

The complaint

Mr M complains about matters arising from an ongoing advice relationship he had with Armstrong Watson Financial Planning Limited trading as Armstrong Watson ("AWFP"). In particular he complains that AWFP had failed to maintain his pension plan in the light of legislative changes. Mr M also complains that AWFP had not explained to him that he had no need to appoint an advisor to his pension plan. And he complains that AWFP failed to explain the service it was providing when it increased his charges in 2023.

What happened

I issued a provisional decision on this complaint last month. In that decision I explained why I thought part of the complaint should be upheld and what AWFP needed to do in order to put things right. Both parties have received a copy of the provisional decision but, for completeness, I include some extracts from it below. In my decision I said;

Mr M became a client of AWFP in 2008. It seems it provided him with advice and support around his pension savings leading to the matters that form the start of this complaint in early 2022. At that time Mr M asked AWFP to arrange an income payment from his pension savings to be paid before the end of the current tax year.

That payment was successfully paid in March 2022, however it appears that some changes were needed to the pension plan Mr M held to move it from a capped drawdown to a flexi drawdown arrangement. Those changes needed to be completed before this income payment could be made. Mr M says that the changes should have been anticipated earlier, and that the payment only remained on time due to his chasing.

In July 2023 AWFP told Mr M that it would be increasing the annual charge he paid for its ongoing advice service. It told Mr M that he had previously been paying a discounted rate of 0.5% per annum, but that it would be increasing this payment to match its normal charges of 0.75% per annum. AWFP told Mr M that it would provide him with documentation explaining the service it offered.

In December 2023 Mr M asked AWFP if it was able to provide him with some advice relating to a property investment that he held. And at the same time he noted that he hadn't yet received the information about the advice service that he had been told would be sent. That information was sent to Mr M on 20 December 2023. On 5 January 2024 Mr M got in touch with AWFP to explain he had reviewed the documentation and conclude that there was little benefit to him in continuing to use the advice service. So he asked that the arrangement be cancelled. He complained to AWFP about what had happened around a week later.

AWFP didn't agree with Mr M's complaint. It said that it had completed the income payment he'd requested in 2022 before the end of the tax year as instructed. It said that in each of its annual reviews it had set out Mr M's objectives for someone to be taking an active approach to managing his pension savings, and that was what its ongoing service achieved. And it said that Mr M had agreed the fee increase, and

that it had intended discussing the service proposition more fully with Mr M in his next annual review meeting. But, as a gesture of goodwill, AWFP offered to refund the ongoing fees payment it received of £66.90 a couple of days before Mr M cancelled its service. Unhappy with that response Mr M brought his complaint to us.

Mr M's complaint has been assessed by one of our investigators. She thought that Mr M had made use of the ongoing services offered by AWFP and that they were suitable for his circumstances. So the investigator didn't think Mr M's complaint should be upheld.

Mr M didn't agree with that assessment and provided some further information. After reviewing what he had said AWFP offered to increase its gesture of goodwill to cover all the charges that Mr M had paid since the increase had been implemented in August 2023. It offered a refund of £333.36. Mr M didn't accept that offer. So, as the complaint hasn't been resolved informally, it has been passed to me, an ombudsman, to decide.

Mr M has had a long-standing relationship with AWFP. It seems that much of his dissatisfaction has arisen since AWFP told him that it was increasing the annual fee that it charged Mr M for its ongoing advice services. It seems that increase in the fee caused Mr M to examine more closely the service he was receiving and consider whether it remained suitable for his needs and circumstances.

Part of Mr M's complaint is that he understood that he needed to be using an advisor as part of the terms and conditions of his pension plan. I cannot discount that was something that AWFP had previously told Mr M. But the difficulty that I face is that there is no contemporaneous evidence of that being told to Mr M. Instead the reports that were produced at the time of any annual review meetings indicate that Mr M wanted to use the ongoing advice service so that there was oversight of his pension savings at all times.

Mr M told AWFP that he had decided to terminate the ongoing advice service after he had discussed his situation with his pension provider. He says that when speaking with the pension provider he became aware that there was no need for him to retain his relationship with AWFP. So that would seem to support Mr M's testimony that he believed his relationship with AWFP was required. But it doesn't mean that he held that belief as a result of being given incorrect information by AWFP. Instead I think it just as likely that this was a belief Mr M formed himself. And if it wasn't something that was specifically discussed with AWFP it might have even been unaware Mr M held that belief, so couldn't take steps to correct that misunderstanding.

So I'm not persuaded that the evidence shows AWFP has treated Mr M unfairly by making him believe that he was required to make use of its ongoing advice service. Instead I think it more likely that Mr M originally found the service attractive – providing him with the oversight of his pension savings that was set out as one of his objectives in the annual review reports that were issued to him.

But I think that the proposed increase in the charges for the ongoing service caused Mr M to re-evaluate the service he was receiving. He asked AWFP for more details about the service and what he should expect to receive. But it doesn't seem that information was provided to Mr M for some time. His annual charges were increased from August 2023. But it wasn't until he made a follow up request for the information, in December 2023, that it was sent to him.

After reviewing the information, and talking to his pension provider, Mr M decided to cancel the ongoing advice service. He sent that instruction to AWFP in early January 2024. I don't think it unreasonable to conclude that, had the information been sent to Mr M when he first asked for it in July 2023, he might have cancelled the service much sooner.

AWFP has offered, as a gesture of goodwill, to refund the ongoing advice fees it received from Mr M's pension savings from the time of the fee increase. I think that would be appropriate compensation here – had Mr M received the information earlier, he wouldn't have incurred those charges. So, subject to any further representations I receive on this provisional decision I intend to direct AWFP to pay the compensation it had previously offered as a gesture of goodwill.

The remaining part of Mr M's complaint relates to what happened in 2022 when he asked to take some income from his pension savings.

In 2014 AWFP had advised Mr M to move his pension savings into a capped drawdown plan. Under the legislation at that time that was the most suitable product to allow Mr M to take periodic income from his pension savings without the lifetime commitment that would come from purchasing an annuity. I understand that the following year, when Mr M started to receive his state pension, he agreed with AWFP to suspend those income payments.

In 2015 radical reforms were made to pensions legislation. So, when Mr M asked to take some additional income in 2022, it was more appropriate for his pension savings to be moved into a flexible drawdown product. In terms of the underlying investments, there was little if any change. So not making that change until 2022, when Mr M once again wanted to drawdown on his pension savings, was entirely reasonable and didn't cause him any financial detriment. So I don't think the changes that were needed in 2022 would lead me to conclude, as Mr M suggests, that his pension plan had not been properly maintained.

It does seem that AWFP failed to initially get to grips with what needed to be done in order to facilitate Mr M's income withdrawal. So the process did take a little longer than might have been expected. But it completed well before the deadline that it had agreed with Mr M of the end of the tax year. So I don't think any delays caused Mr M to lose out.

I appreciate that parts of this decision will be disappointing for Mr M. But the written evidence from the time doesn't support his testimony that he was told retaining AWFP as an advisor was a fundamental requirement of the pension plan that he held. Instead I think it more likely that Mr M found the ongoing advice and support offered by AWFP to be attractive, and he seems to have made use of that service both through the regular annual reviews, and in seeking assistance for one-off matters such as the income withdrawal in 2022.

But I don't think AWFP treated Mr M fairly in mid-2023 when it failed to supply the information he'd requested about the service it was offering when it increased the annual charges he was paying. I think had that information been provided sooner, Mr M would have cancelled the ongoing service at that time. So I currently think AWFP needs to refund the annual charges that Mr M paid following the fee increase.

I invited both parties to provide us with any further comments or evidence in response to my provisional decision. AWFP has accepted my findings and calculated the compensation that would need to be paid to Mr M. Mr M has provided some further comments. Although here

I am only summarising what he has said, I want to reassure Mr M that I have read, and carefully considered, his entire response.

Mr M says that a fuller discussion about the advice service he was receiving from AWFP might have led to him cancelling the service sooner. But before the fee increase he had been content to give AWFP the benefit of the doubt. So he accepts my conclusions in this regard.

Mr M accepts that he wasn't made to think that he needed to have an advisor. And he accepts the advice he had received from AWFP has served him well. But he does think AWFP should have been clearer in its discussions with him that he could have achieved his objectives in a less costly way, by for example dealing directly with the pension provider.

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 set out in my provisional decision, in deciding this complaint I've taken into account the law, any relevant regulatory rules and good industry practice at the time. I have also carefully considered the submissions that have been made by Mr M and by AWFP. Where the evidence is unclear, or there are conflicts, I have made my decision based on the balance of probabilities. In other words I have looked at what evidence we do have, and the surrounding circumstances, to help me decide what I think is more likely to, or should, have happened.

And I repeat my reflections on the role of this service. This service isn't intended to regulate or punish businesses for their conduct – that is the role of the Financial Conduct Authority. Instead this service looks to resolve individual complaints between a consumer and a business. Should we decide that something has gone wrong we would ask the business to put things right by placing the consumer, as far as is possible, in the position they would have been if the problem hadn't occurred.

I have thought carefully about the additional comments that Mr M has made. But I'm sorry to tell him that they haven't caused me to alter my conclusions on his complaint. I would however like to make some further comments on the additional points he has raised.

I thank Mr M for his honesty in explaining that AWFP hadn't explicitly told him that he needed to use its advice service. But I don't share his conclusion that AWFP should have concluded that Mr M might have been better served by dealing with the pension provider directly.

Mr M has said that he thinks the advice he has received from AWFP has served him well. So that would seem to suggest that the advice from AWFP has provided benefits to him that might not have been received had he not taken the advice service. I think it likely that AWFP, if asked the direct question, would have explained to Mr M that it thought taking its advice service was in his best interests. So, without any expression of dissatisfaction from Mr M, I think it unlikely that AWFP would have discussed a course of action that it would think might have left Mr M worse off.

I appreciate that with the benefit of hindsight Mr M feels that he might have been able to terminate his relationship with AWFP sooner. But given what I have said above I think that was something that Mr M needed to work out for himself. I've not seen anything to suggest that the service he was receiving from AWFP was entirely unsuitable for his circumstances to such an extent that the business should have declined to offer it.

So my conclusion remains that I think Mr M initially found the ongoing advice and support offered by AWFP to be attractive and appropriate for his needs. But I don't think AWFP treated Mr M fairly in mid-2023 when it failed to supply the information he'd requested about the service it was offering when it increased the annual charges he was paying. I think had that information been provided sooner, Mr M would have cancelled the ongoing service at that time. So I think AWFP needs to refund the annual charges that Mr M paid following the fee increase.

Putting things right

I think that, had AWFP provided information about its services to Mr M at the time of the fee increase, he would have cancelled its services at that time. So AWFP should refund to Mr M any fees it has received following the increase to 0.75% in August 2023. AWFP should increase that compensation to reflect any investment returns achieved by Mr M's pension savings from the date the fees were deducted to the date this final decision.

I had hoped that AWFP could pay into Mr M's pension plan to increase its value by the total amount of the compensation. But Mr M's pension provider has confirmed that it isn't able to accept those funds.

So, since AWFP is unable to pay the total amount into Mr M's pension plan, it should pay that amount direct to him. But 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 isn't a payment of tax to HMRC, so Mr M won't be able to reclaim any of the reduction after compensation is paid.

The notional allowance should be calculated using Mr M's actual or expected marginal rate of tax. I think it reasonable to assume that Mr M is likely to be a basic rate taxpayer so the reduction should equal the current basic rate of tax. That deduction should be applied in full, as these were crystallised funds, so Mr M had no entitlement to receive any part of them tax free.

My final decision

My final decision is that I uphold a part of Mr M's complaint and direct Armstrong Watson Financial Planning Limited to put things right as detailed above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 11 July 2025.

Paul Reilly
Ombudsman