

## **The complaint**

Mr L has complained about the advice he received from Thacker Fairweather ('TF') to transfer his existing Self-invested Personal Pension ('SIPP') and Individual Savings Account ('ISA') to a new provider. He's said the transfer was unnecessary because he invested in funds that were already available to him via his previous provider.

Mr L has also complained that TF failed to provide an ongoing service after the new plans were established, despite the paying an ongoing adviser charge.

Mr L and his wife received advice at the same time. Mrs L has also raised the same complaint but as the concerns raised relate to the duty owed to both Mr and Mrs L individually, Mrs L's complaint is being dealt with by this Service as a separate matter.

## **What happened**

The background to this complaint is well known to both parties so I only intend to set out what I consider key to my consideration of the complaint.

Mr L contacted TF in 2019. In an email he sent to TF around this time he explained that he'd started consolidating his and his wife's pensions in 2013, without advice as he had been happy to make his own decisions. But he now felt it was time to let a more experienced adviser take over and he looked forward to seeing what TF could offer.

At the time Mr L had an existing SIPP and ISA with a firm I'll refer to as Firm H.

After completing a review of Mr L's circumstances and assessing his attitude to investment risk – which TF assessed as medium - TF issued its summary of recommendations letter. This set out its recommendation that Mr L transfer his Firm H SIPP and ISA to another provider, Firm A. It also recommended the following investments:

- 30% SEI Balanced Fund Class Wealth A Distribution
- 30% Vanguard LifeStrategy 60% Equity A Accumulation
- 30% Canada Life Investments LF CanLife Portfolio V Class C Accumulation
- 5% Finsbury Growth & Income Trust Plc
- 5% Troy Income & Growth Trust Plc

The letter also that:

*"It is essential to review your plan on an ongoing basis. We will meet at least annually to track your progress against this plan and to enable me to assess the ongoing suitability of my recommendations. This assessment will take into account any changes to your circumstances including tax changes as our advice is based on the current position and understanding. We will also recommend rebalances to your portfolio where necessary to ensure it remains in line with your attitude to risk. Further details of our ongoing service are in your client agreement"*

The 2019 Client Agreement said the following:

***“Thacker Fairweather are keen to develop long term relationships with our clients because we know that, however good the advice we give and the strategy we implement for our clients, circumstances change over time. Accordingly, for all clients, it is important we provide a CONTINUING CLIENT SERVICE to ensure your strategy stays on track.***

***Pro-active management service***

*Designed for clients with contracts that have an investment basis, this service complements the regular monitoring of investment contracts and provides regular reviews of the initial planning in light of changing personal and financial circumstances*

***Thacker Fairweather will contact you to provide regular reviews***

*Regular reviews of your Needs & Objectives and Risk Profile/s  
Regular reviews of contracts where Thacker Fairweather is Introducer / Servicing Agent  
Recommendations for appropriate Changes, with your consent*

*Access to an adviser  
Unlimited access to an adviser”*

Mr L accepted TF’s recommendation and after a short delay his existing SIPP and ISA were transferred to Firm A in January 2020. The breakdown of ongoing adviser charges on file suggests the first monthly ongoing adviser charge was taken in January 2020 for the ISA and February 2020 for the SIPP.

Mr L contacted TF in January 2021 to arrange a withdrawal from his SIPP. Around this time TF also recommended Mr L switch one of the funds he was invested in.

In April 2021 Mr L contacted TF as he wanted to make a further withdrawal from his SIPP. A meeting was arranged for early May 2021. The emails issued around this time suggest the meeting was not only to discuss Mr L’s withdrawal but also a potential further investment. In August 2021, Mr L contacted TF as he had £175,000 to invest, which was to be split between him and his wife. The information on file suggests that a review of Mr L’s circumstances took place at this point. Following this TF recommended Mr L open a GIA with Firm A and invest £50,000, and invest a further £20,000 in his ISA.

Mr L accepted the recommendation and the new GIA account was established. Mr L paid a fee to TF for arranging this investment – that being 1% of the additional amount invested. Mr L also signed a new client agreement at this time, which said:

*“Where we agree to provide you with a service that includes an ongoing review of the suitability of the investments we have recommended, we’ll carry out this review at least annually. To do this we will need to make contact with you to assess whether the information we hold about you remains accurate and up to date. We’ll issue you with a report setting out the results of our assessment and, if relevant, any updated recommendations”*

The agreement also provided the following description of this ongoing service:

- An annual face to face or telephone meeting (your choice) with your adviser

- A review of your financial goals and objectives
- An up to date valuation of your current investments
- A review of how your investments are invested
- Implementation of agreed changes
- A report setting out the results of the review and confirming any changes made
- Access to our client team who will respond and deal with ad hoc queries
- A bi-monthly news bulletin updating you on current financial issues

In January 2022, Mr L contacted TF to arrange a withdrawal from one of his accounts. TF issued a letter at this time which confirmed that:

*“As initially agreed when your [Firm A] Pension and ISA Accounts were put in place, I have taken the opportunity to review the performance and believe that, potentially, there is an opportunity to increase the value of your investment if you were to switch your funds, within your existing [Firm A] Whole of Market Wrap Accounts...  
...The fund I have chosen fits into your overall risk profile **which was declared and agreed at outset** [bold is my emphasis]”*

In August 2022 Mr L emailed TF having received a letter outlining TF’s proposal for that year’s ISA allowance. Mr L explained that as he hadn’t heard from TF earlier in the tax year, he’d made his own arrangements.

In September 2022, TF emailed Mr L and asked him to complete a new fact find and budget sheet. Again some work was completed at this time to arrange for funds to be drawn from one of Mr L’s accounts.

In December 2022, Mr L emailed TF to request that his GIA was closed.

In May 2023, TF wrote to Mr L to confirm that it had become part of Ascot Lloyd.

In July 2023 Mr L emailed TF as he was experiencing trouble accessing his accounts online. In this email he said that he was raising a formal complaint. In summary Mr L complained that in 2019 TF had offered a service level back in exchange for an ongoing adviser charge of 1% per year. Mr L felt the service had fallen short. Mr L raised further concerns in August 2023 about the initial advice he’d received.

TF responded to Mr L’s complaint by email in September 2023. It said it was not upholding the complaint.

Mr L referred the complaint to this Service for consideration. One of our Investigators considered matters and thought the complaint should be upheld in part. In summary the Investigator thought the initial advice to transfer had been suitable. But he wasn’t satisfied TF had provided Mr L with the ongoing adviser service he had been paying for. So he recommended that TF refund all ongoing adviser charges Mr L had paid across all of his Firm A products.

At this point TF made an offer to refund the ongoing adviser charges it had taken from Mr L’s accounts. Mr L rejected this offer because it didn’t include an amount for any investment loss.

The matter was referred to me to review.

Having considered the information on file, I issued my provisional thoughts to both parties. In summary, I said I didn’t think the advice to transfer had been unsuitable for Mr L. But I agreed with our investigator that TF had failed to provide the ongoing service Mr L had

been paying for. So I said I was minded to uphold the complaint. I set out my proposed redress for how TF could put things right and I award £250 for the distress and inconvenience this matter had caused Mr L.

TF made a further offer, this time adding 8% simple interest to the refund of charges from the date they were taken to the date the last charge was taken in 2023. Mr L rejected this offer. He said the figures used by TF for the charges taken didn't match what he has on his records. And he believed the 8% simple interest should be paid up to the date of settlement, not to 2023. He also said the amount offered doesn't include the £250 payment award for distress and inconvenience. Mr L requested that I issue a formal decision.

In its final submissions this Service, TF offered to refund all the ongoing adviser charges, including 8% simple interest up to the date of settlement. In addition it agreed to the £250 compensation for distress and inconvenience.

I'm now in a position to reach my final 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.

Having done so, I'm upholding the complaint, in part.

#### Suitability of the transfer advice in 2019

I've reconsidered whether the initial advice to transfer Mr L's SIPP and ISA from Firm H to Firm A was suitable. My thoughts on this remain as set out in my previous email. So much of what I've said below repeats what I said previously.

Firstly, I've looked at the charges involved with each arrangement.

The arrangement Thacker Fairweather ('TF') recommended with Firm A had a charge of 0.30% on assets valued up to £1m. The Firm H charging structure was more complicated than Firm A; the fee was 0.45% of the SIPP or ISA value. This was capped at £45 for the ISA and £200 for the SIPP for certain investments (shares, investment trusts, ETFs, gilts and single corporate bonds). However, there was no cap if the investment was in an investment fund.

It appears from the information Mr L provided to TF that his Firm H SIPP and ISA were mostly invested in investment funds rather than shares, investment trusts, ETFs, gilts and single corporate bonds. So, excluding the ongoing advice charge, it would appear that the Firm A arrangement was cheaper than Mr L's existing Firm H ISA and SIPP.

However, the Firm A arrangement also included an ongoing adviser charge of 1%, meaning that overall the new arrangement was more expensive for Mr L. However, it's evident from Mr L's initial email to TF when he requested a meeting, that he no longer wished to manage his SIPP and ISA himself. So it seems paying for his investments to be reviewed annually was something Mr L was willing to do at that time. And I'm satisfied TF clearly explained the cost of providing this service to Mr L.

In terms of the investments TF recommended to Mr L, these seem to be broadly in line with his objectives and attitude to risk. And while some of these funds were available through Firm H, as I've said above, the arrangement with Firm A, when excluding the 1% charge for ongoing advice, seems to have been a cheaper arrangement.

I do appreciate that under the Firm H arrangement Mr L was able to access his pension without having to go through his financial adviser. That wasn't possible with the Firm A arrangement as it was an adviser led platform arrangement. This was explained in the suitability letter and as I've said above, Mr L seems to have been willing to pay to have his investments reviewed annually and as I understand it, any work required by TF to facilitate withdrawals from the platform, would have been covered under this 1% ongoing adviser charge. So, overall, I don't think the advice to transfer the SIPP and ISA from Firm H to Firm A was unsuitable.

#### Ongoing adviser charges

Although I've said I'm satisfied that Mr L was willing to pay for the ongoing service he thought he'd be receiving from TF, he says he didn't receive this. TF accepts that it didn't carry out all the full annual reviews it was required to do but it says it did carry out some work. So it doesn't think a full refund of the ongoing adviser charges paid plus investment loss/interest is appropriate in these circumstances. In order to bring a resolution to this matter, TF made an offer to Mr L but this wasn't accepted. So I've gone on to consider this part of the complaint further.

The initial advice was provided in late 2019 and the suitability letter was issued in October 2019. Mr L accepted the recommendations and the Firm A Wrap account was established. It appears the SIPP and ISA were transferred from Firm H in early 2020. The breakdown of ongoing adviser charges provided by TF suggests the first monthly ongoing adviser charge was taken in January 2020 for the ISA and February 2020 for the SIPP.

As highlighted earlier, the suitability letter said the ongoing adviser charge would cover a review of the suitability of the recommendation, including recommendations to rebalance the portfolio where necessary to ensure it remained in line with Mr L's attitude to risk. And it said these reviews would happen at least annually.

I've looked through all the information provided and I can't see that a full annual review was ever completed. The new arrangements for Mr L started in January 2020 so I would have expected a full review of the recommendations and investments to have been completed by around January 2021 at the latest. It's clear TF did carry out some form of review in January 2021 as I've seen a letter that was issued around this time. This letter said:

*"As initially agreed when your [Firm A] Wrap Accounts was [sic] put in place, I have taken the opportunity to review the performance and believe that, potentially, there is an opportunity to increase the value of your investment if you were to switch your funds, within your existing [Firm A] Wrap Accounts. I therefore recommend that you switch the following funds within the below accounts..."*

*...The fund I have chosen fits into your overall risk profile **which was declared and agreed at outset** [bold is my emphasis]..."*

However, no attempt appears to have been made to contact Mr L before this letter was issued to check if there had been any changes to his needs or circumstances. And while the letter suggests a review of some of the investments had been carried out, it wasn't a full annual review of Mr L's circumstances and products held to check if they remained suitable for him. And I've not seen any evidence of a suitability letter being issued, or a face to face or telephone meeting having taken place, which I would've expected, in line with the client agreement. It does appear a meeting took place in May 2021 but again, this doesn't appear to have been a full review meeting and was instead a meeting in response to Mr L contacting TF as he wanted to discuss a potential future investment option.

Later in 2021 Mr L contacted TF as he had an additional sum to invest. The paperwork on file shows that at this point a review was completed and a new recommendation letter was issued. However, Mr L was charged an additional fee for this work so this wasn't work covered by the ongoing adviser charge that he had been paying. I know Mr L is unhappy with how much he had to pay at this point (1% of the additional amount invested) but I think this cost was made clear to him prior to him accepting the recommendation TF provided at this time to place the additional funds in a GIA held on the Firm A platform. So I don't think TF needs to refund this fee.

Mr L signed a new client agreement at this time which provided a description of the ongoing service TF would provide – as set out earlier in the background section of this decision.

In January 2022, it appears Mr L contacted TF to arrange a withdrawal from one of his accounts. TF issued a letter at this time which recommended a fund switch for one of the investments held.

While again this suggests some of the investments were reviewed, this didn't provide the full service that had been set out in the client agreement. And it doesn't appear a suitability letter, review meeting or full assessment of the products held and Mr L's updated circumstances were taken into account.

In September 2022, TF emailed Mr L and asked him to complete a new fact find and budget sheet. And while I note work was completed to arrange for funds to be drawn from one of Mr L's accounts, I've not seen any evidence of a full review being carried out at this time.

Overall, while it's not in dispute that TF did carry out some work over the years on Mr L's behalf, I've seen no evidence that a full review of his circumstances and the ongoing suitability of the initial recommendation was ever carried out, which represented a significant part of the ongoing service Mr L was paying for.

Having looked at the emails on file, I'm conscious Mr L managed his own SIPP and ISA while it was Firm H. So I don't think he would have been willing to pay an ongoing adviser charge, solely for TF to arrange withdrawals from his accounts. Mr L appears to have been willing to pay this ongoing adviser charge because he believed he would receive a full review of his products and investments at least annually, as set out in the client agreement. This is not the service he received and so, like our Investigator concluded, I agree that all the ongoing adviser charges should be refunded.

#### TF's offer

TF has offered to refund all ongoing adviser charges taken from Mr L's Firm A products. And it said that it will bring these charges up to date using 8% simple interest. In order to simplify this calculation, TF has said that it will add the monthly charges up to the annual amount taken and add 8% simple interest from the start of the year the charges were taken to the date of settlement. I think this offer is fair.

I appreciate Mr L has concerns about the charges TF used in its earlier calculation. He considers that many of the charges taken from his Firm A accounts haven't been taken into consideration. And he says TF's figures don't come close to his own calculations.

Mr L has said that he has copies of all the charges taken should clarification be required. And he provided a copy of a document from 2019 showing an adviser charge that he believed TF failed to include in its calculation.

I've considered the document Mr L has provided and can see the adviser charge in question is for £992.13. However, Mr L's Firm A accounts didn't start until January 2020. So I think it's likely the adviser charge Mr L is referring to here is the initial fee he paid TF for the advice it provided in late 2019. As I've determined the advice Mr L received in 2019 was suitable, I've not asked TF to refund its initial fee.

I note Mr L was charged a further fee for the advice he received in September 2021 when he set up his GIA. This fee – of £875 – wasn't for ongoing advice. It was the fee Mr L agreed to pay when he accepted TF's recommendation to open his GIA and invest additional funds in his ISA. So I'm not recommending that this fee be refunded.

TF has provided this Service with details of the charges it thinks were taken from Mr L's Firm A accounts. Mr L has been provided with a copy of this information. If he considers this information doesn't align to the information he holds regarding the ongoing adviser charges, he should provide this information to TF for this to be taken into consideration when it completes its calculation. I must reiterate here, that I've not asked TF to refund the fees taken for the initial advice Mr L received or the subsequent advice received in September 2021.

### **Putting things right**

To put things right, TF must calculate the amount paid in ongoing adviser charges for reviews it didn't complete for Mr L while he held products with Firm A. It should refund those sums to Mr L, along with 8% simple interest from the date the payments were taken to the date of the final decision. If TF chooses to simplify this calculation by rounding the charges up to an annual amount, the 8% simple interest should be added from the start of the year the charges were taken so as not to disadvantage Mr L.

When TF has calculated the total loss to Mr L for each policy (from the ongoing adviser charge that should not have been paid, and the 8% simple interest on those amounts) it should do the following:

#### Pension policy:

Where possible TF should pay the refund (ongoing adviser charge plus 8% simple interest) back to Mr L's pension.

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

If a payment into the pension isn't possible or has protection or allowance implications, it should be paid directly to Mr L as a lump sum after making a notional reduction to allow for future income tax that would otherwise have been paid. As Mr L has remaining tax-free cash entitlement, 25% of the loss would be tax free and 75% would have been taxed according to his likely income tax rate in retirement, presumed to be 20%. So, making a notional reduction of 15% overall from the loss adequately reflects this.

#### ISA policy:

TF should pay the refund (ongoing adviser charges plus 8% simple interest) directly to Mr L. I appreciate the charges deducted from the ISA product would have remained within the ISA wrapper had they not been taken, benefiting from the tax-efficient status. By refunding these charges to Mr L, they will no longer be held within the ISA. However, I do not think TF need to account for any potential loss of the tax-efficiency in this case as it would be negligible.

### GIA policy:

TF should pay the refund (ongoing adviser charges plus 8% simple interest) directly to Mr L. There are no additional considerations with the GIA policy such as with the pension or ISA.

TF should provide Mr L with a simple calculation showing how it arrived at the figures.

### Distress and inconvenience

In addition, I think this matter has caused Mr L distress and inconvenience. He didn't receive the service he was expecting and so TF should pay him £250 for the inconvenience of not having adequate annual reviews.

### Interest

The compensation resulting from this loss assessment must be paid to Mr L (or into his pensions as set out above) within 28 days of the date TF receives notification of Mr L's acceptance of my final decision. Interest must be added to the compensation amount 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 TF being notified of Mr L's acceptance of my final decision.

TF may consider it needs to deduct income tax from the interest portion of this award. If it does, it should tell Mr L how much it has deducted, and provide a tax deduction certificate for him if he asks for one. This will allow Mr L to reclaim the tax from HMRC if appropriate.

### **My final decision**

For the reasons explained, I partially uphold this complaint and direct Thacker Fairweather to calculate and pay redress as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 21 October 2025.

Lorna Goulding

**Ombudsman**