

## The complaint

Mr E complains that Windsor Wealth Management Limited (WWM) provided him with advice in relation to his pension that was unsuitable and as a result he has incurred a financial loss.

Mr E has been represented by a third party in making his complaint, however for the purposes of clarity, I will refer to all correspondence as having come from Mr E.

## What happened

In February 2021, Mr E sought advice in relation to his personal pension – he had recently received an inheritance and wished to invest part of his available capital in order to further build up his retirement pot. At that time he was aged 58, married and in good health and his anticipated retirement age was 60.

At that time his attitude to risk was recorded as being 6 out of 10, High Medium. The report stated that the Mr E wished to receive an income of £2,200 in retirement. He held a personal pension plan with a firm who I will refer to as 'Provider A'.

Mr E was advised by WWM to retain his existing pension and invest the additional monies into the same portfolio, which included a range of funds which were stated to be in line with his High Medium attitude to risk. The charges were a platform fee of 0.3%, fund charges which averaged 0.76% and an ongoing advice charge of 1% (totaling 2.06%).

On 25 June 2021 a meeting was held between Mr E and his adviser to discuss his pension following which he was issued with a pension switching report dated 19 July 2021. The report shows that Mr E's pension at that time was invested in a [Provider A] pension and had a value of £324,660. It was invested in a range of funds which were stated to be in line with Mr E's attitude to investment risk. The report indicates that a regular gross contribution of £750 per month was also being paid into the plan. The main objective of the review was stated in the report to be to look at the suitability of transferring the funds, because Provider A could no longer facilitate switches and their model portfolio system was "*not comprehensive enough to facilitate our quarterly review management system*". It is stated within the report that Mr E liked the quarterly review system and wished to continue with the same proposition.

The suitability report states "*we have provided services to you for a number of years and the backbone to this service is regular contact and reviews/rebalances of your funds and portfolios*". It appears that Mr E had an ongoing relationship with the adviser, therefore although he did not hold a wide range of investment products, it can be considered that the advice received historically would have provided him with a level of knowledge and understanding of his investments, and the services he was receiving. This is confirmed within the suitability report.

It is noted that although Mr E had a requirement for £25,000pa in retirement, the documentation provided indicated that his pension provision would be unlikely to be sufficient to meet this.

Due to the inability of Provider A to continue to offer the facilities previously utilised in the management of Mr E's pension, a recommendation was made in July 2021 for Mr E to transfer his pension to a different provider who I will refer to as Provider B. The rationale for this was because the existing provider was not able to facilitate bulk switching, meaning that the adviser would not provide their quarterly review service through their product. This was coupled with the fact that Provider B had just improved their technology offering meaning *"they now offer a very streamlined process for us to managed your funds comprehensively"*. The suitability report states that he wanted the funds and indeed the income later to be managed correctly to ensure he didn't overpay tax and the funds were as effective as possible by achieving real growth and reviewed regularly. Mr E accepted the recommendation, and his funds were transferred to a pension with Provider B. A fee of 1.5% (£4,870) was charged.

In or around August 2023, Mr E transferred his pension away from Provider B to a different pension.

In April 2024, Mr E complained to WWM. His complaint included a number of points, but fundamentally stated that the transfer was not in his best interests. WWM did not respond to this complaint, and in June 2024, Mr E forwarded his complaint to this service. In October 2024, WWM stated that they had not received Mr E's initial complaint and requested time to review the complaint in line with the eight weeks they would normally be allowed. Due to the time that had already elapsed (and the fact that the Financial Ombudsman Service had made them aware of the complaint in August 2024), the investigator did not agree to this and allowed WWM two further weeks to provide their file.

Having carried out an investigation, our investigator issued his view in May 2025. In his view, he considered the various complaint points raised, including, in summary:

- The fact that Mr E did not understand or value the quarterly reviews which were part of the recommendation
- That the level of risk was not made clear to him, and was higher than he was willing to take,
- That alternatives were not suggested with the existing provider.

The investigator concluded that WWM had not acted fairly. Although the evidence on file suggested that Mr E did value and understand the quarterly review and rebalancing service, he concluded that the level of risk that Mr E's pension was exposed to with the recommended portfolio was too high when considering his capacity for loss and proximity to retirement, and found that the recommended strategy was unsuitable for Mr E.

WWM did not agree with this outcome. They stated in their response that the transfer was clearly documented and explained to Mr E, and they did not believe that the transfer advice was unsuitable. Because WWM did not agree, the complaint has been forwarded to me for a 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 have come to the same conclusions as the investigator, but for slightly different reasons.

I have summarised this complaint in less detail than Mr E has done and I've done so using my own words. The purpose of my decision isn't to address every single point raised by all of the parties involved. If there's something I've not mentioned, it isn't because I've ignored it - I haven't. I'm satisfied that I don't need to comment on every individual argument to be able to reach what I think is the right outcome. No discourtesy is intended by this; our rules allow me to do this and it simply reflects the informal nature of our service as a free alternative to the courts. Although Mr E's complaint raises a number of points, I have focused on what I believe to be the crux of the complaint, that is, that he believes the transfer of his pension from Provider A to Provider B was unsuitable.

In making my decision, I have considered the relevant regulations and guidance in place at the time the recommendation to Mr E to transfer his pension was made.

I have reviewed the documentation available from the reviews that were carried out in February 2021 and July 2021 and considered the submissions from both parties.

Mr E was an existing client of WWM, and sought advice in relation to the investment of some monies he had inherited in or around February 2021. A suitability report issued to Mr E in February 2021 which confirmed the portfolio in which he was invested, and set out his needs and objectives. It recommended that Mr E retain his existing pension with Provider A, and invested his further monies into this, in order to support his income need in retirement.

The suitability report provided on 19 July 2021 references a meeting held with Mr E on 25 June 2021. It outlines his personal circumstances as well as his needs and objectives. It states that Mr E held a pension with Provider A, and had previously employed the quarterly fund review management system since inception to ensure that the funds were regularly rebalanced in the run up to retirement. It confirmed that Provider A were no longer able to facilitate this quarterly review management system however as Mr E liked the review system and wished to continue with the same proposition, the only viable option was to transfer the funds to a plan which offered a variety of funds as per the existing contract but could also facilitate the quarterly wealth management system.

The report also outlined Mr E's required income in retirement, and considered that based on the illustration provided, it was unlikely that his income needs would be met. The report confirmed his investment risk profile had been assessed and agreed as 6 out of 10 – High Medium.

The report recommended that Mr E transfer his pension with Provider A to a new plan with Provider B. The reason for this was stated to be because Provider B offered a streamlined process for WWM to manage the funds comprehensively. It confirmed that the portfolio would be rebalanced quarterly to ensure that the volatility remained in line with Mr E's attitude to investment risk.

In his complaint, Mr E has stated that the quarterly rebalancing was something that he did not understand or value, and the effect had not been explained to him. The complaint further states that Mr E did not understand nor was it explained why a 1.5% fee was charged. He states that it was not considered whether alternative funds were available with Provider A which may have been more cost effective.

I have considered whether there is evidence to support these assertions. In relation to the quarterly rebalancing (the primary reason for the transfer), I cannot find evidence to suggest that Mr E did not understand or value the quarterly rebalancing. The file indicates that this was discussed during both reviews that took place in 2021, and the suitability reports in February and July 2021 both reference rebalancing and the benefits of this. The report in

July 2021 is clear in explaining that this service would no longer be available with the existing provider, and the availability of such a service was the reason a transfer was being recommended. It is reasonable to consider that if Mr E did not understand this, or did not believe that this was a service he wanted, he would have raised his concerns at the time of the advice. I have not been provided with any evidence to indicate that he did so, either at that time or at any time until the complaint in 2024. I therefore do not uphold this element of Mr E's complaint.

I have considered whether it was appropriate for a recommendation to be made for Mr E to transfer his pension from Provider A to Provider B and incur an initial fee of 1.5%, and am not satisfied that it was in his best interests.

The suitability report following the review in February 2021 confirmed that Mr E's existing pension was suitable for his circumstances, and should be retained, with additional monies being added to it. I acknowledge that the review and subsequent transfer was driven because Provider A was no longer able to facilitate the quarterly rebalancing of the portfolio, which the suitability report states that Mr E valued.

When considering a pension switch, a financial adviser should consider four key issues which I will outline below. Although these were first published in 2009 in the regulator's checklist for pension switching, they are still a useful reference point today.

1. Charges - has the consumer been switched to a pension that is more expensive than their existing one(s) or a stakeholder pension, without good reason?
2. Existing benefits - has the consumer lost benefits in the switch without good reason? This could include the loss of ongoing contributions from an employer, a guaranteed annuity rate or the right to take benefits early.
3. Risk - has the consumer switched into a pension that doesn't match their recorded attitude to risk (ATR) and personal circumstances?
4. Ongoing fund management - has the consumer switched into a pension with a need for ongoing investment reviews but this was not explained, offered, or put in place.

Taking each one in turn, and firstly considering charges. The charges applying to the existing pension held by Mr E with Provider A were set out in the suitability report issued to him in February 2021. These were comprised of a platform charge of 0.3% and weighted fund charges of 0.76%, plus an ongoing advice charge of 1%, therefore totalling 2.06%. Following the transfer, the new pension with Provider B would also have a platform charge of 0.3%, with weighted fund charges of 0.81% and an ongoing advice charge of 1% (a total of 2.11%). Therefore, although the total charges were slightly higher they are broadly comparable, and the slight increase can be justified by the enhanced functionality offered by Provider B.

However, in order to carry out the transfer, WWM charged an initial advice fee of 1.5%. I have considered whether there is sufficient benefit to Mr E by transferring to justify this additional fee, particularly when the existing investment had been deemed as suitable earlier in the same year, and he was only two years from his desired retirement age. As detailed above, the suitability report provided to Mr E in July 2021 explains that Provider A were no longer allowing bulk transfer and therefore the transfer was being recommended as Provider B "*offered a very streamlined process or us to manage your funds comprehensively*". It therefore seems to me that by transferring, the process would be simpler for WWM, rather than providing a tangible benefit to Mr E, particularly when taking into account that Mr E was already paying a 1% ongoing advice charge which although I haven't seen the terms and conditions of the service available to Mr E, can reasonably be expected to include an

element of rebalancing. I am therefore of the opinion that Mr E incurred additional charges in switching which could not be justified by the benefits of transfer.

In relation to existing benefits, I have not seen any evidence to indicate that Mr E lost benefits as part of the recommendation to switch from Provider A to Provider B. In his complaint, Mr E has stated that the recommended funds carried a higher level of risk than he was willing to take. Having reviewed the portfolio, and the investments of which it was comprised, I am in agreement that the funds carry a higher level of risk than would typically be expected to be incurred for an individual with a risk profile of 6 out of 10. The fund factsheets for each fund identify that the funds within the portfolio ranged from 4 to 7 (out of 7), with over two thirds of the funds carrying a higher risk profile than 5 out of 7. As identified by WWM, Mr E was willing to take a moderate to high level of risk. However, this must be considered alongside Mr E's ability to take a risk (capacity for loss) and the timescales for investment. The documentation provided to me indicates that Mr E's personal pension represented the majority of his accessible assets, meaning that he was less able to withstand losses to this plan. This is also impacted by the short period of time remaining until Mr E's desired retirement age which was just two years after the advice, meaning that his time to recover any losses would be limited. As such, it would be reasonable for WWM to consider reducing the risk of the investment at such a point in Mr E's life, rather than investing funds at the higher end of the risk level that Mr E was willing to take in order to avoid significant fluctuations in value of the pension close to retirement age.

In relation to fund management, the pension both before and after transfer would be subject to reviews therefore I am satisfied that the pension switch did not have an adverse impact on Mr E in this regard.

Having considered the above points, I am of the opinion that the transfer that took place in July 2021 was not suitable for Mr E. For the reasons above, I uphold Mr E's complaint.

### **Putting things right**

#### **Fair compensation**

My aim is that Mr E should be put as closely as possible into the position he would probably now be in if he had been given suitable advice.

I take the view that Mr E would have invested differently. It's not possible to say *precisely* what he would have done differently. But I'm satisfied that what I've set out below is fair and reasonable given Mr E's circumstances and objectives when he invested.

#### **What must WWM do?**

To compensate Mr E fairly, WWM must:

- Compare the performance of Mr E's investment with that of the benchmark shown below. If the actual value is greater than the fair value, no compensation is payable.

If the fair value is greater than the actual value there is a loss and compensation is payable.

- WWM should also add any interest set out below to the compensation payable.
- WWM should pay into Mr E's pension plan to increase its value by the total amount of the compensation and any interest. The amount paid should allow for the effect of

charges and any available tax relief. Compensation should not be paid into the pension plan if it would conflict with any existing protection or allowance.

- If WWM is unable to pay the total amount into Mr E'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 E won't be able to reclaim any of the reduction after compensation is paid.
- The *notional* allowance should be calculated using Mr E's actual or expected marginal rate of tax at his selected retirement age.
- For example, if Mr E is likely to be a basic rate taxpayer at the selected retirement age, the reduction would equal the current basic rate of tax. However, if Mr E would have been able to take a tax free lump sum, the reduction should be applied to 75% of the compensation.
- Pay to Mr E £200 for the distress and inconvenience caused.

Income tax may be payable on any interest paid. If WWM deducts income tax from the interest it should tell Mr E how much has been taken off. WWM should give Mr E a tax deduction certificate in respect of interest if Mr E asks for one, so he can reclaim the tax on interest from HM Revenue & Customs if appropriate.

Portfolio name	Status	Benchmark	From ("start date")	To ("end date")	Additional interest
Pension Portfolio	No longer in force	For half the investment: FTSE UK Private Investors Income Total Return Index; for the other half: average rate from fixed rate bonds	Date of investment	Date ceased to be held	8% simple per year on any loss from the end date to the date of settlement

### ***Actual value***

This means the actual amount paid from the investment at the end date.

### ***Fair value***

This is what the investment would have been worth at the end date had it produced a return using the benchmark.

To arrive at the *fair value* when using the fixed rate bonds as the benchmark, WWM should use the monthly average rate for one-year fixed-rate bonds as published by the Bank of England. The rate for each month is that shown as at the end of the previous month. Those rates should be applied to the investment on an annually compounded basis.

Any additional sum paid into the investment should be added to the *fair value* calculation from the point in time when it was actually paid in.

Any withdrawal from the Pension Portfolio should be deducted from the fair value calculation at the point it was actually paid so it ceases to accrue any return in the calculation from that point on. If there is a large number of regular payments, to keep calculations simpler, I'll accept if WWM totals all those payments and deducts that figure at the end to determine the fair value instead of deducting periodically.

### **Why is this remedy suitable?**

I've decided on this method of compensation because:

- Mr E wanted Income with some growth with a small risk to his capital.
- The average rate for the fixed rate bonds would be a fair measure for someone who wanted to achieve a reasonable return without risk to his capital.
- The FTSE UK Private Investors Income **Total Return** index (prior to 1 March 2017, the FTSE WMA Stock Market Income total return index) is made up of a range of indices with different asset classes, mainly UK equities and government bonds. It's a fair measure for someone who was prepared to take some risk to get a higher return.
- I consider that Mr E's risk profile was in between, in the sense that he was prepared to take a small level of risk to attain his investment objectives. So, the 50/50 combination would reasonably put Mr E into that position. It does not mean that Mr E would have invested 50% of his money in a fixed rate bond and 50% in some kind of index tracker investment. Rather, I consider this a reasonable compromise that broadly reflects the sort of return Mr E could have obtained from investments suited to his objective and risk attitude.

### **My final decision**

I uphold the complaint. My decision is that Windsor Wealth Management Limited should pay the amount calculated as set out above.

Windsor Wealth Management Limited should provide details of its calculation to Mr E in a clear, simple format.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr E to accept or reject my decision before 20 October 2025.

Joanne Molloy  
**Ombudsman**