and she'd have benefited from any investment growth on that higher amount from 25 May 2021 up to date. So a return should be added to any loss as at 25 May 2021, based on how the cautious fund had actually performed from then up to the date of the calculation. Curo accepted that.

I've considered the other aspects of Miss A's complaint. I think all of them, to some degree or another, will have affected her trust and confidence in Curo. And caused her stress and anxiety. First there are the discrepancies in the versions of the suitability letter, the main one being what percentage of the pension fund should be invested. To some extent, arguments about that have fallen away as Curo has agreed to pay redress on the basis that all of the funds should've been invested. But any suggestion that the report may have been altered after the event is serious. It isn't uncommon for different versions of a report to be held on a business' file – a client's objectives and priorities and a business' advice may have evolved, with different options discussed and drafts prepared before firm recommendations are made. But care needs to be taken to ensure that documents which are presented to the client after the event are correct and complete versions of those actually issued, otherwise trust issues are likely to arise.

Curo also took higher fees than had been agreed for both the initial and ongoing charges. Curo regards this aspect of the matter as resolved in that Curo has refunded the difference. But I can understand that Miss A would've been upset by what happened. And it would've been stressful for her to have to point out to Curo that it seemed she'd been over charged. And, again, that would've undermined her confidence in Curo and the adviser.

Miss A was also upset by WhatsApp messages from the adviser. Curo accepts that Miss A should be able to discuss her pension with her family and also contact Provider P direct for further information or clarification. I recognise that messages sent via WhatsApp and similar services don't always land as intended but I'd agree with the investigator that the adviser could've taken more care in framing his messages. I think that added to Miss A's distress.

I think the £250 suggested by the investigator is fair and reasonable compensation for the distress and inconvenience Miss A suffered.

I've set out below what Curo needs to do to redress Miss A and which follows what the investigator said and what we've more recently told the parties about the approach I intended to adopt.

Putting things right

To work out what redress is owed to Miss A, Curo should ask Provider P to calculate what the amounts held in cash would've been worth if they'd instead been invested in Provider P's cautious fund. The start dates should be the dates Provider P has said it received the transferred amounts and when they'd have been available to invest. But the end dates should be the last date that Curo was authorised on the account – this would be sometime on or before 25 May 2021, according to Provider P's letter. Curo should also ask Provider P to ascertain what investment return those funds would've earned from then up to date based on the performance of the cautious fund during that period.

If there's a loss, Curo should do the following:

- Pay into Miss A's RA to increase its value by the amount of the compensation. The payment should allow for the effect of charges and any available tax relief. Curo shouldn't pay the compensation into the RA if it would conflict with any existing protection or allowance.
- If Curo are unable to pay the compensation into Miss A's RA, they should pay that amount direct to her. But had it been possible to pay into the RA, it would've 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 Miss A won't be able to reclaim any of the reduction after compensation is paid.
- The notional allowance should be calculated using Miss A's actual or expected marginal rate of tax at her selected retirement age. It's reasonable to assume she's likely to be a basic rate taxpayer at the selected retirement age, so the reduction would equal 20%. However, if Miss A would've been able to take a tax-free lump sum, the reduction should be applied to 75% of the compensation, resulting in an overall reduction of 15%.
- Pay Miss A £250 compensation directly for the distress and inconvenience.
- Provide details of the calculations to Miss A in a clear, simple format.

My final decision

I uphold the complaint. Curo Advisers Limited must redress Miss A as I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss A to accept or reject my decision before 10 September 2025.

Lesley Stead
Ombudsman