

## **The complaint**

Mr C is unhappy with the service provided by Verus Financial Services Limited (Verus) and with information given by Verus about investments held in his SIPP (self invested personal pension).

## **What happened**

What I've said here as to what led up to the complaint repeats, in the main, what I said in the provisional decision I issued on 19 May 2025.

In August 2020 investments via Mr C's SIPP were made in two bonds – £249,997 in a Pardus Fixed Income Bond Company plc (the Pardus Bond) and £249,372 in a Belvedere Leisure Report plc Bond (the Belvedere Bond). In April 2022 £250,625 was invested in a Choices Bond. At the time those investments were made, Verus' adviser was with another firm, who I'll call Firm F.

On 29 September 2022 Firm F wrote to Mr C and his wife (who was also a client of Firm F) to say their adviser was taking a new role within the group and going forwards they'd have a new adviser. Then, on 1 November 2022, Firm F notified them that the adviser was no longer with the firm and offered a meeting with a new adviser. But Mr and Mrs C told Firm F in December 2022 that they no longer required its services. Firm F wrote to Mr and Mrs C on 12 December 2022 saying, as its ongoing advice services were no longer required, the SIPP and platform providers had been instructed to cease paying the adviser charge ongoing fee and to remove Firm F as the servicing agent.

Mr C and his wife then became clients of Verus. Verus wrote on 16 March 2023 to say the transfer of servicing requests had been submitted and Verus had been recorded as the servicing advisers. Forms for Mr and Mrs C to sign and return were enclosed.

By then the Pardus Bond hadn't redeemed as expected on 30 September 2022. The Belvedere Bond had also stopped paying coupons (dividends). Mr and Mrs C wanted to find out the liquidity position of the bonds and what their options were. The possibility of withdrawing funds from the bonds was discussed in July 2023 but that didn't prove possible. By October 2023 Mr and Mrs C were very concerned about their investments and needed to access funds. They were in contact with the adviser as to what they could do.

As explained further below, from December 2023 Verus no longer received any fees although contact with the adviser continued. Mr C has supplied a large number of text exchanges with the adviser between October 2023 and May 2024 and a summary of telephone calls with the adviser and other parties in April and May 2024.

On 16 May 2024 Mr C complained to Verus and to Firm F. By then a winding up order had been made (on 20 March 2024) against Pardus Capital Holdings plc (formerly Pardus Fixed Income Bond Company plc).

In his complaint to Firm F Mr C said the investments had been made on the adviser's advice when he was with Firm F and were unsuitable – too high risk.

In the complaint to Verus Mr and Mrs C said they'd been told by the adviser on 11 October 2023 about 'Liquidity Notes' which allow early drawdown of funds from the bonds and which were held by another company (an administration/custodian company). I understand these had first been mentioned shortly after the investments were made and the adviser had pointed them as being part of the security the bonds offered. After Mr C had chased, the adviser told him on 7 November 2023 that the Liquidity Notes had been sorted out and withdrawals could be made. But no withdrawals were made.

Mr and Mrs C had a meeting with the adviser and his assistant on 10 January 2024. Mr and Mrs C stressed that they needed to access funds and the Liquidity Notes were again raised. A number of reasons why they couldn't be produced were given before Mr and Mrs C were told they'd be provided during the week commencing 6 May 2024, which later became 15 May 2024. Mr C said that adviser also asked Mr C, several times, to top up his SIPP bank account which Mr C suspects was so the adviser's fees would be paid.

Mr C said the adviser had little interest in helping him and his wife resolve their extremely difficult situation. They felt badly let down by the adviser. Instead of focusing on the Liquidity Notes he'd suggested that Mr C take equity release from his home or his elderly mother's house or arrange some kind of loan against the bonds. The situation had caused Mr C and his wife extreme anxiety and stress.

Verus acknowledged the complaint by letter dated 24 May 2024. Verus said it would review the complaint and inform Mr C of the outcome. But Verus didn't issue any final response letter. Mr C referred his complaint here.

We asked Verus for its business file and some specific documents. And we sent reminders. Verus did speak to our investigator over the telephone and we also received an email from Verus on 19 February 2025. Verus said Mr and Mrs C became clients in early 2023; they were already invested in various securities and no advice was given by Verus regarding those holdings; servicing by the adviser was over and above the annual review level – there were regular circa quarterly meetings and the adviser always checked they had online access for valuations. However, in December 2023 the clients stopped the fund based payments from the provider platforms so ending Verus' involvement as a servicing adviser. But Verus remained on hand to provide ad hoc support to them as previous clients on an unpaid basis. Verus understood the clients were unhappy with their investment holdings and they were dealing with the firm they'd seen when they were recommended.

Our investigator considered such information as had been provided before issuing his view on 21 February 2025.

He said Verus wasn't responsible for Mr C investing in the Pardus and Belvedere Bonds. Verus hadn't produced its service agreement with Mr C. We'd expect, if a fee is being charged, for ongoing services to be provided, such as pension reviews. Here most of the contact was because Mr C was seeking clarity about his and his wife's investments. The investigator said the adviser hadn't done all he could to explain what was happening with the bonds. The investigator wasn't persuaded by the reasons the adviser gave as to why he couldn't give a clear answer. And there was nothing to indicate that other services were being provided to warrant the fees charged.

The investigator upheld the complaint and suggested compensation based on the difference between the notional value of the SIPP had Verus' fees not been taken and the current actual value. The investigator also said Verus should pay Mr C £300 for trouble and upset.

Verus didn't respond to the investigator's view. As agreement wasn't reached, the complaint

was referred to me to decide. And, as I've said above, I issued a provisional decision on 19 May 2025. I upheld the complaint for the reasons I explained. And I set out what Verus needed to do to put things right for Mr C. Verus didn't respond. Mr C made some further comments which I've taken into account in reaching my findings 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.

As I've noted, Mr C has also complained to Firm F. That complaint is being dealt with separately as it's not against Verus. Mr C's wife has also complained to Firm F and Verus. Again her complaints have been dealt with separately. Mr C's complaint here just concerns what Verus did (or didn't do) when Mr C was Verus' client. But as Mrs C's complaint about Verus is the same as Mr C's, my decisions on those complaints are correspondingly similar.

We've asked Verus for its business file and which we'd expect would include, amongst other things, a signed client agreement or terms of business. But Verus hasn't produced its file. Without that, it's unclear what services Verus agreed to provide and when and what Mr C had agreed to pay for them. We've also asked Mr C but he says he doesn't have those documents.

I've taken into account Mr C's further comments. But, and in the absence of any further comments from Verus, my findings haven't changed. So what I've gone on to say largely repeats what I said in my provisional decision.

Verus was paid ongoing advice fees, at least during the period March 2023 to December 2023. As I've noted above, Verus told us that in December 2023 Mr C stopped the fund based payments from the provider platforms so ending Verus' involvement as a servicing adviser. Mr C has said that isn't correct and Verus' fees continued to be posted to the SIPP until at least 28 March 2024. But it seems the SIPP provider then removed those fees. And Mr C instructed the SIPP provider on 16 May 2024 not to pay any further fees to Verus. I suspect happened is that there were insufficient funds in the SIPP bank/cash account to meet Verus' fees – Mr C having resisted pressure from the adviser to top up the cash held in the SIPP – and so the fees were removed. Either way, Verus wasn't paid those fees. As I said in my provisional decision, the SIPP provider has confirmed the fees paid to Verus, with the last payment being in December 2023.

Where an ongoing advice fee is charged, we'd expect that to include reviews. The frequency will depend on what's been agreed but we'd usually say that an annual fee (which may be taken monthly) for ongoing advice means that suitability should be reviewed at least once a year. And MiFID II in 2018 sets out that the minimum service if charging ongoing advice fees was an annual review, with some firms opting for a higher level of service, such as six monthly or quarterly reviews.

I haven't seen anything to show that Verus undertook any reviews for Mr C. I'd expect a business' file to contain a record of review meetings or telephone calls, with copies of any documents completed in connection with the review, such as updated fact finds or attitude to risk questionnaires, as well as details of what was discussed during the meeting, what the outcome was and details of any recommendations made. So, without that, I can't say Verus did review Mr C's SIPP and the investments held in it.

I said in my provisional decision that Verus was only the servicing agent for about ten months. That was based on what Verus had said about Mr C having instructed the SIPP provider in December 2023 not to pay any further fees to Verus. As I've said above, it seems

that wasn't the case and Verus didn't receive any fees after December 2023 due to insufficiency of funds held in the SIPP cash account. I also said in my provisional decision that any annual review would've been due around March 2024 by which time Verus had been removed as Mr C's servicing agent. But, even if that hadn't by then happened, Verus was no longer being paid. So I can't say Verus should've carried out an annual review in March 2024 and so Verus' fees should be refunded due to its failure to carry out an annual review.

But it's possible that more frequent reviews were agreed – I note here that Verus has referred to quarterly meetings. But it's unclear if quarterly reviews had been stipulated or if the meetings were in addition to what it had been agreed that Verus, as a minimum, would provide. Either way, without sight of Verus' file, I haven't seen anything to establish that quarterly meetings did in fact take place. And, if six monthly reviews were agreed, that would mean there should've been a review in August 2023. Again, there's nothing to show that a review was carried out then.

So, all in all, and notwithstanding the timing of any annual review, I can't say I'm satisfied that Verus did carry out the reviews that it should've done as part of the service it should've provided. I haven't been provided with sufficient evidence from Verus to say that's the case. On that basis I agree with the investigator that Verus' charges should be refunded – it won't be fair and reasonable for Verus to charge for services it had agreed to provide and for which Mr C was paying which weren't actually delivered.

And I'm not persuaded that Verus provided other services to Mr C such as would justify Verus being paid a fee. Verus has said that, as well as the meetings, the adviser always checked that Mr C had online access for valuations and ad hoc support was provided, even after the fund based payments to Verus from the provider platforms had ceased. I don't think much turns on the online valuations. Once online access had been set up (and which I assume was already in place when Verus became the servicing agent), Mr C would've been able to check for himself that he could view and access his accounts. And, if there was a problem, he could've contacted the platform provider direct.

As to the ad hoc support, I can see, from the text messages and telephone calls Mr C has produced, that he was in touch with the adviser with the aim of releasing funds from the bonds – I think that would've been the Belvedere and Choices Bonds as it looks like Mr C was aware that getting money out of the Pardus Bond would be, at best, delayed. But I think there were issues with the support the adviser was providing. During October and November 2023, Mr C told the adviser that he and his wife were 'running low on funds' but I think they were able to take £20,000 from Mrs C's funds. But, by the beginning of 2024, their financial situation was urgent. And, in February 2024, Mr C learned, through a conversation with the investment manager, that getting money out of the bonds wasn't a straightforward process and could mean accepting a large loss. However, the adviser continued to focus on the need for the Liquidity letters. I think Mr C's understanding, based on what the adviser was saying, was that, if those could be produced, a withdrawal could proceed.

But I'm not sure that would've been the case. I think the Liquidity letters would've set out the terms on which the bond in question could be redeemed, in full or in part and so would be referred to in any withdrawal request. But if, by that stage, there were already issues with the bond and the underlying assets held in it, making a withdrawal may not have been possible in any event, regardless of what the terms and conditions said. Or only a fractional value may have been offered – which appears to have been the case with the Choices bond which was only offering 5p to 8p in the £. I suspect broader enquiries might've revealed there'd be difficulties, even if the Liquidity letters could be produced.

The adviser didn't address that possibility with Mr C. I agree with the investigator that the

adviser could've been clearer about Mr C's options – even if, realistically, these were limited. I think the continual focus on the Liquidity letters misled Mr C and meant his expectations weren't properly managed. And I'm somewhat suspicious of the various reasons put forward by the adviser as to why the Liquidity letters, held with the custodian company, couldn't be produced. It's difficult to view that other than as an attempt to delay the inevitable outcome – that Mr C would find out he was unable to redeem the bonds and the value of his investments wasn't what he was expecting.

I also agree with what the investigator said about the possibility of switching investment managers. I don't see there was any clear reason why Mr C might need to do that and how that could've improved his situation. And as the investigator pointed out, it wasn't the case that this service would be able to help retrieve the Liquidity letters or assist generally in the process of redeeming Mr C's investments in the bonds. So, if Mr C was led to believe that things could be resolved that way, he'd have been disappointed to learn that wasn't right.

I've also taken into account what Mr C has said about the adviser trying to persuade him to top up the cash balance in his SIPP. I said in my provisional decision that I couldn't see the adviser would've been paid anyway, given Mr C had 'switched off' those payments in December 2023. But it now seems Mr C didn't take that step until later, in May 2024. However, in the interim he was able to resist pressure from the adviser and he wasn't persuaded to authorise the investment manager, despite what the latter may have been told, to make a cash transfer. So the position remained that there were insufficient funds to meet Verus' fees.

Mr C had a very large amount of money tied up in the bonds in his SIPP and so what was going on would've been extremely worrying for him, as well as causing financial hardship. That's especially so when he already knew there issues with the Pardus Bond and which, as I've said, culminated in a winding up order. I think the lack of clarity from the adviser, coupled with Mr C having to chase for progress and updates, added to the stress Mr C was under at what was a very difficult time for him. I agree with the award of £300 suggested by the investigator for the trouble and upset Mr C was caused.

As I've said above, I also agree that fees paid to Verus should be refunded. We've checked with the SIPP provider who's confirmed the fees paid to Verus. It looks like Verus was paid, in total, £5,439.81 and we've shared the details from the SIPP provider. I've added an alternative way of calculating the refund due if the SIPP operator can't provide a notional value.

### **Putting things right**

My aim in awarding compensation is to put Mr C, as far as possible, back in the position he'd have been in, if Verus had acted as it should've. Here I've said that it wasn't fair for Verus to charge ongoing advice fees to Mr C.

So Verus should obtain from the SIPP provider the notional value of Mr C's SIPP as at the date of my final decision on the basis that the fees paid to Verus had remained in Mr C's account. The actual value of the SIPP on the same date should be obtained and subtracted from the notional value. The difference is Mr C's loss.

Mr C may need to provide his authority to Verus to obtain information from the SIPP provider in which case I expect him to provide it promptly.

The compensation amount should if possible be paid into Mr C's pension plan. The payment should allow for the effect of charges and any available tax relief. The compensation shouldn't be paid into the pension plan if it would conflict with any existing protection or

allowance.

If a payment into the pension isn't possible or has protection or allowance implications, it should be paid directly to Mr C as a lump sum after making a notional reduction to allow for future income tax that would otherwise have been paid.

If Mr C has remaining tax-free cash entitlement, 25% of the loss would be tax-free and 75% would have been taxed according to his likely income tax rate in retirement – presumed to be 20%. So making a notional reduction of 15% overall from the loss adequately reflects this.

If the SIPP provider is unable to provide the notional value then Verus will need to refund the fees it has received plus simple interest at 8% pa on each payment from the date received to the date of my final decision. What I've said above about how it should be paid – that is if possible into Mr C's pension – will apply.

The compensation due should be paid within 28 days of when we inform Verus that Mr C has accepted my final decision. Interest at 8% simple pa will be due on any amount remaining unpaid after that period from the date of my final decision to the date of payment. So, if the SIPP provider is unable to provide the notional calculation within that 28 day period, it will be up to Verus if it wishes to adopt the alternative method of calculation.

Verus must also pay Mr C £300 for trouble and upset.

### **My final decision**

I uphold the complaint. Verus Financial Services Limited must redress Mr C as I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 2 July 2025.

Lesley Stead  
**Ombudsman**