

The complaint

Mrs M says IWP Financial Planning Limited trading as Alexander Grace ('AG') is responsible for the mismanagement of her portfolios since 2016, leading to their underperformance and a financial loss.

What happened

I've outlined what I think are the key events and points involved in Mrs M's complaint below.

Mrs M's complaint relates to the adviser who serviced her portfolios and advised on her investments under AG and, previously, under a predecessor firm that AG acquired in late 2020 ('the acquisition'). The predecessor firm was called Bishop Armstrong Financial Planning Ltd ('BA'), and it was an Appointed Representative of a separate third-party firm, to whom AG has no connection.

Mrs M has said that BA advised and arranged a General Investment Account ('GIA') for her. And that, in 2018, it advised and arranged the transfer of her Defined Benefit pension into a Self-Invested Personal Pension ('SIPP'), as well as the opening of her ISA.

Mrs M's account passed from BA to AG as part of the acquisition, but AG says it did not undertake BA's past liabilities.

While Mrs M's 2024 complaint to AG alleged negligent mismanagement of her and her husband's portfolios, for clarity, this decision only addresses Mrs M's complaint, as Mr M's complaint has been addressed separately by our Service. Although I'm sure Mrs M will understand that the very similar, in fact nearly identical, nature of their complaints – which were jointly made to AG – means that my decision will be similar to that given on Mr M's.

I think the key submissions from Mrs M's complaint correspondence can be summarised as follows:

- She thinks that, over seven years, AG caused losses of around £143,000 in total across her GIA, SIPP and ISA portfolios – around £100,000 was invested via her GIA, £472,000 via her SIPP and she made a total of five contributions into her ISA amounting to £95,000. And her portfolios were also affected by total fees to BA/AG of around £103,000, and around £120,000 in fund and platform charges.
- Up to November 2021 her risk profile for the SIPP (scored as 2 out of 5) was defined as a 'moderate' investor who was "... sensitive to short term losses which could compel them to sell their investment and hold a zero-risk investment instead if losses occur" and who was "... prepared to accept lower long-term returns in exchange for smaller and less frequent changes in portfolio value". Thereafter, based on a new profiling and scoring approach (and a score of 4 out of 10), her profile was changed to 'lowest medium', based on a portfolio that would "Most likely contain mainly low and medium risk investments ...".
- Up to December 2021 her SIPP portfolio was in a range of holdings, and amongst these its exposure to high-risk equities was no more than 11%. But later fund switches, made without her knowledge or consent, unsuitably increased this to 41%.

- Similar circumstances applied to her ISA and GIA portfolios. Up to the end of 2021 she had a slightly higher risk profile for her ISA portfolio – ‘balanced’, scored as 3 out of 5 – which was then changed to ‘highest medium’ (scored as 7 out of 10), as was her GIA risk profile. And while, up to the end of 2021, her portfolio’s exposure to high-risk equities was no more than 24%, subsequent fund switches made without her knowledge or consent more than tripled this to around 84%.
- The adviser gained her confidence through assurances of top advice (initial and ongoing), a service that justified the costs and would deliver around 4% annual growth after fees. He then routinely gave the impression her portfolios were, overall, performing well.
- In the November 2022 annual review, underperformance was explained as due to geopolitical and economic events. The adviser discounted the idea of reducing risk exposure in her ISA on grounds that he expected a rebound in the stock market and because fund switches were being applied to the portfolios to address performance.
- By the time of the November 2023 annual review, and despite the market upturn that year, there was still substantial portfolio underperformance. The adviser’s reactions to her queries were questionable. And the time and effort she has since dedicated to this has revealed problems with the management of the portfolios and performance.
- In terms of management, the risk profiles for the SIPP, ISA and GIA had been altered (increased) in conflict with her risk profile, in conflict with what these previously were and without her knowledge or consent.
- The pattern of fund switches, made without her knowledge or approval, displays recklessness – some were bought and sold unnecessarily, with avoidable poor timing, and, overall, fund switches were carried out based on poor decision making.
- Before she met the adviser her investment experience and attitude to risk was in low risk fixed rate accounts, with profit bonds and a small stakeholder pension (with no equities investments, 10% invested in fixed rate assets and 90% in money market assets). The adviser, with some pressure, persuaded her to extend her risk profile for the investments that followed. However, she never agreed or expected to have this extended in the way that was applied after 2021.
- In terms of performance, and over the period between 2019 and 2024, her analysis – as shared with AG – shows that her SIPP underperformed reasonable comparators in the market by around 25% and that whilst the comparators achieved around 20% to 30% growth over this period, her SIPP failed to meet the lower end of this benchmark. Her analysis for the ISA, over the period between late 2018 and 2024, shows even worse results – being the only one with negative growth compared to reasonable comparators in the market, which enjoyed growth of between 20% to 40% over the period. And she said that her GIA, which was identically invested to the ISA, experienced minimal growth of 1.5% over the seven-year period, albeit it didn’t make a loss due to an error in the fund switching.

One of our Investigators looked into the complaint and said, in summary, that:

- In the absence of evidence that AG undertook liabilities prior to the acquisition from BA, only complaint issues arising after this (i.e. after the client agreement settled with Mrs M in November 2020) can be addressed here.
- He said that investment performance alone won’t usually be enough to uphold a mismanagement complaint, given its unpredictable nature and that it is never guaranteed. And that the complaint’s scope relates to a period where notable events like the pandemic and the 2022 mini budget, amongst others, impacted markets.
- We instead consider whether or not an investment has been suitably managed for the client. This includes whether the investments were in line with their risk profile and capacity for loss. And, in Mrs M’s case, evidence shows her risk profiles were appropriately assessed, as was her capacity for loss associated with those profiles.

- And the portfolios matched her risk profile for each.
- In respect of the fund switches Mrs M alleged to be reckless, our Investigator said there were plausible explanations for these. That these remained in line with the risk profiles, mainly arose from portfolio reviews (which was part of the purpose of the reviews) and that it could be unfair to criticise these with the benefit of hindsight.
 - In applying our inquisitorial remit though, our Investigator said AG hadn't delivered annual reviews to Mrs M twice per year, as set out in the client agreement settled with her in November 2020. And that, as it had only conducted these once a year, AG should compensate Mrs M for some of the ongoing service charges she'd paid (deducted from her portfolio(s)) for the undelivered parts of the ongoing service.

Both parties disagreed with our Investigator's view.

AG said, in summary, that as Mrs M hadn't complained about the rate of annual reviews, there's no basis for a finding on that. It said that Mrs M didn't want an additional review in 2021, for example, and it provided what it said was an excerpt of an email its adviser sent to Mrs M in July 2021 in support of this, along with her response. AG also said that throughout the three years its adviser kept in regular contact with Mrs M. And that it checked with her in May 2022 if she wanted any additional information, as well as contacting her in February and March 2023 offering its services, for example. Such that it thinks Mrs M has had sufficient contact with and reviews from it.

And Mrs M maintained her mismanagement allegation, and made representations that I think featured the key complaint submissions I've summarised above.

As no agreement could be reached, Mrs M's complaint was referred for an Ombudsman's decision.

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.

Scope

In the circumstances, I've seen no evidence of any express agreement between the firms and client in which BA agreed to assign past liabilities (from any service provided by the adviser under BA, prior to AG's acquisition) to AG. In the absence of this, the transfer of these liabilities does not take place.

So it appears that past liabilities did not transfer to AG. This means that AG's responsibility towards Mrs M is limited to from when the November 2020 client agreement settled between them. And my approach to Mrs M's complaint is therefore limited to the events after that.

Mismanagement

I think Mrs M's mismanagement allegation is based on her analysis of her portfolio's performance and that this mainly relates to fund switches after the November 2021 review.

Performance depends on various factors including market forces and socio-economic conditions, both of which are beyond an investment adviser or managers control. So, in the absence of performance guarantees, we don't usually hold firms responsible for underperformance on its own.

While seeking growth is usually the aim of most investments and I've considered the performance analysis Mrs M provided, I can't see that AG gave her performance guarantees. And, even if Mrs M thinks another firm would have done better, that doesn't necessarily mean AG mismanaged her portfolios. There are always outperformers and underperformers to compare to. Growth can mainly be an unpredictable aim that depends on other factors – those mentioned above (which are beyond control) and the suitability of advice and/or management (which a firm can be held responsible for).

In Mrs M's case, AG's actions in respect of her portfolios were subject to the ongoing advice she received from it and her agreement to implement that advice. And, having considered the suitability of the advice AG gave to Mrs M and the actions it took in implementing the agreed advice, I don't think AG has done anything wrong, for the reasons set out below, which are largely the same as those given by our Investigator.

November 2021

The November 2021 review – and those that followed – included a financial review report, a risk profile assessment document and a post-review letter. And, having considered all three, for the following reasons, I'm satisfied that these documents (and those that followed) were reliable, that the risk profile assessment document reasonably led to the revised risk profiles/scores, and that these were agreed between the parties for use in the portfolios going forward

The December 2021 post-review letter confirms the risk profile assessment results as a 4 out of 10 score (lowest medium) for the SIPP and a 7 out of 10 score (highest medium) for the ISA and seemingly the GIA too. It reflects that Mrs M's previous score for these was 5 out of 10 and it refers to discussions between the parties with regards to the revision. And I can't see that Mrs M disputed the accuracy of the scores/profiles, the assessment and discussions or the post-review letter's content, at the time.

Mrs M's capacity for loss was a necessary consideration associated with her risk profile. In respect of this, the financial review report confirms her SIPP, GIA and ISA were worth £681,000 at the time. She had other assets beyond these including, for example, a stakeholder pension and bond worth around £153,000 in total, and her husband had significant assets of his own. The adviser sent her a letter on 17 November 2021 which also commented that – *"You really have built up a tremendous financial foundation"*. The letter refers to buy-to-let investments in her wider assets and to her considerable savings. And there's a 16 November 2021 fact find note that mentions hundreds of thousands in cash holdings held by Mrs M and her husband at the time.

So, having considered the evidence, I'm satisfied Mrs M had such capacity as of 2021 and thereafter. I think she had the financial capacity, in her SIPP, ISA, GIA and wider assets, to cope and/or recover, should the risks of losses associated with her risk profiles materialise. And I'm therefore satisfied, on balance, that her capacity for loss was suitability established as being, overall, robust and significant.

In respect of the portfolio asset allocation addressed in the post-review letter, a graph-based analysis was used, using risk, return and volatility to chart the recommended approach, along with the following –

"The recommended allocation could therefore enable your investments to maintain the potential to generate long-term return while keeping to a level of risk that is appropriate to your circumstances and tolerance for risk..."

The asset allocation recommended to Mrs M for SIPP, GIA and ISA was broadly like those she objected to in her submissions. For the SIPP AG recommended around 47% in equities, around 45% in fixed interest assets and around 8% in cash. And for the investments, around 91% in equities, 4% in fixed interest assets and around 4.5% in cash.

As I've said, I've seen no evidence Mrs M disputed the contents of the above letter at the time. So I think it presented matters as agreed. In addition, relevant to asset allocation, the 17 November 2021 letter included notice about repopulation of Mrs M's portfolios. It said – *"We also talked about re-jigging the portfolios over to recipes from my parent company, IWP."* This is consistent with what AG has said, about having to reconstitute these after the acquisition, to apply its own investment approach (distinct from BA's).

So, based on available evidence, I'm satisfied Mrs M agreed to the recommended asset allocation approach (just as she agreed the revised risk profiles). And I therefore don't accept that these were applied without her knowledge or consent.

I think it's clear that the revised risk profiles are what led to the asset allocation approach recommended to Mrs M in 2021. Her portfolios were in the medium risk profile range, with the SIPP at the lower end and the GIA and ISA at the higher end of this. A prominent equities component in a medium risk portfolio isn't unusual. There's usually a pursuit for more growth than likely with a low risk profile, with more risk exposure. Equities are commonly viewed as providing potential for better growth, but with more exposure to risks than, for example, bonds and/or fixed interest assets.

The recommendation for the SIPP kept the equities and fixed interest assets components broadly on par, almost around a 50/50 basis. Given that the SIPP was to follow a 'lowest medium' profile, where the balance to be struck was between low and medium, I don't consider such an approach to be unsuitable for the profile.

The recommendation for the ISA and GIA was mostly equities. However, this portfolio was agreed to be at the highest level of the medium risk profile, or 'highest medium', and the score of 7 out of 10 depicted this. The balance to be struck was between medium and high. In this context, I don't think that a 91% equities content in the portfolio was unsuitable.

In summary, at the November/December 2021 review, Mrs M's risk profiles were revised, evidence shows the new profiles were suitable, that Mrs M agreed to these and had the capacity for loss to match them. It also shows that Mrs M agreed the new asset allocation approach, that this broadly matched her revised risk profiles and that the new approach, with its prominent equities components, was geared towards giving her portfolios a chance to achieve their growth objectives. So, on balance, I can't say AG did anything wrong.

November 2022

The November 2022 post-review letter confirms that the same risk profiles were maintained. And a broadly similar approach was applied to asset allocation, with only a few changes. The cash allocation in the SIPP portfolio was slightly increased (to around 13%), but equities and fixed interest assets remained closely matched at around 45% and 42% respectively. And, for the ISA and GIA portfolios, the recommendation was to slightly decrease equities exposure to around 84%, slightly decrease cash and fixed interest assets (to around 3% and 4% respectively) and then invest around 10% in property funds.

In respect of the increase in property fund allocation from 0.65% in the 2021 review to 10% in 2022, some regard property funds as somewhat less risky than equities in terms of volatility, while on the other hand these are viewed as sometimes having higher illiquidity risks (compared to mainstream shares that are usually liquid and traded daily). And, on

balance, I don't think the new property allocation in 2022 adversely affected Mrs M's portfolio alignment with its risk profile. Overall, in terms of alignment with the highest medium (7 out of 10) risk profile for these, I don't think this change was unsuitable.

For the same reasons given above in respect of the 2021 asset allocation, I don't think that the asset allocations in the SIPP, GIA and ISA portfolios in the 2022 review mismatched their respective risk profiles.

November 2023

Again, the same risk profiles were maintained in the November 2023 review. This time AG's operations appear to have included the use of model portfolios defined by the risk profile scores. The factsheet for the risk score 4 model portfolio shows that its asset allocation included equities at 45%, fixed income assets at 51% and 3% in cash. The factsheet for the risk score 7 model portfolio shows asset allocation that included 92% in equities, 3% in fixed income securities and 5% in cash. And I can see that AG's 2023 post-review letter confirmed as follows –

"In summary, the recommendations outlined in this letter include:

- *A rebalance of your portfolio within the agreed levels (for the SIPP and GIA)*
- *No changes to your Standard Life ISA portfolios"* (as this noted was being transferred to a cash ISA)

For broadly the same reasons as those given in respect of the 2021 and 2022 reviews, I don't think the asset allocations in the 2023 review mismatched the respective risk profiles. I think these were suitably aligned with the mandate for their management at the time and going forward. And, by March 2024, Mrs M had submitted her complaint to AG and had seemingly transferred her SIPP away from it. So the last meaningful point of AG's ongoing advisory management of her portfolios appears to have been the November 2023 review.

It should also be noted that the annual reviews were coupled with mid-year rebalancing exercises which, where advised/agreed, were applied to the portfolios. Both parties have referred to some of these mid-year rebalancing in their submissions. Therefore, the portfolios received attention in between the annual reviews.

Fund types within the portfolios

Mrs M has highlighted particular funds used in her portfolios, which she considers to be higher risk equities funds that mismatched the portfolios' risk profiles and were unsuitable. But I don't consider it necessary to risk rate these funds. I've considered these, in the context of the overall suitability of the advice and mandate for management of her portfolios, and I haven't found anything unsuitable. The funds played their roles in the balance struck to achieve alignment with the relevant risk profile, and I haven't seen any evidence that these funds, and/or their weightings in the portfolio(s), disrupted the required alignment.

I also think that the financial review reports issued to Mrs M were detailed and informative. These set out the full details of the portfolios and the post-review letters did something similar. These informed Mrs M about the funds her portfolios were invested in. AG's recommendations were implemented with her agreement. And, in the absence of unsuitability and in the presence of Mrs M's agreement to invest in the funds, I don't think there are grounds to say the above funds should not have been part of her portfolios.

Mrs M thinks AG carried out reckless fund switching in the portfolios. She said, in summary, that by November 2022 only four of twenty-two funds that had been held in the SIPP in

November 2021 now remained. That, between November 2022 and the same month in 2023, five of the newly added funds were quickly sold for significant losses. And that the fund choices were poor, especially considering market volatility and her relatively cautious approach to pensions.

In its complaint response to Mrs M (and her husband) AG's comments included –

“The firm Bishop Armstrong was sold to Alexander Grace as part of Independent Wealth Planners (IWP) in 2020 and you were invested into a Bishop Armstrong portfolio during your time with Bishop Armstrong. You were switched over to an Alexander Grace portfolio after your annual review in 2021. Your adviser has confirmed that this is why there was a big overhaul of funds, there was also very little fund overlap between the two portfolios.

...

... the funds held in portfolios in late 2021 had performed well during the covid economic environment of low inflation and low interest rates, did not dovetail with a market environment characterised by high inflation, commodity supply shocks, rising interest rates and extreme market volatility.

Given this change in market environment, portfolios needed to be reviewed with a high level of urgency. This prompted fund research projects into virtually every sector of portfolios throughout 2022, to ensure the funds selected within portfolios were appropriate for the complex market environment we were encountering. This led to a large number of fund changes, as alluded to in your complaint.

...

We chose to replace several of these funds rather than holding on them even though they were now trading a lower price than their purchase price. The funds highlighted (Baillie Gifford American and Baillie Gifford European and then Premier Miton European Opportunities 6 months later) subsequently returned less than the replacement funds in the following 12 months (GAM Star Continental European Equity, AB American Growth Portfolio). Similarly, this was the case for other fund changes made in February and November 2022.

Other funds were held on to where it was felt there was an opportunity for a recovery in performance or where the fund offered correlation benefits to the portfolio (thus reducing overall portfolio volatility), this included the Allianz Strategic Bond on both factors, but was subsequently removed in 2023 when we lost belief that the fund could recover.”

So, I think AG answered Mrs M's questions about the fund switches. And that its answers, on balance, and in the context of the available information about the portfolios, are reasonable.

While the outcomes in Mrs M's examples are unfortunate, the approaches that AG has explained it took aren't uncommon in the sector and markets. And is not uncommon or unreasonable for a new firm undertaking a portfolio to rebalance it (through suitable fund switches) in line with its investment approach, for a change in wider market circumstances to affect existing investments and warrant suitable action to stem and crystallise losses to fund replacements or for a different view to be taken on some of those investments where they are considered to have prospects of recovery which support their retention.

Mrs M thinks AG's decisions were poorly made. But, by her own admission, she has taken this view 'in hindsight', which is something AG didn't have at the time. Mrs M might also think another adviser/manager would have made different decisions with different outcomes, that doesn't mean AG's were reckless or negligent. But, having taken everything into account, I don't find these to have been.

In summary, while I understand Mrs M will be disappointed, I don't uphold her mismanagement complaint. And, given this, I'm not asking AG to pay her compensation for distress caused by the alleged mismanagement.

Ongoing advisory service

While Mrs M's complaint was made about the alleged mismanagement, our inquisitorial remit allows us to identify matters directly associated with a complaint's subject, in which a wrongdoing(s) appears to have been committed. This role was supported by Irwin J in R (Williams) v Financial Ombudsman Service [2008] EWHC 2142: "*The ombudsman is dealing with complaints, not causes of action. His jurisdiction is inquisitorial not adversarial. There is a wide latitude within which the ombudsman can operate.*"

Mrs M's complaint features portfolio reviews and claims about the things done (or not done) by AG during and around those. So I think that her entitlement to, and the conduct of, those reviews is inherently part of her complaint. And that there was a shortcoming, by AG, in meeting her entitlement.

As I've said, while I'm not persuaded Mrs M's portfolios were mismanaged, as confirmed in the client agreement she was entitled to (and was paying for) an ongoing service that was supposed to deliver her two reviews per year. And Mrs M was instead given reviews only once per year.

AG has mentioned and pointed to other forms of contact in between the annual reviews. For example, AG has said that Mrs M didn't want an additional review in July 2021 and it provided what it said are excerpts from emails from the time in support of this.

In the excerpt provided from the adviser's July 2021 email to Mrs M, I can see he said, in summary, that there was '*no desperate reason for contact other than to say he was giving the customer's a thought*', that he'd be happy to meet up somehow although he was unsocially busy over the next few weeks and that the valuation pack he'd sent them in February showed some steady growth. So, given what I think was the casual nature, and general direction, of the adviser's email, I don't think it was unexpected that Mrs M said in response that they weren't sure they needed a review. And, in any event, I haven't seen anything to suggest the adviser reminded Mrs M that she was entitled to, and was already paying for, a six-monthly review that was seemingly already overdue by a few months in the way I'd reasonably expect. It seems likely to me that they've have taken this up if it had, in the way they did with the annual reviews.

While AG has said it also contacted Mrs M in February and March 2023 offering its services, it hasn't provided any evidence that it did so, or of what was said at the time, for me to be satisfied that it did offer Mrs M the other additional reviews she was entitled to. That's despite having had the opportunity to do so in response to our Investigator's view. So, I've based my findings on the information AG has made available in support of its position that it did this, being the above excerpts from its emails with Mrs M in July 2022. And, on balance, for the reasons given above, I'm not satisfied that AG's contact was sufficient in the circumstances.

AG has said it made other further contact with Mrs M in between annual reviews, for example to check if she wanted any further information. But making contact for such things did not, in my view, amount to the formal reviews she was entitled to, and it did not substitute for those. The terms of the client agreement make it clear that the reviews were distinct from any interim contacts between the parties. These said that Mrs M was entitled to –

“Two Full Financial Reviews each year: At each 6-monthly review with your Adviser, we will review the suitability of your existing policies and plans. We will also review your risk profile, re-assess your financial circumstances and current financial plans. We will also provide a report of our recommendations.”

and, separately –

“Interim Financial Assessments: Three months after each Full Financial Review we will provide you with an Interim Assessment, by post or secure email, on the performance of your investments.”

and every six months she was entitled to –

“Rebalancing: We will review how your portfolio is invested and make recommendations for changes to maintain the risk profile of your portfolio with regard to your attitude to risk.”

This shows that the two annual reviews per year were distinct, and a major part of the ongoing service. And I think that depriving Mrs M of one of them, every year throughout the service, amounted to a tangible service delivery failure that meant she was not receiving all the ongoing service she paid for.

So, I think AG should redress this ongoing service delivery shortcoming. And that this should be based on a refund of half the total annual ongoing service fees (or six months' worth of fees) for each year between 23 November 2020 (when the client agreement was signed) and when the service was concluded. The additional elements of the service (the interim assessments and rebalancing) revolved around the formal reviews, so I'm satisfied that it's reasonable to refund half the total annual fees, given that only half of the two annual reviews were delivered each year. And, where the fees were deducted from the portfolios, I think AG needs to compensate Mrs M for any lost performance on the relevant fee amounts deducted.

Putting things right

As set out above, on a fair and reasonable basis, I think AG should refund the above charges (and compensate Mrs M for any lost performance on any charges deducted from her portfolios).

To do so, AG must, on a fair and reasonable basis:

- Calculate the total of all ongoing service charges it applied to Mrs M's account between 23 November 2020 and the date on which the ongoing service concluded; then divide the total amount by two; the result is the 'total charges refund'.
- Calculate how much of the total charges refund respectively relates to Mrs M's SIPP, ISA and GIA.
- Where the ongoing service charges have been applied to and deducted from Mrs M's SIPP portfolio, calculate how each full deduction would have performed, from when they were deducted to the date of settlement, had the deducted amounts remained invested in the portfolio.

[For this purpose, Mrs M is ordered to provide AG with information it reasonably requires on how the SIPP portfolio has performed since its withdrawal from AG's service and to date.]

If the result shows a total gain, calculate half of the total gain amount. The result is the 'SIPP charges gain'.

- Where the ongoing service charges have been applied to and deducted from Mrs M's ISA and GIA portfolio, for each portfolio calculate how each full deduction would have performed, from when they were deducted to the date of settlement, had the deducted amounts remained invested in the respective portfolio.

[For this purpose, Mrs M is ordered to provide AG with information it reasonably requires on how the ISA and GIA portfolios have performed since any withdrawal from AG's service and to date.]

If the result shows a total gain, calculate half of the total gain amount. The result is the 'ISA charges gain' and the 'GIA charges gain'.

- If and where the ongoing service charges were not deducted from the portfolios, pay directly to Mrs M the total charges refund (or any part of it to which this applies) plus interest on that refund at the rate of 8% simple per year from the date on which the ongoing service concluded to the date of settlement. The interest is to compensate her for being deprived of the total charges refund during this period.
- If and where ongoing service charges were deducted from Mrs M's SIPP, pay the total charges refund related to the SIPP, plus the SIPP charges gain, into her pension plan to increase its value by the total of both payments.

The amount paid should allow for the effect of charges and any available tax relief. They should not be paid into the pension plan if it would conflict with any existing protection or allowance. If they cannot be paid into her pension plan for this reason, they must be paid directly to her as a lump sum.

Had it been possible to pay into the plan, it would have provided a taxable income. Therefore, the total amount 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 is not a payment of tax to HMRC, so Mrs M would not be able to reclaim any of the reduction after the payment.

The notional allowance should be calculated using her actual or expected marginal rate of tax at her selected retirement age. If Mrs M has a 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 and where ongoing service charges were deducted from Mrs M's ISA and GIA, pay directly to her the total charges refund related to the ISA and GIA, plus the ISA and GIA charges gain.
- Provide the details of the calculations to Mrs M in a clear and simple format.

The compensation resulting from this loss assessment must be paid within 28 days of the date AG receives notification of Mrs M's acceptance of my final decision. Interest must be added to the compensation resulting from this loss assessment at the rate of 8% per year simple from the date of my final decision to the date of settlement if the compensation isn't paid within 28 days of AG being notified of Mrs M's acceptance of my final decision.

My final decision

For the reasons given, it's my decision that Mrs M's complaint should be partly upheld and that IWP Financial Planning Limited trading as Alexander Grace must pay fair redress as set out above.

Where I uphold a complaint, I can award fair compensation in the circumstances - where the complaint events occurred after 1 April 2019 and the complaint was referred to us after 1 April 2024 but before 1 April 2025, as in Mrs M's case – of up to £430,000, plus any interest and/or costs that I consider are appropriate. Where I consider that fair compensation requires payment of an amount that might exceed £43,000, I may recommend that the business pays the balance.

Determination and award: I require IWP Financial Planning Limited trading as Alexander Grace to pay Mrs M the compensation amount as set out in the steps above, up to a maximum of £430,000 (including distress and/or inconvenience but excluding costs) plus any interest set out above.

Recommendation: If the compensation amount exceeds £430,000, I also recommend that IWP Financial Planning Limited trading as Alexander Grace pays Mrs M the balance.

My recommendation would not be binding. Further, it's unlikely that Mrs M can accept my final decision when issued and go to court to ask for the balance. Mrs M may want to consider getting independent legal advice before deciding whether to accept the final decision.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs M to accept or reject my decision before 22 August 2025.

Holly Jackson
Ombudsman