

The complaint

Mr H has complained about the advice he received from an appointed representative of Quilter Financial Services Limited ('QFSL') to switch his pension to a different provider in 2017. He thinks this advice was unsuitable. He also says that QFSL has mismanaged his pension since then and failed to disclose the fees for it providing him its ongoing advice service.

What happened

Mr H has been a customer of a specific financial adviser (which I'll call 'P') dating back to around 2003. P became an appointed representative of QFSL in July 2015. And QFSL is only responsible for answering a complaint about P's actions from the point it became an appointed representative.

QFSL has provided a copy of a fact find completed by P on 12 May 2017 recording information about Mr H's circumstances and objectives. This said Mr H was 49, in good health, married with no dependents and employed full time. He had a personal pension valued at £86,663.14. It was noted that Mr H and his employer were making regular contributions to this pension and his expected retirement age was 65. The only goal or objective recorded was to transfer Mr H's pension to a different provider - Old Mutual Wealth ('OMW').

QFSL also recorded answers from Mr H to questions about his attitude to risk. From this it said it had established he was a 'Balanced Investor' – which it said meant he would generally prefer not to take too much risk and preferred low risk assets but was also willing to take some risk to an extent. The fact find said that this risk profile was appropriate because while Mr H *"had a good few years to go before you take your benefits"* he didn't want to take an above average risk with his money.

On 16 May 2017, QFSL provided its advice to Mr H in writing. It said Mr H wanted to review his pension because he wanted ongoing advice and a provider that offered flexibility and a wide range of fund choice for greater potential growth. QFSL said Mr H had not decided when he would retire but for the purposes of retirement planning the parties had agreed to use age 65. QFSL recommended that Mr H switch his pension to OMW. It said OMW offered a *"wide choice of funds, together with a range of tax-efficient ways to hold them..."*. And it said that the charges for the new pension (totalling 1.5%) were lower than Mr H's existing pension (totalling 1.72%). But these figures didn't take into account advice charges. The upfront charge for the advice was 2%. And QFSL also said it strongly recommended that Mr H have his retirement plans reviewed on a regular basis and that he take up its regular review service, at a cost of 0.75%.

Mr H signed authorities for QFSL to proceed with the transfer in line with its recommendation and agreeing to the charges outlined being deducted from the pension. An application to transfer the pension to OMW was also completed, which confirmed that ongoing contributions from Mr H and his employer were to continue to the new policy.

QFSL has provided copies of annual summaries of Mr H's pension produced in May 2019,

with the value at that time £94,270, and May 2020, when the value was £89,916.74.

QFSL wrote to Mr H on 21 June 2021. The letter said this was following Mr H's email earlier the same day – in which he'd said he hadn't been receiving the service he expected. QFSL confirmed that the ongoing service agreement had been cancelled as requested and it had informed OMW to cease paying fees. It said Mr H would now take advice on an ad-hoc basis.

Mr H emailed QFSL again in November 2022, highlighting the poor performance of his pension, particularly in comparison to his wife's. And he questioned the management of the funds.

On 29 July 2023, Mr H signed an authorisation form agreeing to pay on ongoing adviser fee of 0.25% of his pension value per annum.

Mr H wrote to P on 25 March 2024 to 'officially' complain so that he could be provided with a final response letter. Mr H made the comparison between the value of his pension and that of his wife's, noting hers, which had been left in one place, had grown significantly. Whereas he felt his pension had not performed well and that this was partly due to the advice charges and ongoing fees that had been incurred due to the advice he'd received to switch provider regularly, with him adding that those fees had not been transparently disclosed. He said in the months prior to the advice to transfer in 2017, P had told him his pension was *"building nicely"*. So, he didn't think the subsequent advice was in his interests and believed it was just to earn P fees.

Mr H noted he'd contacted P / QFSL in 2018 and 2019 via email, expressing his disappointment at the fund performance, asking whether the investment should be changed and asking to discuss the pension as reviews hadn't taken place. And he'd cancelled the ongoing fee agreement in 2021, noting at the time that one of the reasons for doing so was that he hadn't seen annual summaries for some time and his expectation had been that if his pension wasn't performing, QFSL would have contacted him to review. But that hadn't happened. He also referred to emails he'd sent to P in 2022 and 2023, highlighting the poor performance despite him having paid for the funds to be managed.

Mr H said he had *"had enough of looking out for your interests above mine"* and he was disappointed how long it had taken him to complain. He thought he'd been given unsuitable advice to transfer and said that his pension had been mismanaged despite him having paid for ongoing advice.

QFSL responded to Mr H's complaint on 20 May 2024. QFSL said poor investment performance was not a matter within the scope of its complaint investigation. And it thought that the pension, and investments fund, recommended by P in 2017 was suitable and aligned with Mr H's attitude to risk.

In respect of the fees for ongoing advice, QFSL said that, while periodic contact had been made over the years, it was unable to evidence that Mr H had been provided the service that he'd paid for. As a result, it said it would refund all fees that had been applied to the pension from 1 July 2017 (when the ongoing service started) to 30 April 2024 (the last fee received). It said the refund would account for notional growth this amount would have benefitted from if it had remained invested. In addition, it said it would pay Mr H £250 for the trouble and upset caused.

Mr H asked our service to consider the complaint. While he was happy with the offer of a refund of fees, he also felt he'd lost out on growth due to QFSL's unsuitable advice and mismanagement of his pension. He said he thinks the only reason the transfer to OMW was

recommended was that P was now working for QFSL and QFSL and OMW were part of the same group.

One of our Investigator's looked into the complaint and recommended that it be upheld as they didn't think a transfer was necessary or that the advice was suitable for Mr H.

QFSL did not accept the Investigator's opinion and also stated that it believed the complaint about the initial advice had been raised outside of the time limits in our rules and was "time barred".

I issued a decision in August 2025 addressing whether we had jurisdiction to consider the complaint and explained that I was satisfied that we could consider Mr H's complaint in full.

As agreement has not been reached to resolve the complaint informally, this decision will now look at the merits of Mr H's complaint.

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, regulator's rules, guidance and standards and codes of practice, and what I consider to have been good industry practice at the time. And where the evidence is incomplete, inconclusive or contradictory, I reach my conclusions on the balance of probabilities – that is, what I think is more likely than not to have happened based on the available evidence and the wider surrounding circumstances.

As I've summarised Mr H's complaint is about the suitability of the advice to transfer in 2017 and the ongoing advice service QFSL was supposed to provide. However, in its initial response to his complaint, QFSL upheld his concerns about the ongoing service – saying it couldn't evidence the service was provided as it ought to have been. So, as it doesn't appear to be in dispute that the ongoing service was not provided as described, I don't need to consider this issue further and the part of the complaint that is left for me to decide is the suitability of the 2017 advice.

Mr H says P emailed him in January 2017 and said that his existing pension was performing well but a small amount of additional growth could make a significant difference by the time he retired, and it intended to talk to him about this. He says there was a follow up conversation, following which P emailed him again saying, as discussed, they needed to consider a more modern contract with better online functionality and moving to OMW would achieve this and allow flexible drawdown when Mr H retired. So, he says, the discussion around a transfer was instigated by P.

I haven't seen the original emails that Mr H has referred to. But I have no reason to doubt what Mr H has said. QFSL did not dispute his explanation of how the advice came about, which he gave when he first complained. And Mr H has summarised several other email conversations with QFSL that have taken place since 2017, and all of those summaries have been accurate when reviewed against the original emails. So, I'm satisfied on balance that the first suggestion about a potential transfer in 2017 was likely made by his adviser.

The fact find from the time indicates that QFSL gathered a reasonable level of relevant information about Mr H. I'm also satisfied it completed an assessment of his attitude to risk and the outcome of that, that Mr H was a 'balanced investor', doesn't seem unreasonable.

The fact find completed at the time though only noted one objective for Mr H, which was to

transfer his pension to OMW. But I don't think this was a genuine objective of his. As I've said, I'm satisfied that it was the adviser that suggested the option to move his pension to OMW. And I've seen no evidence, and nothing about his circumstances or his level of experience, that leads me to think that Mr H had decided independently that he wanted to transfer his pension to OMW and approached QFSL to simply facilitate that. This is supported by the fact that he'd previously been led by P's advice on several occasions, before QFSL became responsible for answering complaints about its actions, to change pension providers

The suitability report said that Mr H wanted to review his pension because he wanted a provider that offered flexibility and a wide fund choice. But Mr H says it was the adviser that said in an email that Mr H needed to "*consider a more comprehensive investment strategy in a modern contract with better online functionality.*" And this would mean moving his pension to OMW.

Mr H was only 49 at the time of the advice and there was no indication that he intended to access his pension benefits for some time. Although he would be able to take benefits from age 55, the information indicated there had been no decision about when he'd begin drawing his pension and age 65 was assumed as his retirement date. So, he had no need for flexibility at that time. I also haven't seen anything to indicate he couldn't have accessed benefits flexibly via his existing provider, when the time to do so came.

QFSL also noted that the existing pension had approximately 230 funds available – with his pension currently spread across three funds. And when P previously advised Mr H in 2009, before QFSL became responsible for its actions, it had recommended that Mr H move to the provider it was now saying he should leave, with one of the reasons given for this the "*choice of funds available*". While QFSL said that the OMW pension had approximately six times as many options, I can't see that Mr H had a genuine need for more options that his existing pension already offered. And following the transfer, QFSL recommended that Mr H invest 100% of his pension into one fund anyway. So, access to a greater range of investments again doesn't appear to have been a genuine objective for Mr H.

The final reason QFSL said that Mr H wanted to transfer was that he wanted to receive ongoing advice. But I'm not convinced that this was a genuine aim of his either. As I've said, Mr H was still a significant time from retirement. His existing pension was with a large, well known provider and a portfolio summary from April 2017 showed that his pension (and investments) had performed well for several years (cumulative five-year performance between 44.4% and 88.1%). So, I don't think there is anything about Mr H's circumstances that leads me to think he approached his adviser because he felt he needed ongoing advice.

And indeed, I think Mr H understood he was already receiving ongoing support from P – as it had already advised him twice on his pension previously and had contacted him in 2017. P still clearly considered it had an existing ongoing relationship with Mr H, given it had contacted him. And the previous instance of advice by P in 2009, which again incidentally involved transferring to the provider that it now said he should transfer away from, said it would review the ongoing suitability of the pension investments with him. So, I think it is unlikely that Mr H believed any further support was needed, if he required it at all. It is true that the portfolio summary for the existing pension from April 2017 said that an adviser charge was not being facilitated. But the previous instance of advice, in 2009, had taken place prior to the Retail Distribution Review ('RDR') in 2012, before which fees for ongoing service did not have to be prescribed and it was permissible for these to be covered by commission from the original advice. So, taking all of this into account, I don't think Mr H is likely to have thought he needed further support with his pension.

As a result, I don't think the reasons for transferring, which appear to have been rather

generic, genuinely reflected objectives or needs that Mr H had. So, in my view, in order for the advice provided by QFSL to Mr H to switch his pension to a new provider to have been suitable for him, there'd have had to be a strong chance of him being financially better off by doing so. But I haven't seen evidence to support that he would have been.

QFSL's recommendation said that Mr H's existing pension had ongoing charges of 1.72% (made up of an annual management charge of 1.43% and 0.29% in additional charges). Whereas QFSL said the OMW pension had a total charge of 1.5% (made up of a fund charge of 1.24% and a platform charge of 0.26%). So, the fees charged by the product provider each year would have been lower. But following the transfer, QFSL was charging an ongoing advice fee of 0.75% per annum, bringing the total annual fees and charges for the OMW pension above those Mr H was paying to his existing provider. So, although the providers annual charge was lower, the total annual cost to Mr H was greater under the recommendation. And that is before also taking account of the 2% initial advice charge by QFSL. So, from a cost perspective, the transfer did not result in Mr H being better off.

The recommendation included no direct comparison of the OMW pension and its investments with Mr H's existing pension and investments (past performance or projected growth) which I'd have expected to see some evidence of. It is true that past performance is not a guide for future growth and predicting such growth was difficult. But information in the April 2017 portfolio summary for Mr H's existing pension and an information sheet from OMW for the fund QFSL recommended don't seem to indicate that the cumulative performance of the new pension was better than that of Mr H's existing one. And I haven't seen any other evidence that makes me think it was more likely than not that Mr H was going to achieve greater growth by transferring, particularly given he'd be incurring additional costs.

Taking all of that into account, I can't see that transferring was in Mr H's best interests and so I don't think the advice he received from QFSL in 2017 was suitable or necessary. As a result, I uphold Mr H's complaint.

Mr H has said that he thinks the adviser was motivated to recommend OMW because they had recently become associated with QFSL. And it is the case that 'Quilter' is made up of more than one legal entity. QFSL being one of these. And OMW, the provider of the pension that was recommended, is a previous name of both Quilter Investment Platform Limited and Quilter Life & Pensions Limite, two more entities that are part of 'Quilter'. So, I can see why Mr H might think this was the reason for the adviser prompting the transfer. But regardless, as I've already explained, I think the recommendation was unsuitable.

In its response to the complaint, QFSL offered Mr H £250 for the distress and inconvenience caused by it failing to provide the ongoing service. I think that offer is fair in the circumstances.

Putting things right

Fair compensation

My aim is that Mr H 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 H would have remained with his previous provider, however I cannot be certain that a value will be obtainable for what the previous policy would have been worth. I am satisfied what I have set out below is fair and reasonable, taking this into account and given Mr H's circumstances and objectives when he invested. Mr H has said that, to put things right, he'd like a refund of the fees he's paid for advice as well as compensation for

lost growth. For clarity, as the fees were all deducted from the pension, the calculation set out below will account for them.

What must QFSL do?

To compensate Mr H fairly, QFSL must:

- Compare the performance of Mr H's investment with the notional value if it had remained with the previous provider. If the actual value is greater than the notional value, no compensation is payable. If the notional value is greater than the actual value, there is a loss and compensation is payable.
- QFSL should also add any interest set out below to the compensation payable.
- QFSL should pay into Mr H'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 QFSL is unable to pay the total amount into Mr H'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 H won't be able to reclaim any of the reduction after compensation is paid.
- The *notional* allowance should be calculated using Mr H's actual or expected marginal rate of tax at his selected retirement age.
- It's reasonable to assume that Mr H is likely to be a basic rate taxpayer at the selected retirement age, so the reduction would equal 20%. However, if Mr H would have been able to take a tax-free lump sum, the reduction should be applied to 75% of the compensation, resulting in an overall reduction of 15%.

Income tax may be payable on any interest paid. If QFSL deducts income tax from the interest it should tell Mr H how much has been taken off. QFSL should give Mr H a tax deduction certificate in respect of interest if Mr H 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
OMW	Still exists and liquid	Notional value from previous provider	Date of investment	Date of my final decision	8% simple per year from final decision to settlement (if not settled within 28 days of the business receiving the complainant's acceptance)

Actual value

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

Notional Value

This is the value of Mr H's investment had it remained with the previous provider until the end date. QFSL should request that the previous provider calculate this value.

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

Any withdrawal from the QFSL should be deducted from the notional 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 QFSL totals all those payments and deducts that figure at the end to determine the notional value instead of deducting periodically.

If the previous provider is unable to calculate a notional value, QFSL will need to determine a fair value for Mr H's investment instead, using this benchmark: FTSE UK Private Investors Income Total Return Index. The adjustments above also apply to the calculation of a fair value using the benchmark, which is then used instead of the notional value in the calculation of compensation.

Why is this remedy suitable?

I've decided on this method of compensation because:

- Mr H was a balanced investor and willing to accept some investment risk.
- If the previous provider is unable to calculate a notional value, then I consider the measure below is appropriate.
- 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 would be a fair measure for someone who was prepared to take some risk to get a higher return.
- Although it is called income index, the mix and diversification provided within the index is close enough to allow me to use it as a reasonable measure of comparison given Mr H's circumstances and risk attitude.

QFSL should provide details of its calculation to Mr H in a clear, simple format. Your text here

In addition, QFSL should pay Mr H £250 for the distress and inconvenience he has been caused, as it has previously agreed to.

My final decision

I uphold Mr H's complaint. To put things right, Quilter Financial Services Limited should calculate and pay Mr H redress in line with the method set out in the 'putting things right' section of this decision.

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

Ben Stoker
Ombudsman