DRN-5775586

The complaint

Mr F complains that GP3 Financial Solutions Ltd (GP3):

- provided him with unsuitable advice to consolidate three personal pensions into a new plan in 2021
- caused him to miss out on a positive unit price adjustment (UPA) on one of his existing pensions due to the timing of the transfer.
- dismissed his concerns about market conditions after the transfer and dissuaded him from de-risking in 2021
- dissuaded him from moving some funds into cash when he wanted less volatility in February 2022
- made comments in the final response letter to his complaint he found hurtful and damaging and they also said they would cease the client relationship if he took his complaint further.

What happened

Mr F had three pensions he held with Prudential, Fidelity and Scottish Widows. The Prudential pension had been first established in 2017 after he had been advised to transfer defined benefits from his British Steel pension and had a value of around £800,000. Mr F was drawing income from this pension. His other two plans each had a value of around £39,000.

In 2021 Mr F approached GP3 about advice on his pensions. The fact find completed in January 2021 noted that Mr F was unhappy with the performance in his Prudential plan and the service by his current adviser. His brother was a GP3 client and had told him about the service received by GP3 and his experience with his Old Mutual Wealth pension.

Performance had been significantly better for his brother over the last few years. So Mr F was looking to improve performance on his own pensions. He wanted to use the same adviser and pension provider than his brother and he wanted to move away from Prudential's smoothed investment process and perceived lack of diversification. Mr F was also interested in seeing his pensions better organised and more easily tracked, possibly through consolidation. It was recorded Mr F was looking for higher income withdrawals in a tax-efficient way and was looking for ongoing advice from GP3 on his pension. Using a risk profile questionnaire, Mr F's attitude to risk was assessed as 6 on a scale from 1-10 (1 being the lowest risk).

Mr F signed a client agreement with GP3 in March 2021.

GP3 recommended Mr F to transfer his three pensions to an Old Mutual Wealth Retirement Plan and invest half of his pension value at risk level 5 and half at risk level 7 taking any withdrawals from the lower risk portfolio and rebalancing his pension to a 50/50 allocation at regular reviews. Mr F agreed to those recommendations.

Mr F decided to delay the transfer of his Prudential pension to wait for a potential positive UPA on 26 April 2021. No UPA was made in April and on 27 April Mr F asked GP3 to go ahead with the Prudential transfer as soon as possible.

On 25 May 2021, a positive UPA was made to one of Mr F's two Prudential funds. Mr F emailed GP3 on 1 June to say that one tranche of his Prudential policy worth around £150,000 only came through to Old Mutual Wealth (later Quilter) on 28 May, so he had expected a UPA on this. However, this hadn't been added. Mr F didn't benefit from any UPA.

In December 2021, Mr F says he wanted to derisk his risk 7 portfolio to a risk 5, but was dissuaded by the adviser who said it was seldom a good idea to derisk after a market downturn.

In February 2022, Mr F says he asked to move £100,000 into cash to fully remove himself from market volatility and ease any anxiety about this. The adviser recommended him to move £60,000 into the risk 3 portfolio instead which suffered some losses immediately.

In 2022 Mr F complained to his previous adviser about the advice to move his British Steel pension to Prudential. He also complained about the information given to him about the UPA.

Both complaints were considered by this service. The British Steel transfer complaint was upheld. The previous adviser firm carried out loss calculations which ended up showing no redress needed to be paid as Mr F hadn't financially lost out. The UPA complaint wasn't upheld.

In 2024, Mr F complained to GP3 about the issues set out at the start of this decision. GP3 rejected his complaint.

Mr F referred his complaint to our service. One of our investigators considered the complaint, but didn't uphold it. Mr F disagreed, so the complaint was passed to me for an ombudsman's decision.

Provisional findings

I issued a provisional decision not upholding Mr F's complaint. I repeat my findings below.

<u>Advice to consolidate Mr F's three pensions into a plan with Old Mutual Wealth</u>

Mr F says he wasn't unhappy with the service from his previous adviser and that he agreed to consolidation of his pensions when this was suggested by GP3. He says his only real objective was to receive better returns.

The fact find does record Mr F was unhappy with both the service from his previous adviser and the performance in his Prudential plan. He wanted to move away from the smoothed process and benefit from the better performance his brother had seen with GP3 and Old Mutual Wealth investing differently. This doesn't mean GP3 could simply transact what Mr F wanted. They needed to recommend what they considered to be in his best interest.

I think the attitude to risk assessed for Mr F at the time was reasonable and the recommendation of the investments were in line with this. I also think he had the required capacity for loss given he had no significant liabilities and relatively substantial pension and investment provisions overall. I also think considering the consolidation of plans was a reasonable proposition and offered benefits of easier administration and drawdown management for Mr F.

However, given the recommended plan was more expensive than Mr F's existing provisions, there needed to a reasonable prospect of Mr F achieving at least the same or better returns once all the charges had been factored in. I'm not saying that consolidation and service wouldn't be aspects to consider too, but ultimately the main objective here for Mr F was better performance. I want to be clear that there only needed to be a reasonable chance that Mr F might not be worse off in the new plan and this needed to be based on some analysis. It doesn't mean that higher returns needed to be guaranteed or that the cheapest plan would automatically be more suitable.

GP3 did issue a pension transfer research report on 9 March 2021 which did a comparison of Mr F's existing plans with the Old Mutual Wealth pension before they made their recommendation. Mr F wasn't giving up any guarantees by leaving his existing plans and the Old Mutual Wealth pension offered significantly more investment options than Mr F's existing pensions.

A cost comparison including ongoing adviser charges showed that the recommended pension was 0.3% per year more expensive than Mr F's Prudential plan and 1.7% more expensive than each of his other two pensions. So there needed to be good reasons overall to justify that despite these additional charges, a transfer was still in Mr F's best interest.

Mr F has referred to comparison data at the time that showed his new plan would result in an overall lower value at age 65 than his old pensions. This is correct. The analysis he refers to showed the difference in values assuming the same returns in all plans. As his new arrangement was more expensive, this would affect the value.

However, GP3 also compared available past performance data of Mr F's existing plans and his recommended plan. This showed that over the past three years the recommended risk 5 portfolio had outperformed Prudential by 21%, the Scottish Widows plan by 16.82% (and 15.13% over five years) and Fidelity by 20%. Past performance is no guarantee for future performance, but I think it did give a reasonable indication that outperformance of 0.3% and 1.7% per year to make up for the additional charges was possibly achievable. This analysis together with the fact that Mr F would benefit from consolidation which would allow more holistic advice to cover all his pension provisions made the recommendation suitable in my view.

I recognise that Mr F thinks GP3 should have considered possible future positive UPA in his Prudential plan and that he had only held the pension for three years and this was a long term investment. So if a more optimistic outlook had been taken on his Prudential plan Mr F might have decided not to change his pensions.

I agree that perceived poor performance in the very short term might not necessarily mean a change in investment is needed. However, this doesn't mean that pensions can't be changed if they have been invested for less than five years. Mr F was unhappy with the performance in his Prudential plan over the past three years and as explained above during this time different investments had performed significantly better. Future UPAs might have improved the overall performance picture, however they weren't guaranteed to happen. Also, even including the positive May 2021 UPA, the recommended plan still showed higher past performance. And the switch allowed consolidation and ongoing advice on all his pensions.

For the reasons set out above, I consider GP3's advice to switch Mr F's pensions was suitable in his circumstances.

Timing of transfer and missed UPA

On 16 April 2021 Mr F contacted his previous adviser to ask him when the next scheduled UPA review was planned for his Prudential funds. He was correctly told that a review would happen for his funds on the 25th of each month, so the next decision date would be 25 April. As this fell on a Sunday any UPA announcement would happen on 26 April. At the monthly reviews Prudential could decide to adjust the unit price upwards or downwards or not change the unit price at all.

The same day (a Friday) Mr F also emailed GP3. He told them about the upcoming Prudential review on 26 April and said he wasn't sure whether he should delay the transfer. He said *'Could be a case of missing the boat and waiting in vain, or a good call. What to do?'.* In another email the same day he again asked for GP3's advice on whether to delay. Mr F said the last UPA had been in January, but nothing was guaranteed for the next review. Mr F also acknowledged that he might see gains in his future funds if he transferred earlier.

In an internal email at GP3 to the adviser the paraplanner stated the decision of whether to delay the transfer or not would really be down to Mr F. It seems GP3 didn't respond to Mr F about the timing of the delay that day.

In the morning of Monday, 19 April Mr F emailed GP3 again to say it might be best to wait for the UPA announcement on 26 April. He said he had emailed on Friday, but had since decided it was worth waiting to see if Prudential would make a sizeable correction. Mr F raised other queries with regards to completion of forms, collective investments and tax issues. GP3 responded to say he would call Mr F the same day to discuss.

I understand Mr F says he asked GP3 for their advice on whether he should wait or not and didn't receive a response. I recognise Mr F didn't seem to have received an immediate reply from GP3 and their internal communications suggests they thought the decision lay with Mr F which Mr F finds unacceptable. However, I don't think GP3 could reasonably advise on this. As Mr F seemed to recognise himself, by delaying the transfer he possibly could benefit from an increase in his pension. However, this wasn't guaranteed and if there wasn't a positive adjustment Mr F could possibly lose out on higher investment returns through an earlier transfer. I don't think GP3 could reasonably advise which option would lead to better outcome. Eventually Mr F made the decision to wait another week for a possible positive UPA in April 2021. When no UPA was announced, he was keen to transfer quickly which made sense.

A key point throughout this complaint has been Prudential's information material which refers to a 28-day period when switching out of the smoothed Prudential funds. It said when switching out of these funds they would use unit prices on the 28th day after such a request was received. Mr F says GP3 should have explained this to him. If they had done so, he would have waited a couple of days in late April before asking them to proceed with the transfer request which would have meant he could have still benefitted from the positive UPA on some of his funds. By not doing that he narrowly missed the benefit of the UPA.

I've looked at the Prudential step by step guide to smoothing funds where they explain this process, they say (my emphasis):

*" we **normally** make switches out of the PruFund 28 days after we receive your request"*

Mr F also forwarded a screenshot from Prudential's website to GP3 in early May 2021 which said: *Any units we cancel as a result of switches, transfers or withdrawals from the PruFund Range of Funds **may** be subject to a delay **of up to** 28 days from the date of request to cancel units.*

When Mr F's transfer was requested it seems Prudential didn't apply this 28 period. Mr F told GP3 to go ahead with the transfer request in late April and the majority of his Prudential plan (5 out of 6 policies) were transferred on 7 May, so only about 10 days later. The disinvestment from the fund would have been even earlier than this. The last of his Prudential policies was delayed until late May apparently due to errors by Quilter. Quilter agreed this should have happened in early May and calculated what the unit prices would have been if he had invested that last tranche also in early May and compensated him for the difference.

So whilst Prudential in some cases could apply a delay to a switch/transfer of 28 days, they obviously didn't do this here and the transfer was processed immediately in line with normal time scales. Emails between Mr F and GP3 in May 2021 show Mr F was aware that he didn't have to wait 28 days and was pleased about this as he could invest in his new plan earlier.

Mr F's complaint is that GP3 should have explained to him how exactly the policy worked and how and when units would be priced on transfer and then he could have made a choice on when to transfer. However, I don't think any more information would have likely changed his decision to transfer as soon as possible after he knew there was no UPA in April. He already had been told by his previous adviser that there was a review of unit prices every month and I can't see that he wanted to wait for that.

I understand his argument that if it always would have taken 28 days between request to transfer and switch out of the fund, a transfer request could have been timed better by waiting a couple of days. However, as explained, the 28-day period wasn't applied here. Mr F narrowly missed out on the UPA on the last of his Prudential policies because it was delayed by an error from Quilter. If everything had gone as it should have done all of Mr F's Prudential policies would have transferred in early May. If he had wanted to definitely benefit from any potential, non-guaranteed positive UPA in May, he would have had to delay any transfer request for at least another three weeks until much later in May and accept he would miss out on possibly better returns in his new plan during this time. I understand that with hindsight he might think he should have done that. However, at the time I don't think he would have wanted to delay a transfer further.

Even if GP3 had discussed the UPA issue with Mr F, I wouldn't have expected them to advise to wait even longer for a potential positive May UPA which was in no way guaranteed when the advice to transfer in the first place was for the potential of better returns in his new plan.

Overall, I don't think GP3 is responsible for Mr F missing out on a UPA in May.

<u>Discouragement to de-risk later in 2021</u>

Mr F says he wanted to de-risk his pension in late 2021. He had been hopeful for a bounce back on markets after the Covid pandemic in May 2021 which was reflected in his risk level 5 and 7 portfolios. However, in December 2021 he had reservations about this bounce back and was worried about some market factors. Mr F says he was told it was seldom a good idea to change funds. Mr F says the adviser didn't listen to him and didn't offer any advice or alternatives.

In their final response letter GP3 said their general view was that de-risking immediately after negative market performance was not a good idea as it made it harder for funds to ever recover. They also said they always emphasised the importance of long-term investing. Mr F says at the time he was considering to de-risk his pension his pension value was more than the initial investment so he wasn't trying to de-risk after a fall in performance.

I’ve seen emails from December 2021 between Mr F and GP3. Mr F said he was a little nervous about markets and his funds and that he was considering changing his risk levels, but was reluctant to change plans after earlier experiences. He acknowledged it was probably a case of holding his nerve and riding out these turbulent times and to wait for the review with GP3 in February/March. However, he thought it wouldn’t hurt to ask for the adviser’s opinion or reassurance. The next day he emailed again to tell the adviser to ignore the previous email. He was just having “a moment” and was happy to keep things in place until March.

GP3 responded after Christmas to say: *One thing to bear in mind is that we try to take emotional judgement out of our portfolios. It’s extremely difficult to judge markets and their reaction just by watching the news. Time and time again I’ve seen that the clients that take action to change their strategy are nearly always the ones that lose out. So you made the right decision to do nothing.*

Mr F thanked him for the reassurance and said he just had been nervous about his funds not regaining previous highs from November.

So I can see Mr F was a little concerned at the time but understood that it was better to stay put sometimes and ride things out and he had already made this decision before GP3 had responded. He did ask for an opinion or reassurance and that’s what GP3 did. It generally is sensible to allow for some longer-term performance and not change funds too quickly. So the fact that they didn’t immediately de-risk Mr F's funds when he voiced some worries about possible market factors was reasonable in my view.

Later the same month, Mr F was still worried. He had looked at his old Prudential funds and they had performed better than his new pension. He said he had seen losses in his pension in the past two months. He said he recognised he didn’t want to make any emotional decisions, so he was looking for some guidance. By this point Mr F obviously had suffered some losses, so GP3s’s advice to not de-risk during market turndowns was right. Not de-risking all his pension was reasonably in my view. However, Mr F said his main priority was now to have a safety fund for three years due to the volatility concerns now and in future. A meeting was arranged and I’ll address this in more detail below.

<u>Recommendation to invest some funds into the risk 3 portfolio rather than cash</u>

Mr F said he wanted a ‘period of grace’ and move £100,000 into cash to use this for the next three years for his income drawdown and be protected from market volatility and not have to worry about this for a while. It was later agreed he would only need a safety net of £60,000 from the pension and also use some cash savings and premium bonds. Mr F says GP3 persuaded him to invest in the risk 3 portfolio instead which immediately lost value.

I can see that Mr F wrote to GP3 on 24 January 2022 to thank them for the recent meeting. He had realised he didn’t need to make any withdrawals from his pension for three months due to a tax rebate and things might have changed by then. He also said he realised his intention for a safety net might be best done when things were improving. He said he would take GP3’s advice to do little or nothing for the moment. He said with regards to a safety net he thought moving £10,000 to a risk level 2 or 3 and at each review add a little more when funds were doing well.

It seems at some point shortly after this Mr F wanted to create a safety net of £100,000. Emails in early February shows he reduced this to £80,000 and during a review on 8 February it was agreed that £60,000 would be moved from the risk 5 to the risk 3 portfolio.

I understand Mr F feels only a move to cash would have been the right option here given that he wanted to avoid volatility. However, I don't think it was unreasonable to offer an alternative of a low-risk fund which would reduce volatility and not crystalise all previous losses. At the time this fund was invested in lower risk assets which over many years showed low volatility. Shortly after the change in funds, the war in Ukraine started and interest rates increased significantly which created volatility also in those assets. This wasn't reasonably foreseeable. Options were obviously discussed with Mr F and I don't think he was given the impression that risk level 3 would have no risk of volatility. He also did have some cash funds and premium bonds he was using as part of this safety net which reduced the risk further. I appreciate Mr F would have been stressed when his funds fell further even though he had sought some stability. However, I don't think GP3's recommendation was unreasonable in the circumstances.

GP3's final response and ceasing client relationship

Mr F is particularly unhappy about GP3's statement in their final response that it was hard to ignore Mr F made his complaint shortly after he didn't receive any redress from his British Steel complaint against his previous adviser firm. They said the timing suggested Mr F was simply trying to recoup some losses. GP3 said if Mr F took his complaint further and referred it to our service, they had no choice but to cease their ongoing services to Mr F as instructed by their insurers.

Mr F says he was portrayed as an 'ambulance chaser'. He said his new adviser at GP3 -who he had a good relationship with- had known about his concerns about the advice he had received from his first GP3 adviser (who had retired) for some time. Mr F delayed any formal complaint as he was stressed about pursuing his complaint against the other firm regarding his British Steel transfer and didn't want to add to this by starting a second complaint against GP3 at the same time. He says he was then encouraged by his GP3 adviser to wait for the redress calculations on his British Steel complaint as it would then be clearer if any potential losses caused by GP3's advice would have already been compensated.

I have no reason to doubt Mr F's testimony here and I understand Mr F is hurt and disappointed by the comments made which he feels doesn't fully reflect the discussions he had with his adviser. He feels GP3 has misled their PI insurers about his character which he believes is the reason why the ultimatum was given to cease the relationship if he took his complaint further.

However, whilst maybe this could have been handled better by GP3, it's not uncommon for firms to cease a client relationship when a substantial complaint is raised and it can't be resolved between the customer and the firm. I appreciate that Mr F was happy with his current adviser and he considered his complaint was only aimed at his first GP3 adviser. However, his complaint was ultimately still against the same firm and GP3 explained in their final response that any advice given to a client was a team effort. The team behind his new adviser was the same than behind his old adviser.

GP3 was entitled to cease the relationship at any point (with seven days' notice) for any reason. Whilst they mentioned it was their PI insurers who gave them no option, GP3 would have been able to make this decision on their own.

I can see Mr F feels strongly that he wasn't treated fairly by GP3 and that they didn't act in his best interest when they advised him in 2021 and 2022 and he has been left disappointed in how the relationship ended. However, overall, I consider GP3 did give him suitable advice and they were entitled to end the relationship with him if a complaint couldn't be resolved without escalation.

I realise that Mr F has had a difficult time after his realisation he was misadvised to transfer his British Steel pension and he has been worried about his pension and retirement during a very volatile period in the markets over the past few years. I do realise that my decision will be disappointing. However, I don’t intend to uphold his complaint against GP3.

Response to my provisional findings

Mr F disagreed with my findings and provided further detailed submissions. I have carefully read these in full. If I don’t comment on anything particular Mr F has said it doesn’t mean I haven’t considered it. However, I will focus on what I consider to be the key issues and will summarise where appropriate. This is not to be taken as discourtesy, but reflects the informal nature of our service.

In summary Mr F made the following key points:

- GP3 shouldn’t have relied on past performance of the new pension funds as the primary justification to switch as this is not a reliable guide. Consolidating his two smaller pensions led to decreased diversification as he was putting all his eggs into one basket. It was also an untrue representation that he was unhappy with the service from his previous adviser.

- I said in my provisional decision that GP3’s own projections showed he would be worse off at age 65 in the new pension. It was unacceptable to dismiss this projection of financial loss.

- I have misinterpreted Prudential’s 28-day rule.

- I didn’t request to see the full email of 31 October 2022 but solely relied on a quote from it which unfairly suggested Mr F had taken full responsibility for the transfer timing.

- GP3 also could have recommended an in-specie transfer which was an option that was never considered. The Prudential funds could have been kept and benefitted from the May UPA whilst still achieving pension consolidation.

- The advice to move £60,000 to a risk level 3 fund was in direct contradiction to his explicit request to move his funds into cash to create a safety net and peace of mind and protect him from market volatility at a time of personal and financial stress. The recommendation didn’t achieve this objective and was therefore unsuitable.

- He might have suggested a low-risk fund in emails, however he was just looking for options to ease his anxiety. GP3 shouldn’t have just taken his order but recommended the only suitable option which was cash. GP3 prioritised their own remuneration over his best interest.

- I have failed to consider that GP3’s conduct demonstrates a pattern of dishonesty and lack of integrity which is the base of any client relationship built on trust.

- GP3 made false statements including that they never made any recommendations regarding a planned house purchase or that he wasn’t happy with his previous adviser. His GP3 adviser breached his fiduciary duty and loyalty when he asked Mr F to delay this complaint only for it to be portrayed in the final response that Mr F only complained because his BSPS complaint did not result in any redress. This led to the unfair and intimidating ultimatum of having to choose between keeping his adviser or taking his complaint to our service.

- GP3's unsuitable advice in 2021 caused further consequential losses following an aborted house purchase in May 2024. GP3 caused the financial uncertainty that caused him to withdraw from the sale. If he had remained in his old pensions plans his financial position would have stayed secure and the house purchase would have completed as planned.
- The wider consequences of the advice to withdraw significant sums from the pension and move them to ISAs and a General Investment account should have been considered. This compounded the overall financial detriment he suffered.

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.

Mr F has referred to the Principles for Businesses (PRIN) as set out in the FCA's handbook as well the Conduct for Business (COBS) rules, in particular the client's best interest rule and the rules around suitability of advice. These are all provisions I have considered when looking at this complaint.

Advice to switch pensions

I remain satisfied that the advice to switch Mr F's pensions in 2021 was suitable for the reasons given in my provisional decision. I acknowledged that the new pension was more expensive and if returns were the same in all pensions Mr F would be worse off. However, based on the data GP3 had on the past performance of his new pension there was a reasonable prospect that returns in the new plan would outperform his old pensions including higher charges. And Mr F has confirmed that better performance was his ultimate objective. It is correct that past performance does not guarantee future performance. However, that doesn't mean that it can't be used as a useful comparator to how the recommended plan performed against Mr F's existing funds during the same time period. Investments always carry risk and advisers will never know how markets will perform in future. However, based on the information they had at the time I think the reasonable prospect of returns which outweighed the higher charges plus the benefits of consolidation which allowed holistic advice on all of Mr F's pensions made the advice suitable. I also note that Mr F's new pension was suitably diversified.

Mr F made a particular point about the fact that he was never unhappy with the service provided by his previous adviser. However, whether he was happy or not with his existing adviser didn't form part of my reasoning of why this advice was suitable in any event.

UPA

Mr F thinks I have misinterpreted the 28-day period in Prudential's funds. He says this waiting period is designed to protect investors and will always apply if a transfer instruction is given within 28 days of the next monthly UPA announcement (25^{th} of each month), so that investors will be included in any UPA. As GP3 gave the transfer instruction outside this 28 day window, this waiting period didn't apply.

Mr F's interpretation of Prudential's process is not supported by Prudential's own information material which says '*Any units we cancel as a result of switches, transfers or withdrawals from the PruFund Range of Funds* ***may*** *be subject to a delay* ***of up to*** *28 days from the date of request to cancel units'.*

It is correct that any waiting period is designed to protect the underlying with-profits sub fund and the interests of all with-profits policyholders and shareholders. This is set out in the terms of the Prudential Retirement Account in Section 11. However, the terms also say (with my emphasis):

*11.3 The 28-day waiting period **may** also apply if you:*

*11.3.1 **take a transfer payment** or drawdown transfer from your Retirement Account;*

11.3.2 buy an annuity

11.3.3 take an occasional UFPLS from your Pension Savings Account;

11.3.4 set up a new regular payment out of your Retirement Account; 11.3.5 take an occasional payment from your Pension Income Account.

If the 28-day waiting period applies to any of the scenarios in section 11.3 then we will tell you at the time you give us your instruction.

None of Prudential's terms or information material says that the waiting period is linked to the monthly UPAs and that it's triggered when any transfer or switch request is made within 28 days of the monthly UPA. I also note that some Prudential smoothed funds only have a quarterly UPA which is another strong indication that the 28 day waiting period is not linked to the UPA.

Essentially Prudential can decide if they want to apply a waiting period which they will do if they consider this is needed to protect the fund and all its' policy and shareholders. It's not designed to make sure a person leaving the fund is benefitting from a possible UPA. So I remain of the view that postponing the transfer request by a couple of days wouldn't have automatically triggered the 28 days waiting period.

Even if I was wrong about this and Mr F's interpretation was right, I still don't think Mr F would be in a different position now. As explained in my provisional decision, I wouldn't expect GP3 to recommend Mr F to delay the transfer to a new plan which they considered to beneficial to Mr F and could provide higher returns just in case the next UPA in a month's time was positive which wasn't guaranteed. It wouldn't have been just a delay of a couple of days. With Mr F's interpretation of Prudential's terms, a transfer request delay of a couple of days would have delayed the transfer by a month.

Even if GP3 had informed Mr F of this option, I also don't think that Mr F would have wanted to delay. Emails from the time show he was keen to move once the April UPA didn't happen with the aim to benefit from returns in a rising market in his new funds. He knew there was a monthly UPA and there is no indication he wanted to wait for the May UPA at the time.

Contrary to what Mr F says, I didn't rely at all on an extract from an email dated 31 October 2022 where Mr F seemed to say he was responsible for the timing of the transfer. I only considered the emails and information at the time of the transfer in 2021.

In my mind pursuing a quick transfer was the reasonable course of action here. Just to be crystal clear: Mr F couldn't transfer to his new funds and then have a positive UPA retrospectively applied to his unit prices. He could either transfer and receive returns from his new plan (which over the past few years had been substantively better than in his Prudential funds) or stay in the Prudential funds and wait for the UPA.

The same applies to an in-specie transfer. This would only make sense if Mr F ultimately was recommended or wanted to stay in the Prudential fund until the May UPA which I don't think applied here.

My view remains that GP3 is not responsible for Mr F missing out on the positive May UPA.

Advice to move £60,000 to a lower risk fund rather than cash

I remain satisfied that the conclusions I reached in my provisional decision are fair. For the reasons explained I consider the recommendation to move to a low-risk fund was reasonable in the circumstances. I appreciate that Mr F was anxious about his financial situation and the volatility he had seen. He also provided medical records from the time which supports this. I also don't doubt that he wanted peace of mind and I certainly would expect GP3 not to just take orders. However, I don't think this is what happened here. The option of a low-risk fund was discussed with Mr F and a recommendation was made which would reduce volatility and should have reasonably provided the peace of mind Mr F was looking for especially as he also had additional cash funds and premium bonds which reduced overall risk further. The subsequent war in Ukraine which brought volatility to assets which for many years had been very stable was unfortunate, but not reasonably foreseeable by GP3.

GP3's conduct

I already acknowledged that the final response could have been handled better. However, ultimately my view on the issue remains the same which is that GP3 was allowed to inform Mr F that they would end the relationship if he took his complaint further. I don't consider the letter was intimidating. It simply informed Mr F of next steps.

From the many emails I have seen, it's clear that Mr F had a very involved relationship with GP3 and contacted them regularly when he saw market movements and asked for guidance on what to do. In my view GP3 continuously aimed to reassure Mr F that he didn't need to be as worried as he was about his finances and also not make decisions in the moment when he saw downturns or perceived better returns elsewhere, but take a longer-term view. There was nothing wrong with that in my opinion.

I also don't think GP3 were lying when they said they didn't advise on the house purchase. They did cash flows to show what his finances would look like if he bought a house. However, that's part of financial planning and not a recommendation on how to proceed on a house purchase.

Advice to move a large sum from the pension to ISAs and a General Investment Account

Mr F originally raised this with the investigator in the context that he thought the withdrawal impacted the BSPS redress calculation negatively and that this showed further inappropriate advice from GP3. Having dealt with many BSPS complaints and being well aware of how those redress calculations were carried out, I first of all would note that withdrawing the sum wouldn't have had a materially different impact than leaving the money in the pension. In each scenario the sums would have been accounted for when making the comparison to his BSPS benefits. Even if this had impacted the redress calculations in a negative way, I agree with the investigator that GP3 couldn't be expected to know how redress calculations would work. Their recommendation was made for lifetime allowance considerations and tax efficiency which is a common and reasonable approach. No arguments have been made, aside from the BSPS redress implications above, why this recommendation was unsuitable and I haven't seen any indications that it was.

Consequential losses

I don’t consider GP3 gave Mr F unsuitable advice and so they also aren’t responsible for any losses linked to an abandoned house purchase.

Summary

I recognise that Mr F is adamant that GP3 has given him unsuitable advice, treated him unfairly and without integrity and didn’t put his interests first. However, based on what I have seen and for the reasons set out above, I simply disagree this is the case. I can see that Mr F has been extremely anxious about his finances over the last few years and whether he was making the right decisions. At the same time his wife was seriously ill as well which added to the stress and worry. However, I don’t think GP3 is responsible for this. Markets have been extremely volatile and uncertain over the last few years. GP3 gave him suitable advice and I also don’t think they treated him unfairly or acted inappropriately when dealing with him.

I understand this is not the answer Mr F wants to hear and I fully appreciate that he might not be able to agree with my decision. However, this is my independent, objective and final decision on his complaint.

My final decision

I don’t uphold this complaint.

Under the rules of the Financial Ombudsman Service, I’m required to ask Mr F to accept or reject my decision before 3 October 2025.

Nina Walter
Ombudsman