

The complaint

Mr R's complaint concerns an investment in two funds of funds, which was made in his self-invested personal pension (SIPP), provided by IFG Pensions Limited (IFG). Mr R's complaint has been brought on his behalf by a professional representative ("the representative"). The representative says IFG failed to conduct sufficient due diligence on the investment and, had it conducted sufficient due diligence, it should have concluded it should not allow the investment.

Background

There were a number of parties involved in the events subject to complaint. I have set out a summary of each.

IFG

IFG is a SIPP provider and administrator. At the time of the events in this complaint, IFG was regulated by the Financial Conduct Authority (FCA). IFG was authorised, in relation to SIPPs, to arrange (bring about) deals in investments, to deal in investments as principal, to establish, operate or wind up a pension scheme, and to make arrangements with a view to transactions in investments. IFG provided Mr R's SIPP, and operated under a number of different trading names over the years, including MW Pensions, The MW SIPP, MW SIPP 2, and Sovereign Pension Services. It has however ultimately been the same business throughout, and I will refer to IFG throughout this decision.

Cornhill Management o.c.p., a.s.

Cornhill Management o.c.p., a.s. (Cornhill ocp) is a business based in Slovakia. It is authorised by the National Bank of Slovakia and, at the time of the events subject to complaint, was permitted to carry out certain regulated activities in the UK, under an EEA passport.

Cornhill ocp was the provider of the "FlexMax" investment account, which was an investment platform service which offered a number of model portfolios for investment, through a range of funds of funds. This is what Mr R's SIPP invested in to.

Cornhill ocp later changed its name to International Investment Platform, o.c.p., a.s. and was subject to disciplinary action by the National Bank of Slovakia, which concluded in July 2022 when a final decision was published, finding it had violated a number of pieces of legislation governing its conduct. The final decision can be seen on the National Bank of Slovakia's website.

Two other business appear to have been involved with the Cornhill ocp business - Cornhill Management SA and Cornhill Management (London) Limited.

Cornhill Management SA

Cornhill Management SA (Cornhill SA) was a Luxembourg based business, with which IFG corresponded when carrying out due diligence into the portfolios provided on the FlexMax account.

The Cornhill website (<https://www.1cornhill.com/cornhill>) currently says Cornhill SA:

“acted as payment agent for International Investment Platform o.c.p. a.s. in respect to lump sum investment products.”

Cornhill does not appear to have been authorised, either by the FCA or in other jurisdictions in the EEA.

Cornhill Management (London) Limited

Cornhill Management (London) (Cornhill London) was a UK registered company. It later changed its name to FR London Limited.

The Cornhill website (URL as above) currently says Cornhill London was:

“a subsidiary of Cornhill Management S.A.

The company was created in order to provided English language marketing and administration services on behalf of International Investment Platform o.c.p. a.s. (Slovakia) and Cornhill Management S.A. (Luxembourg).

Cornhill Management (London) Limited ceased to provide these services in November 2021”

Like Cornhill SA, Cornhill London Cornhill does not appear to have been authorised, either by the FCA or in other jurisdictions in the EEA.

Connected Financial Services

Connected Financial Services (Connected FS) was a UK based Independent Financial Advisor (IFA), authorised by the FCA at the time of events subject to complaint. It was Mr R's financial advisor in relation to the IFG SIPP and FlexMax account. It ceased trading in 2019, and was no longer authorised from 23 September 2020.

Mr R's dealings with the parties

I have set out below a timeline of what I consider to be the key events:

- 22 August 2016 - Mr R was provided with a financial planning report by Connected FS. The report recommended Mr R switch his two existing personal pensions (one of which was a SIPP held with another operator) to a SIPP with IFG, and invest the money in the FlexMax account.
- 18 October 2016 – Mr R signed Cornhill ocp's Risk Tolerance Questionnaire. This concluded Mr R was a balanced risk investor.
- 18 October 2016 – Connected FS completed and signed Cornhill ocp's Investment Allocation Proposal form. This said Mr R should be considered a balanced risk investor, and his investments should be allocated 50% in the LUXIF Amathus Conservative Portfolio, and 50% in the LUXIF Amathus Balanced Growth Portfolio (these were two of the range of funds of funds offered on Cornhill ocp's FlexMax

account I mention above).

- 24 November 2016 - Mr R's IFG SIPP application form was received by IFG.
- 20 December 2016 – IFG completed Cornhill ocp's Account Opening Form and Instructions for Purchase form. These asked Cornhill ocp to open a FlexMax account for Mr R's SIPP, and invest it as per Connected FS's instructions.
- 22 December 2016 - £350,000 was sent to Cornhill ocp from Mr R's SIPP by IFG.
- 17 January 2019 - IFG wrote to Mr R to advise that Connected FS had applied to cancel its authorisation with the FCA.
- 10 August 2020 - IFG emailed Mr R to inform him the two funds he had invested in had been suspended.
- 24 November 2021 – IFG emailed Mr R to tell him the funds were in liquidation.

Mr R made the following withdrawals from his SIPP (which I understand had already been crystallised when transferred to IFG):

- £50,000 on 30 April 2018
- £120,000 on 13 November 2018
- £25,000 on 13 April 2019
- £25,000 on 18 April 2019
- £50,000 on 13 July 2019
- £30,000 on 19 November 2019

Mr R's complaint to IFG

IFG did not respond to the representative. The representative therefore referred the complaint to us. Following this referral IFG responded to the complaint. When doing so, it said it had carried out extensive due diligence into the funds and FlexMax account, to ensure they were appropriate for its clients. It concluded that it was satisfied it had acted reasonably when accepting Mr R's business (I summarise its submissions in more detail below).

The representative also made a claim to the Financial Services Compensation Scheme (FSCS) on Mr R's behalf about the advice he received from Connected FS. The FSCS accepted Mr R's claim. It ultimately calculated his loss to be more than the applicable limit on what it could pay; accordingly, it paid Mr R an amount equal to that limit (£85,000).

IFG's submissions to us

I set out a summary of the due diligence IFG carried out into the parties in my provisional decision. I have not set this out again here, as my focus is on the question of fair compensation, rather than whether IFG should have accepted the business.

Our investigator's view

Our investigator did not uphold the complaint. He said, in summary:

- IFG did not have to assess the suitability of the investments for Mr R.

- IFG carried out due diligence into Connected FS and, in his view, there was no reason why IFG should not have accepted the introduction of Mr R's business from Connected FS.
- The funds appear to be standard investments. The underlying funds held by the funds appear to invest primarily in equities, property and bond funds which would be acceptable within the guidelines set out by IFG.
- In his view the regulator's guidance relating to enhanced due diligence largely applies to unauthorised introducers and unregulated or esoteric investments. He did not believe it particularly applies to this case. He was satisfied the underlying investments in the FlexMax account were standard assets and were in line with IFG's permitted investments. This would not have raised any concerns that would have warranted any enhanced due diligence.

The representative's response to the view

The representative did not accept the investigator's view. It said, in summary:

- The involvement of an authorised financial advisor does not mean IFG did not need to take steps to independently meet its own obligations.
- IFG should have carried out full due diligence on the funds. It should have identified they were offshore funds, which were not recognised by the FCA, and hence posed significant risks to retail investors. And that they could not be independently valued.
- As the investigator had noted, the charges associated with the funds and FlexMax account were very high.
- The view of the investigator is in conflict with that taken by the FSCS in relation to these investments in claims against another SIPP operator which had accepted them (and is no longer trading).
- In its view, IFG should not have accepted the investment and, had that been the case, Mr R would have remained in his existing pensions.

My provisional decision

I recently issued a provisional decision. My provisional findings, in summary, were as follows:

- There has been a lot of focus on whether the funds were "standard assets", but that, in my view, is not critical to what is fair and reasonable in the circumstances of this case. Whether the funds were standard assets, as defined in IPRU-INV of the FCA Handbook, or by its common and ordinary meaning, was not the sole basis on which IFG should determine whether or not it should allow them in its SIPP.
- Rather, the key point is whether, based on what IFG knew or ought to have known, following reasonable due diligence, IFG ought to have identified a significant risk of consumer detriment associated with this business.
- In my view, IFG ought to have identified a significant risk of consumer detriment here.
- IFG appears to have understood what its regulatory obligations meant in practice,

and took some reasonable steps to meet them. But it did not draw reasonable conclusions from the information it obtained during its due diligence process, and put too much reliance on what it was told by Cornhill SA, rather than taking its own independent steps to check things.

- IFG obtained details of the underlying holdings in the two funds which were to be used by Cornhill ocp to create the portfolio Mr R's pension was to be invested in, in the FlexMax account.
- IFG ought reasonably to have recognised the holdings were largely in highly complex, specialised non-mainstream funds which were likely unsuitable for retail clients, rather than relying on assertions by Cornhill SA that they were "standard" investments suitable for retail clients.
- IFG ought also to have reasonably recognised (as the Slovakian regulator did when it investigated Cornhill ocp) that such funds were wholly inappropriate for portfolios described as "conservative" and "balanced".
- IFG should also have been aware of the very high levels of charges (and associated exit fees) associated with the overall arrangements; and have concluded it would not be consistent with its regulatory obligations to allow investment in arrangements with such high associated charges and significant barriers to exiting.
- Furthermore, IFG should have been cautious about a business model being followed by Connected FS which appeared to involve consumers with pensions held in conventional, mainstream investments being advised to transfer to a SIPP in order to make investments offered by a Slovakian business which involved highly complex, specialised, non-mainstream investments. And possibly high levels of initial fees/commission being payable. IFG ought reasonably to have identified this as anomalous business.
- There was no reasonable basis on which IFG could have concluded the risks associated with the funds and overall costs associated with the arrangements (including the exit fees) had been fully explained to Mr R, or that the suitability of the funds for him had been properly assessed. Connected FS's suitability report was incomplete and misleading – it should therefore have led IFG to question the competency and motivation of Connected FS, not provided IFG with reassurance.
- Overall, in my view, it is fair and reasonable to say the acceptance of this business was not consistent with IFG's regulatory obligations; IFG should, in my view, have concluded it should not accept the business as it carried with it a significant risk of consumer detriment.

I set out that, in the circumstances of the complaint, my view was that it was fair and reasonable to require IFG to compensate Mr R for any loss he suffered through making the investments in the fund, through the FlexMax account.

Revised provisional decision on fair compensation

Having reconsidered the complaint, following the responses to my provisional decision, I reached a different view on the question of fair compensation. This was based on the particular circumstances of this case, given the information now available to me. I set my revised decision out to both parties, as follows (some details have been removed to prevent identification of Mr R and third parties not involved in the events subject to complaint):

In my provisional decision I set out that IFG should have concluded that the risks had not been fully discussed with Mr R by Connected FS (and therefore that there was no basis on which IFG could reasonably have concluded Mr R had a full understanding of the risks). I made this finding having already found that IFG should simply not have allowed investment in the funds, and the FlexMax account.

When considering whether it was fair to ask IFG to pay compensation to Mr R I said the following:

“When considering this from the perspective of fair compensation, I do not have to be satisfied that there is no possibility that things would not have progressed as they did if IFG had done what I think it ought to have. I must only be satisfied that, on balance, it is more likely than not Mr R would have made an alternative investment (or retained his existing arrangements). And I am satisfied it is more likely than not the transaction would not have proceeded, had IFG not accepted Mr R’s application.

Whilst I accept that Connected FS may be responsible for initiating the course of action that has led to Mr R’s loss, I consider that IFG failed unreasonably to put a stop to that course of action when it had the opportunity and obligation to do so. I am satisfied that if IFG had complied with its own distinct regulatory obligations as a SIPP operator, the investment would not have come about in the first place, and the loss Mr R has suffered could have been avoided.

The DISP rules set out that when an Ombudsman’s determination includes a money award, then that money award may be such amount as the Ombudsman considers to be fair compensation for financial loss, whether or not a Court would award compensation (DISP3.7.2R).

In my opinion it’s fair and reasonable in the circumstances of this case to hold IFG accountable for its own failure to comply with its regulatory obligations, good industry practice and to treat Mr R fairly.

The starting point, therefore, is that it would be fair to require IFG to pay Mr R compensation for the loss he has suffered as a result of its failings. I have carefully considered if there is any reason why it would not be fair to ask IFG to compensate Mr R for his loss. It’s my view that it is appropriate and fair in the circumstances for IFG to compensate Mr R to the full extent of the financial losses he has suffered due to its failings. Having carefully considered everything, I do not think that it would be appropriate or fair in the circumstances to reduce the compensation amount that IFG is liable to pay to Mr R.”

In its response, IFG’s representative submitted that Mr R was a knowledgeable and experienced investor; and noted that he was a Director of the [name of business] (without explaining the nature of that business).

In the light of this submission, I have looked into some of the available information about Mr R and his business activities. Mr R is described on an archived page of the [name of business] website ([link removed]) as follows:

“[name of business] – Head of Funds

[Mr R] has over 25 years of experience within the financial services industry covering the management of individual client portfolios to the distribution of funds for major asset management groups. He has worked for a number of institutions including [names of previous employers]. He has also several years of experience managing private client portfolios at an asset management company based in [UK].”

Companies House also records that Mr R has held 28 directorships, a number of which were of pension businesses. For example, [name of business], which I understand was a provider of SSAS, [name of business], which I understand was a pension trustee, and two companies ([name of businesses],) which operated from the same address as [name of business], - a SIPP operator - and shared a director with that business.

We asked Mr R about his understanding and recollection of events after the complaint was referred to us. A 19 July 2023 email from his representative included the following:

“Mr R has advised that from recollection there was no introducer as such, he was not cold called or contacted by a third party. Mr R was moving house in 2016 and at the time thought it was a convenient time to seek advice on his pension arrangements, particularly his occupational pensions being his Royal London Group Pension and RBS Pension. He engaged the services of [details of the advisor Mr R initially engaged] and [name of advisor] provided advice on the same in or around July 2016. It was recommended he consolidate his pensions and upon the firm’s recommendation the pension assets held within these two pension schemes were transferred into the [name of another SIPP operator]. The transfers completed on 12 August 2016 and 05 September 2016. [details of the advisor Mr R initially engaged] however could not advise on Mr R’s personal pensions and Mr R was at some point referred to Connected Financial Services Ltd for advice on the matter of the personal pensions. Connected had discussions with Mr R and after assessing his personal circumstances issued a Suitability Report on 22 08 2016. Connected recommended the transfer of Mr R’s pension from [name of previous operator] SIPP and Old Mutual Wealth to The Sovereign [IFG] Insight SIPP.

Unfortunately due to the passage of time since the event , Mr R cannot recall exactly why the Sovereign SIPP was recommended above any other pension scheme. I have however enclosed the suitability report issued by Connected for your consideration.”

“What was your understanding of the risks associated with the investment (s)? Please explain your answer fully.”

“See above and Mr R believed the investment was low risk”

“What did you think Sovereign's role was at the time?”

“Mr R understood them to be the pension provider but had little knowledge of what their day to day duties were”

When viewed in the context of the information now available to me, I do not find these submissions persuasive; I have therefore reflected on Mr R’s likely level of understanding of the arrangements. The information has also given me cause to reflect on the circumstances surrounding the investment; in particular the £495 fee Connected FS charged for advice, and the fact Mr R had recently transferred approximately £370,000 into a SIPP with another operator which had been held as cash for a short period of time, before he transferred again into the IFG SIPP.

Having completed that reflection, I have concluded that, while I maintain there is insufficient evidence to show the risks associated with the LUXIF funds were explained to Mr R, it is likely he nonetheless did understand them; and he was likely following a course of action he had determined he wanted to take, and moved to IFG after he had been unable to enact that course of action with the other SIPP operator.

Given the content of the profile of Mr R quoted above, and the sum he was investing, I think it highly likely that a) he would have looked at the make-up of the LUXIF Amathus funds and

b) would have been able to understand they were high risk funds. I think it very unlikely someone of his knowledge and experience, even if acting on advice, would have invested £400,000 in two funds without looking carefully at those funds. I also think, given his knowledge and experience, he would have been able to fully assess the risk associated with the funds; and that he would therefore have invested in them knowing they were high risk, and was happy to invest despite the fact they were described otherwise. Which suggests he was very keen to invest in these particular funds.

The £495 fee – for pension switching advice on a £400,000 scheme – is exceptionally low. It is possible, given the high establishment fee, that Connected FS was receiving undisclosed commission from Cornhill ocp which compensated it for that. However, given what I say in the previous paragraph, I think it more likely in this case that this was a special arrangement; that the low charge calls into question whether this was a standard advisor/client relationship, or whether Mr R knew Connected FS could help him access the LUXIF funds and was simply using it to help him execute a course of action he had already decided upon. I think that is a more plausible explanation for why Mr R used the services of Connected FS to move to IFG rather than his previous advisor than that being the result of the previous advisor not being able to give personal pension advice (when it had already advised Mr R on the transfer from a DB scheme to a personal pension – the previous SIPP); and it would explain why Mr R paid considerably less than we have seen in other Connected FS/IFG complaints (where initial fees of 4% of the transfer value were paid).

Overall, this means that, whilst I have not been persuaded to otherwise depart from the findings set out in my provisional decision, I am now minded to issue a final decision which concludes it would not be fair and reasonable, in the particular circumstances of this case, to make an award of compensation. I think it likely Mr R would have looked for other means to make the investment in the LUXIF funds, had it not been allowed by IFG. Furthermore – and in any event – I think it likely Mr R knew what he was getting into and therefore in the unusual circumstances of this particular complaint it would not be fair and reasonable to ask IFG to compensate him for any losses suffered. To be clear, I am minded to decide that no compensation should be paid to Mr R by IFG.

I invited the parties to make provide any comments or further evidence they wished to submit, in the light of my revised decision.

Response to my revised provisional decision

IFG did not respond to my revised findings.

The representative responded on Mr R's behalf. I have considered its responses in full, and set out below a summary of what I consider to be the key points:

- Mr R disputes that he knew the investments were high risk but proceeded in any event. Mr R could not afford to take that risk with his pension assets. Mr R maintains that he was advised that the funds were regulated and low risk. The Amathus fund (the representative did not specify which fund they were referring to) was regarded as conservative in respect of risk – LUXIF's own risk profile of the fund was "low risk".
- Mr R believed the assets were standard and only realised they may not be in 2019 when he tried to withdraw money and was advised how long it would take. As soon as he realised the assets may not be standard he sought to close the SIPP but couldn't due to the high exit fees.

- Even if Mr R was experienced enough to complete his own assessment and understand the high risk nature of the investments, which he has disputed, SIPP operators are not excluded from their duties in such circumstances.
- Mr R disputes would have proceeded by seeking an alternative investment wrapper and believes this to be a completely unfair assessment. Had IFG refused to hold the assets and alerted him to the financial risk they would expose his pension assets, he would of course have not invested anyway as he could not afford to take that risk.
- To allege that Mr R would have sought another wrapper, even if he had been advised that the assets were non-standard, high risk and not acceptable by IFG as an investment is unfair. No reasonable person would have taken such a risk, and Mr R should be considered a reasonable person.
- Mr R has confirmed that no investment was made within the initial SIPP upon the advice of his advisor. Mr R recalls being advised that the initial SIPP operator was offloading various funds due to the then newly introduced capital adequacy requirements and the LUXIF funds were deemed surplus to requirements. His financial advisor suggested IFG as the alternative.
- His financial advisor at the time recommended the funds, and he relied on this advice. He received no incentive to invest.
- Mr R says he cannot comment on the fee that was charged, he has no idea why it was lower than what I expected. He also cannot confirm if his advisor was receiving fees from Cornhill direct. The fee was in any event in line with the average at the time.
- Mr R disputes that he had significant experience of the financial services industry. His portfolio management role involved putting together valuations, logging deals and reviewing the performance of client portfolios. He had otherwise always been involved in business development or sales. His experience of matters pension oriented or investing was zero.
- He was a director of many companies but most never amounted to anything. He had no involvement with the day to day activities of the pension companies of which he was a director.
- The information I have quoted from the business website does not tell the whole story. Mr R did not make decisions, and the description of Mr R is the work of the marketing person.
- IFG and even the FSCS initially took the view that the investments had been classified low / medium risk and were standard investments with no real concerns/red flags at the time. This alone demonstrates the complexity of this matter.
- The Woodford Fund is a relevant example. Although a retail fund, professional/sophisticated investors invested in this fund and, despite all their and experience, were unable to easily identify the risks posed.

I asked the representative for clarification of who gave the advice referred to in its response, and how this advice was delivered, as there did not seem to be a clear picture of events. In response, the representative said, in summary:

- When Mr R refers to “his advisor”, he is referring to Connected FS. In respect of the advice from Connected FS, Mr R has confirmed that the advice referred to was provided over the telephone. Mr R has confirmed I now have all the documentation he holds.
- Mr R recalls being advised by his previous advisor that that he would be advising him in respect of the DB transfers only. He recalls being referred to Connected FS for the remainder of the advice but unfortunately, due to the passage of time, he cannot recall for certain the exact reasoning behind this.

Prior to the advice of Connected FS Mr R had no intention to switch SIPP provider, hence why no indication of this was given to the previous advisor.

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 have not been persuaded to depart from the revised decision I have quoted above.

Some of what the representative has submitted goes to the question of whether IFG should have allowed the funds in its SIPP – for example, reference to restrictions on the distribution of the funds set by Luxembourg law. To be clear, I have not been persuaded to depart from my original provisional decision other than as set out in the revision quoted above. So, my view remains that IFG should not have allowed the funds in its SIPP. The question I am now considering is whether, in the circumstances of this particular complaint, that failing means it is fair to require IFG to compensate Mr R for any loss he has suffered through investing in the funds. And I remain of the view it would not be fair to require IFG to compensate Mr R for any loss he has suffered.

The representative has sent copies of email exchanges Mr R had with IFG following a withdrawal request made in 2019 (the one which resulted in the £50,000 withdrawal on 13 July 2019 I mention above). The representative says this is evidence Mr R was not aware the funds were not standard assets. The key part of the email exchange is the following from Mr R, sent in response to an update from IFG, which explained the funds he had asked to withdraw were still not available:

“As it is over a month since the instructions were given and dealt (presumably on the Tuesday after) and funds have still not been received, this means Cornhill's funds are NOT standard assets.”

Whilst I accept this is evidence Mr R may have, until this time, understood the funds to be standard assets (a point I will turn to later) it is also evidence of Mr R's knowledge. His response to IFG's update was sent almost immediately, and refers to the FCA Capital Adequacy Rules for pension operators and, in particular, the definition of a standard asset set out at IPRU-INV 5.9.1R. This shows Mr R had first-hand knowledge of these specialist rules. That is not consistent with the submission that his knowledge of pensions was “zero” but instead suggests he had specialist knowledge, consistent with his many directorships of pension businesses.

The representative says Mr R looked to withdraw from the funds completely as soon as he realised they were not standard assets. However, the email exchanges the representative has submitted suggest that it was a number of months before Mr R made a further withdrawal request and the reason given for that request was to cover school fees. Mr R's

concern seems to have been centred on how quickly he was able to access money, not his being invested in non-standard assets per se.

On the question of Mr R's knowledge and experience generally, given the above - and the available evidence otherwise - I do not find the representative's submissions persuasive. I remain of the view it is likely Mr R had significant knowledge and experience of investment and pension matters.

In terms of Mr R's understanding of the funds at the time, I do not think, if his understanding was that the funds were standard assets, that is necessarily evidence he understood the funds were low risk. I cannot of course be certain as to the precise level of Mr R's understanding but remain of the view it is likely Mr R did have sufficient knowledge and experience to be aware the funds were not low risk and is unlikely to have made large investments in the funds without having some regard to their make-up.

I do not think Mr R's investments in the funds here are analogous to investments made in the Woodford Equity Income Fund, where a UK FCA authorised fund was invested as might reasonably be expected at the outset but gradually changed to become higher risk over time. I acknowledge IFG took the position the funds were as they had been described by LUXIF but I have not seen any evidence to show it held that out to Mr R at the time, or he relied on it. I also acknowledge Connected FS did not describe the funds as being higher risk and it was reasonable for Mr R to put some reliance on that advice; but I think it unlikely he relied wholly on the advice and was likely following a course of action he had already determined he wanted to take.

Turning to that point, I am not persuaded by Mr R's account of events which led to him transferring into one SIPP, through the initial advisor, then to another SIPP, through Connected FS. Mr R says the initial advisor and Connected FS were acting in concert, as the former could not give advice on personal pensions. However, that recollection is not supported by the available evidence. The representative has provided a copy of a complaint final response letter sent by the initial advice business, which confirms it gave him advice on both his occupational and personal pensions, recommending a transfer of all of these schemes to the initial SIPP, and the transfer to the IFG SIPP, as advised by Connected FS, had come as a surprise to it. The letter also confirms Mr R had sought advice as he had unaffordable debts and wanted to release money from his pension to repay these.

So, it seems Mr R followed the advice of the initial advisor, which gave advice on his personal and occupational schemes, but then changed his mind and, through Connected FS, took another course of action. Not that the initial advisor and Connected FS were effectively collaborating, and the latter stepped in where the former could not act. I have not been able to establish the reasons for this, or how Mr R came to engage Connected FS.

Ultimately, I think it likely Mr R did have a significant level of knowledge and was motivated to invest in the funds. In these circumstances I do not think it would be fair to ask IFG, despite its failings, to pay any compensation to Mr R. I think it more likely than not he would have sought out a way to proceed with the investments. And, in any event, that it would not be fair, given Mr R's knowledge and experience, to say IFG's failings in this instance, taking into account its role and the other parties which were involved in the arrangements, mean it should be required to pay him compensation for any loss suffered through investing in the funds.

My final decision

For the reasons given, my final decision is that IFG should not be required to pay any compensation, in the circumstances of this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 7 July 2025.

John Pattinson
Ombudsman