

## **The complaint**

Mrs C is unhappy with the service provided by Verus Financial Services Limited (Verus) and with information given by Verus about an investment held in her 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 October 2020 an investment of £239,400 was made via Mrs C's SIPP in a Belvedere Leisure Resorts plc Bond (the Belvedere Bond). At the time that investment was made, Verus' adviser was with another firm, who I'll call Firm F.

On 29 September 2022 Firm F wrote to Mrs C and her husband (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.

Mrs C and her husband then became clients of Verus. Verus wrote to them 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 a bond held by Mr C hadn't redeemed as expected. And 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 and Mrs C complained to Verus and to Firm F. In the complaint to Firm F they 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 to 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.

Mrs C says the adviser had little interest in helping her and her husband 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 Mrs C and her husband extreme anxiety and stress.

Verus acknowledged the complaint by letter dated 24 May 2024. Verus said it would review the complaint and inform Mr and Mrs C of the outcome. But Verus didn't issue any final response letter. Mrs C referred her 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 Mrs C investing in the Belvedere Bond. Verus hadn't produced its service agreement with Mrs 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 and Mrs C were seeking clarity about their 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 Mrs 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 Mrs C. Verus didn't respond. Mrs 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, Mrs C has also complained to Firm F. That complaint is being dealt with separately as it's not against Verus. Mrs C's husband has also complained to Firm F and Verus. Again his complaints have been dealt with separately. Mrs C's complaint here just concerns what Verus did (or didn't do) when Mrs C was Verus' client. But as Mr C's complaint about Verus is the same as Mrs 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 Mrs C had agreed to pay for them. We've also asked Mrs C but she says she doesn't have those documents.

I've taken into account Mrs 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 Mrs C stopped the fund based payments from the provider platforms so ending Verus' involvement as a servicing adviser. Mrs 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 Mrs 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 and Mrs C having resisted pressure from the adviser to top up the cash held in the SIPPs – 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. Verus was paid ongoing advice fees, at least during the period March 2023 to 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 Mrs 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 Mrs C's pension investments.

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 Mrs 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 Mrs 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 Mrs C was paying which weren't actually delivered.

And I'm not persuaded that Verus provided other services to Mrs C such as would justify Verus being paid a fee. Verus has said that, as well as the meetings, the adviser always checked that Mrs 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), Mrs C would've been able to check for herself that she could view and access her accounts. And, if there was a problem, she could've contacted the platform provider direct.

As to the ad hoc support, I can see, from the text messages and telephone calls produced, that Mrs C and her husband were in touch with the adviser with the aim of releasing funds from the bonds. But I think there were issues with the support the adviser was providing. During October and November 2023, Mrs C told the adviser that she and her husband 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, Mrs C's husband 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 Mrs 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 one of the bonds 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 Mrs C. I agree with the investigator that the adviser could've been clearer about Mrs C's options – even if, realistically, these were limited. I think the continual focus on the Liquidity letters misled Mrs C and meant her 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 Mrs C would find out she was unable to redeem the Belvedere Bond and the value wasn't what she 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 Mrs C might need to do that and how that could've improved her 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 Mrs C's investments in the bonds. So, if Mrs C was led to believe that things could be resolved that way, she'd have been disappointed to learn that wasn't right.

Mrs C had a very large amount of money tied up in the Belvedere Bond and so what was going on would've been extremely worrying for her, as well as causing financial hardship. I think the lack of clarity from the adviser, coupled with Mr and Mrs C having to chase for progress and updates, added to the stress Mrs C was under at what was a very difficult time for her. I agree with the award of £300 suggested by the investigator for the trouble and upset Mrs 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, £2,481.14 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 Mrs C, as far as possible, back in the position she'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 Mrs C.

So Verus should obtain from the SIPP provider the notional value of Mrs C's SIPP as at the date of my final decision on the basis that the fees paid to Verus had remained in Mrs 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 Mrs C's loss.

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

The compensation amount should if possible be paid into Mrs 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 Mrs C as a lump sum after making a notional reduction to allow for future income tax that would otherwise have been paid.

If Mrs C has remaining tax-free cash entitlement, 25% of the loss would be tax-free and 75% would have been taxed according to her 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 Mrs C's pension – will apply.

The compensation due should be paid within 28 days of when we inform Verus that Mrs 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 Mrs 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 Mrs C to accept or reject my decision before 2 July 2025.

Lesley Stead  
**Ombudsman**