

The complaint

Mr K complains that H V Financial Planning Ltd ('HV') provided poor advice in relation to his pension and investments. He says his investments have not achieved the targeted growth and believes he was placed in the wrong funds from the outset. He says his best interests were not served, only those of HV. He says he wasn't given advice not to make fund or equity / bond ratio changes, which he believes impacted the performance of his investments. Mr K has also complained about the ongoing advice service he received and in particular says there's been no standardised reporting of performance. He says he's lost out as a result and wants compensation for his losses.

What happened

The business file submitted details many interactions, subsequent advice, pieces of communication and correspondence over the years Mr K had a relationship with HV. While I have read and considered everything, the following is not a comprehensive account of everything that has happened here, but a summary of the relevant key events and background leading up to this complaint.

Mr K first met with HV in October 2016 to discuss retirement planning, savings and investment, as well as protection needs. This was a joint meeting with his wife. And while much of what happened here and throughout the relationship is relevant to both and in that sense can be seen as joint, Mrs K has a separate complaint, so I'll mainly refer to Mr K here. HV completed a fact-find to gather information about Mr K's circumstances and objectives. The key details recorded here are as follows:

- Mr K was 45 years old, married, working on a self-employed basis (he owned his own business) and in good health.
- He and his wife jointly owned their home, which was mortgaged on a repayment basis.
- They owned a buy-to-let property, which was also mortgaged on an interest-only basis. This produced a monthly income of around £1,700.
- Their total household income was over £5,000 net a month and their expenditure was around £1700.
- They had cash savings of around £70,000 and they each held share and equity-based investments including ISAs.
- Mr K held two Defined Benefit (DB) occupational pension schemes.
- Mr K's pension objectives were to retire at 65 with a joint income need of around £35,000. His investment objective was to utilise savings more effectively for the ultimate goal of income generation.

HV also carried out an assessment of Mr K's attitude to risk using a questionnaire – the

results of which deemed he was a 'high' risk investor (8 on a scale of 1-10.)

In a suitability report dated 11 January 2017, HV recommended Mr K transfer his existing equity-based ISA, valued at around £28,000 and invest the remainder of his ISA allowance – around £13,000 – to a new provider. HV said the reasons for the transfer were because Mr K's current investments didn't match his attitude to risk, and he wanted to consolidate his investments and pensions as much as possible to keep track of them.

The report also recorded that a discussion about attitude to risk and the appropriate risk profile had taken place in light of Mr K's intended goals. It was decided that for investment purposes a 'low/medium' risk approach would be taken (5 out of 10) and for his pension investments, 'highest medium' (7 out of 10.)

HV recommended Mr K invest via a platform in a model portfolio with a 50% equity content with the remainder in bonds and property.

In a separate report dated the same day, HV recommended Mr K open a Self-Invested Personal Pension (SIPP) with a lump sum contribution of £11,000. It said the reason for the recommendation was that Mr K wasn't currently making any contributions towards his retirement provision, and based on his stated income need in retirement at age 65, his existing pension provision would fall short of this amount.

HV recommended Mr K invest via the same platform as his ISA investments in a model portfolio with up to 70% equity content.

HV recommended Mr K and his wife take advantage of its ongoing advice service, which they agreed to at a fee of 1% a year of the value of their investments. In summary HV agreed to provide a review of their portfolio, consider their up-to-date circumstances and objectives and, if requested, review and provide a report on the ongoing suitability of its advice / portfolio. I note HV has said an annual suitability review took place regardless.

In June 2017, HV recommended Mr K transfer one of his DB pension schemes to his SIPP. This formed part of a separate complaint, which I've already dealt with.

In January 2018, with an updated fact-find, and as set out in a suitability report, HV recommended Mr K make a lump sum contribution to his SIPP of £40,000. It said Mr K's target income still showed a shortfall, so the lump sum would boost his retirement provision. HV recommended Mr K invest in the same 70% model portfolio. The report said that to take advantage of portfolio rebalancing, it recommended the use of the portfolio management or Discretionary Fund Management (DFM) service. It said this was typically expensive, but in this case cost an additional 0.1% plus VAT a year, which it deemed would still ensure there was a potential performance premium.

In October 2018, Mr K requested and made a top up of £25,000 to his SIPP.

In March 2020, HV recommended Mr K top up his ISA to utilise his allowance and in response to Mr K wanting to take advantage of a drop in the markets. £20,000 was invested in the current 70% equity portfolio (a change from the 50% portfolio seemingly having taken place at some point prior to this.)

There then followed a series of ISA top ups and changes as follows:

- In July 2020, following a review, Mr K made a further ISA contribution of £10,000 invested in the 70% equity portfolio.
- In October 2020, HV carried out a review and recommended a change of platform provider to take advantage of what it considered was a broader range of portfolios. Reference was made here to move to a 70% equity portfolio for Mr K's investments.
- In March 2021, Mr K invested a further £10,000 into his ISA to fully utilise his ISA allowance for the year. This was invested in the 70% equity portfolio.
- In June 2021, following an exchange of correspondence about reducing equity exposure, Mr K's investments were moved to a 30% equity-based portfolio.
- In November 2021, Mr K invested a further £20,000 into his ISA. In the 'addendum' letter confirming the transaction, it was recorded that Mr K wanted to increase his equity exposure from the 30% portfolio to the 80% portfolio. A few weeks later, HV confirmed Mr K's instructions that his pension should be invested in the 80% equity portfolio while his ISA should be moved from the 30% to the 50% equity portfolio.

In July 2022, following a discussion and a review of Mr K's attitude to risk, it was recorded in an 'addendum' letter that because he had a business that was thriving and had savings in place, he could take an increase in risk with his pension investments and move from the 80% equity portfolio to the 100% equity portfolio for both his accumulated and regular contribution pots (Mr K was making regular monthly pension contributions of around £3,300 a month.) The letter said Mr K's ISA funds would remain invested in the 50% equity portfolio.

In May 2023, Mr K (jointly) verbally complained to HV about the disappointing performance of his investments questioning the suitability of the advice he'd received. Mr K withdrew his complaint almost immediately because he decided not to pursue matters formally. But Mr and Mrs K began the process of transferring their investments away, choosing to invest via a tracker fund instead. The transfer was completed in November 2023 with them managing their investments themselves.

In March 2024, Mr K jointly complained to HV again raising the same issues as before and as I set out at the start of my decision. HV told Mr and Mrs K that their complaint had been brought too late because when it closed the complaint in May 2023, it told them they had six months from this point to refer the matter to the Financial Ombudsman Service.

Mr and Mrs K referred the matter to us. They said the reason they were complaining now was because it was only after managing their investments themselves for a period of six months that they'd appreciated the full extent of the mismanagement of their monies and the lost opportunity in growth suffered under HV. In six months, they said they'd gained in excess of £100,000 and so believed their losses to be in the region of £400,000. One of my ombudsman colleague's decided that we could consider the complaint – it wasn't brought out of time – because the complaint in 2023 wasn't resolved for the purposes of the Dispute Resolution Rules (DISP), so the six-month time limit didn't start and therefore can't have been exceeded.

HV then considered the complaint and issued its final response. In summary it said the advice Mr K received was suitable both at the outset and the subsequent advice he received. It said it was in line with his assessed attitude to risk and was suitable for his needs and objectives. It said it carried out annual reviews each year – sometimes more than once a year – with ad-hoc advice being offered as part of the review service. It said it had continued to monitor Mr K's investments and had provided him with valuations and comprehensive reports each year. It said there was no guarantees of investment

performance and that a smooth annual growth should not be expected and it pointed to the recent geopolitical events that had taken place.

Mr K remained dissatisfied, so he asked us to carry on. One of investigators looked at things, and in summary they concluded HV had done nothing wrong. They said the advice Mr K received was suitable and in line with his attitude to risk. And HV had provided Mr K with comprehensive annual reports, statements and carried out annual reviews each year, thus providing him with the service he paid for.

Mr K disagreed. In summary he said that he accepted many meetings with HV took place – his concern was not the frequency of the meetings but the lack of transparent and comprehensible information to assess investment performance. Mr K said he believes this was intentional on HV's part, concealing the true performance and misleading him into continued investment so it could earn more in fees. He said his overarching concern was HV's repeated and consistent placing of its own interests above his – his upheld complaint about his DB pension transfer was evidence of this.

Because the investigator wasn't persuaded to change their opinion, the complaint was passed to me to decide.

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.

I've taken into account relevant law and regulations, regulatory rules, guidance and standards, codes of practice, and (where appropriate) what I consider to have been good industry practice at the relevant time. And where the evidence is incomplete or inconclusive I've reached my decision based on the balance of probabilities – in other words, on what I think is more likely than not to have happened, given the available evidence and wider circumstances.

The applicable rules, regulations and requirements

As a regulated firm, HV had many rules and principles that they needed to adhere to when providing advice to Mr K. And these can be found in the Financial Conduct Authority (FCA) handbook under the Conduct of Business Sourcebook (COBS) and Principles for Businesses (PRIN) as they were at the time of the advice.

The following are all relevant to this complaint and provide useful context for my assessment of HV's actions here.

COBS 6.1A.22: A firm must not use an adviser charge which is structured to be payable by the retail client over a period of time unless (1) or (2) applies:

- (1) the adviser charge is in respect of an ongoing service for the provision of personal recommendations or related services and:
 - (a) the firm has disclosed that service along with the adviser charge; and
 - (b) the retail client is provided with a right to cancel the ongoing service, which must be reasonable in all the circumstances, without penalty and without requiring the retail client to give any reason; or

- (2) the adviser charge relates to a retail investment product for which an instruction from the retail client for regular payments is in place and the firm has disclosed that no ongoing personal recommendations or service will be provided.

In 2014, the FCA produced guidance in the form of a factsheet (For investment advisers - Setting out what we require from advisers on how they charge their clients). The factsheet said:

'Ongoing adviser charges

Ongoing charges should only be levied where a consumer is paying for ongoing service, such as a performance review of their investments, or where the product is a regular payment one. If you are providing an ongoing service, you should clearly confirm the details of the ongoing service, any associated charges and how the client can cancel it. This can be written or orally disclosed. You must ensure you have robust systems and controls in place to make sure your clients receive the ongoing service you have committed to.'

While the factsheet wasn't published until late 2014, it didn't mark a change to the rules firms like HV were already expected to follow. In my view, it re-enforced or reminded firms of the standards already in place when providing on-going advice services.

COBS 9A.3.9 (from 3 January 2018 arising from MiFID II): For some products, investment firms providing a periodic suitability assessment shall review, in order to enhance the service, the suitability of the recommendations given at least annually.

Having considered all of this and the evidence in this case, I've decided to not uphold the complaint for largely the same reasons given by the investigator. My reasons are set out below.

Suitability of HV's advice

I can see that what prompted Mr K to re-visit his original complaint with HV in 2024 was the increase in growth / the performance of his investments he experienced once he moved away from HV and managed his monies himself. He says HV did not achieve the growth it targeted and believes he lost out on growth opportunity whilst under HV's management.

For the avoidance of doubt, a complaint purely about investment performance is not one I would typically uphold. So, if Mr K understood the risk he was taking but he thinks his investments should have produced a better return than they have, this alone is not grounds for me to uphold his complaint. But, if Mr K did not understand or accept the risks involved and the investments recommended to him were not in line with the level of risk he was prepared to take, then this speaks to the overall suitability of his investments. And because Mr K has also said that he doesn't believe he was placed in the right investments from the outset, I've considered whether HV's advice and recommendations to him were suitable in his particular circumstances at the relevant times.

Firstly, and more broadly, I think the advice HV gave to Mr K to utilise a personal pension arrangement and an ISA to meet his stated objectives, of themselves, were suitable and reasonable in the circumstances.

It was recorded that Mr K was not contributing to a pension at the time of the advice in 2017, and based on the level of income he wanted to retire on at age 65, there would likely be an income shortfall. So, I think investing for the potential to achieve his desired income target and do so in a tax-efficient vehicle, was appropriate at the time. Similarly, Mr K wanted to make better use of his savings. So, using an ISA to do so and to maximise or make best use

of his personal ISA allowance each year with the various lump sum tops ups, was in my view suitable. It appears the amounts Mr K invested each time, as I set out earlier on, in both his pension and his ISA, were affordable too. I'm satisfied Mr K could also commit his funds for the medium to long-term – I haven't seen anything to indicate that an upcoming significant life event would cause a material change in Mr K's circumstances and objectives in the near future or that an investment term of at least five years was therefore unreasonable.

Mr K has not specifically referred to or called into question the advice to transfer his ISA from his existing provider in 2017. But for completeness, I don't think it was unsuitable for HV to have recommended the transfer based on the reasons given for doing so and given the additional investments Mr K made at the time.

Turning to Mr K's attitude to investment risk, HV assessed Mr K as a 'high risk' risk investor – 8 on a scale of 1-10. This was determined by asking Mr K a series of questions, of the type typically used in this kind of exercise, about his attitude towards investing and taking risks, weighting the answers to give an indicated risk appetite. Of particular note, Mr K answered that he strongly agreed that it was necessary to choose high risk investments to achieve high returns, and that taking financial risks was important to him. Because Mr K had some prior experience of investing, and I'm mindful that as a business owner he likely understood the concept of risk and return, I think HV's assessment of Mr K as a high-risk investor was reasonable. Mr K's capacity for loss was also reasonable – he was intending to invest for the long-term and given his and his wife's other assets, their joint day-to-day living would not be impacted by a fall in investment values.

That said, I can see that following a discussion with HV, Mr K chose a 'highest medium' risk approach for his pension investment and a 'low/medium' risk approach for his ISA investment. The rationale for this was, in my view, reasonable and I have no reason to doubt that Mr K both understood and accepted this approach.

Turning to the investment recommendations – HV recommended portfolios with equity-based funds representing up to 70% and 50% respectively with the remaining percentages invested in bonds and property. Both portfolios had, in my view, a broad spread of around 15 underlying funds. So, in light of this and given Mr K's capital growth objective, I think the investment recommendations were suitable and in line with the level of risk Mr K said he wanted to take. I can see Mr K believes he was placed in the wrong funds from the outset. But for the reasons I've explained, I don't think this was the case.

As I set out earlier, Mr K invested further lump sums into both his pension and ISA over the period in question. There were also changes to his risk profile and investment approach over time. I don't think this was unusual in what appears to have been an engaging relationship with regular meetings, email exchanges and ad-hoc pieces of advice, which also included discussions about risk.

It's also not surprising to me that changes in approach took place, particularly during the Covid pandemic period where advisers and investors alike were trying to navigate their way through what was a very uncertain time presenting challenging investment conditions. So, while the move in June 2021 to a more defensive 30% equity-based investment approach was not in line with Mr K's higher risk profile as initially identified, I don't think this was unreasonable given the prevailing geopolitical events at the time.

I also think the evidence shows that this approach was discussed and considered. It wasn't HV simply ordering taking – something I wouldn't expect them to have done.

I can also see that in 2022 Mr K's approach changed to a higher risk strategy adopting a 100% equity-based investment approach for his pension monies. But again, this was in my view clearly documented and the evidence supports that HV carried out a review of Mr K's

attitude to risk, recording that his circumstances reasonably supported an increase in risk, which he was both willing and able to take. I'm mindful in any event, that this approach broadly mirrored the original 'high risk' assessment HV carried out in 2016. So, I don't think this represented a significant shift in Mr K's risk appetite or understanding and isn't something that stands out as looking odd or unreasonable in the circumstances.

Again, looking at HV's recommended investment strategies when the various changes in risk / approach took place, and in particular the equity-based content of the portfolios, I'm satisfied the recommendations were suitable and in line with Mr K's stated risk approaches over time.

For the sake of completeness, I've looked at the information Mr K was provided with at the time. And I'm satisfied HV disclosed what was necessary and in the level of detail required to enable Mr K to make an informed decision. And importantly this includes the cost information, which I also think was clear. So, I don't think HV did anything wrong here.

I understand Mr K feels that HV mismanaged his money. And he's referred to the investment growth he experienced in a tracker fund from November 2023 up to the point he complained, having taken on the management of his own money, as supporting evidence of this, and that he lost out on significant investment growth opportunity whilst a client of HV's.

But I disagree that HV mismanaged Mr K's money for the reasons I've set out above. I also think it is an unfair to compare the performance of a tracker fund over the period when investment conditions significantly improved and markets generally experienced larger gains, with investment returns during the period prior to Mr K transferring away. The conditions were very different for the reasons I've already explained.

So, in conclusion, I've not seen evidence to support Mr K's belief that HV acted in its own interests and not in his best interests. While Mr K has referred to his upheld DB transfer complaint as evidence to support his view, this was a separate matter. I accept Mr K is disappointed with the investment returns during the time he was a client of HV's. But I've seen nothing to show this was because HV mismanaged his funds or misadvised him. I think HV's recommendations were suitable including the advice to top up and make full or best use of his annual ISA allowances, as well as the advice to make lump sum pension contributions to help achieve his retirement income objective. I think HV acted fairly and reasonably in the circumstances.

Ongoing review and advice service

Mr K agreed to HV's ongoing advice service at a cost of 1% a year as I referred to in the background section earlier on.

In response to the investigator's assessment, Mr K said he accepts that meetings took place and so his complaint is not about the frequency of meetings but is about what he describes as a lack of transparent and consistent reporting to allow him to make investment decisions. Nevertheless, for completeness, I've looked at what HV provided overall to see if Mr K got the service he paid for.

I said earlier on that HV's business file is large and it appears that Mr K was fully engaged in an ongoing relationship with HV. The evidence points to there being many meetings including at least one annual review meeting every year (the 2019 meeting was delayed into 2020 I understand due to Covid and holiday commitments, which isn't unreasonable.) There were other meetings outside of this including ad-hoc pieces of advice as well as advice

following review meetings, for example, maximising ISA allowances. HV has provided evidence of updates it made to the cash flow forecast / modelling reporting, which supports HV's ongoing review and monitoring of Mr K's investments to see if things remained on track to meet his objectives. Another example of ongoing suitability advice can, in my view, be seen in the October 2020 review outcome where HV recommended a change in platform provider to accommodate a broader range of investment portfolios.

HV has also provided copies of valuation statements covering various periods and other reports it regularly produced, which show underlying fund performance, and annual growth or return figures.

So, overall and in the round, I think the evidence supports Mr K getting the service he paid for, and I haven't seen enough to support what Mr K has said about HV's lack of transparent and consistent performance reporting. So, I don't think HV has done anything wrong here.

I'm sorry to disappoint Mr K, I know this isn't the answer he was hoping for. But from what I've seen, I don't think HV has acted unfairly or unreasonably here, so I don't uphold this complaint.

My final decision

For the reasons above, I've decided to not uphold this complaint, so I make no award in Mr K's favour.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 28 August 2025.

Paul Featherstone

Ombudsman