

The complaint

Mr A's representative has complained, on his behalf, that Harbour Rock Capital Limited (Harbour Rock) gave him unsuitable advice to transfer his personal pension funds with Prudential to a self-invested person pension (SIPP) with Aegon, saying that he should have accessed his funds but remained with his existing pension provider.

What happened

Mr A approached Harbour Rock in March 2022 to discuss accessing his pension funds. According to the fact find completed at the time, Mr A wanted £7,600 to repay some debts, £1,000 for home improvements, and then £1,784 (the remainder of the tax-free cash lump sum) to be put into general savings.

Mr A had a personal pension plan with Prudential. Harbour Rock reviewed the details of this pension scheme and confirmed that Mr A would have been able to access the tax-free cash on his pension, but then would have needed to buy an annuity with the remainder of the funds.

Therefore, in order to access the tax-free cash without buying an annuity, the pension would have to be transferred. The advice was to transfer his personal pension funds to an Aegon SIPP.

Mr A's representative complained in April 2025, but as Harbour Rock wasn't in a position to respond within the allotted eight week period, the complaint was referred to this service for review.

Harbour Rock then issued its final response letter in August 2025, upholding the complaint in part. In summary, it said that, by transferring to the recommended Aegon SIPP, Mr A was able to withdraw the tax-free cash amount he wanted and leave the remaining funds invested as planned, which he couldn't do with the existing plan.

It added that, with regard to the charges in the new SIPP, the overall plan charge for the Aegon SIPP was 0.32%, while Prudential's overall charge was 0.95%. As such, Mr A reduced the management costs of his pension by transferring. It further said that, by transferring, Mr A was also able to secure a terminal bonus of £19,419.85, which wasn't guaranteed.

However, Mr A was determined as being a moderately adventurous investor, which was then revised to balanced, given Mr A's limited investment experience. At the time he was recommended to invest in the "Headway" portfolio.

Upon a review of this fund, Harbour Rock considered this to be more suitable for a client with a higher appetite for risk. As such, it would have been appropriate for Mr A to have been invested in a more cautious portfolio.

It said it was currently conducting calculations to determine the loss (if any) that Mr A had incurred as a result of being invested in a higher-level risk portfolio than was appropriate for his circumstances. It confirmed that it would send the results of its loss calculation.

In response, Mr A's representative said that they were concerned that the calculation was being restricted solely to whether Mr A incurred a financial loss as a result of being invested in a higher-risk portfolio than was suitable. Whilst this was an important consideration, the assessment should also take into account whether the transfer into the new arrangement resulted in additional charges being applied to Mr A's fund.

Further, Harbour Rock's proposal appeared to assume that the only comparator was the risk profile of the investment portfolio within the transferred arrangement. However, it was possible that Mr A could have remained with this original pension provider or accessed other suitable products with that provider, which may have offered more appropriate and cost-effective solutions.

In response, Harbour Rock said that, had it recommended the appropriate fund at the time, the "Poised" portfolio would have been selected based on suitability and the panel of providers it recommended at the time.

In terms of the point relating to alternative products, its position remained that the advice to transfer was suitable. The comparison that it had run was to determine whether or not Mr A was financially disadvantaged by having been invested in the Headway Portfolio instead of the Poised Portfolio.

The Headway portfolio was marginally more expensive than the Poised Portfolio. However, as the Headway Portfolio outperformed the Poised Portfolio by 0.4%, this would have negated the slightly higher fee. Therefore, it said, Mr A hadn't been financially disadvantaged by being invested in the Headway Portfolio instead of the Poised portfolio at that time.

Having considered the matter, our investigator didn't think that the complaint should be upheld, saying the following in summary:

- At the time of the advice, Mr A was 54, and was approaching the age at which he could access his pension funds (55). While some people do choose to take early retirement at that age, most continue working. In this case, it was clear that Mr A wanted to access funds for a specific purpose, but otherwise wanted to remain invested in his pension.
- If he accessed the Prudential pension funds without transferring then, this would have annuitized the remaining value, and wouldn't have allowed him to remain invested with the remaining funds after taking the tax-free cash. This wouldn't have met Mr A's needs at the time of the advice. Therefore, he did need to transfer the funds in order to remain invested with the remaining funds after taking the drawdown he wanted.
- It wasn't a requirement that an adviser find the best pension on the market, only one that was suitable for the needs of their customer. Having considered the terms of the Aegon SIPP, it met Mr A's needs. Therefore, the advice to transfer to that pension was suitable, and any costs associated with carrying out the transfer were unavoidable.
- Having reviewed the available evidence, Harbour Rock was right in that Mr A was recommended to invest in funds which didn't match his risk appetite at the time. Therefore, it was appropriate to consider what fund Mr A should have been invested in, and whether there had been loss as a result of not investing in that fund.

- Harbour Rock had carried out a calculation to determine whether there had been a financial detriment as a result of the incorrect fund choice. It had provided a copy of this, and it had been carried out as would be expected in this type of case.
- Mr A's representative had raised concerns over whether the charges and cost of transfer has been taken into account. But as the transfer was suitable and needed to take place, the costs associated with this would therefore be unavoidable. In terms of the fund charges, the calculation had considered these when determining whether there was a loss. The calculation assumed the same pension transfer, which was suitable, but with a different fund choice.
- Based on Mr A's objectives at the time, the advice to transfer in order to take the tax-free cash available on his pension, while remaining invested with the residual funds, was the correct advice. Harbour Rock did acknowledge that it advised Mr A to invest in a fund that exposed him to an unnecessarily high level of risk, but its calculation had determined that this hadn't caused him a financial loss.

Mr A's representative disagreed, however, saying the following in summary:

- It accepted that the existing Prudential personal pension may have required the purchase of an annuity to access tax-free cash, but this didn't automatically mean a full transfer to another provider was necessary.
- Prudential offered a range of products at the time that may have allowed Mr A to access his tax-free cash and remain invested - without transferring away from Prudential.
- There was no indication that Harbour Rock explored or documented whether Prudential could have facilitated Mr A's objectives through an internal product switch rather than an external transfer.
- Under COBS 9.2.1R, advisers were required to consider all available options capable of meeting a client's objectives, including existing provider solutions. The absence of such a consideration here represented a significant omission.
- The investigator had concluded that the transfer costs were unavoidable, but that wasn't the case. The costs were only unavoidable because of the decision to transfer externally. Had Harbour Rock explored and recommended a suitable product with Prudential, Mr A could have avoided incurring unnecessary adviser, platform, and fund charges associated with an external transfer. The costs therefore stemmed directly from Harbour Rock's recommendation and couldn't be considered unavoidable.

In response, the investigator said the following in summary:

- Prudential offered a variety of pension products and it was likely that one of these would have been suitable for Mr A's needs in this case. However, this wouldn't have avoided the charges referred to.
- Taking a different product with the same provider may have been possible, but this would still be considered a pension transfer, and advice would still have been provided. Harbour Rock would still have needed to consider all of Prudential's products, identify a suitable one, and recommend investment funds for the remainder of Mr A's residual pension funds after the tax-free cash was taken.

- Having reviewed the terms of business, and the suitability report from Harbour Rock, its charging structure would have applied in this case even if a Prudential product was identified as the most appropriate for Mr A's needs. The existing product was unsuitable, and there was no like for like product which could simply be switched into which would meet Mr A's needs. So, the advice to transfer would have been chargeable regardless.
- Reference hadn't been made to any Prudential products that would specifically have avoided platform or fund charges, so specific differences between the pension product recommended, and any Prudential product which could otherwise have been recommended in this case couldn't be assessed.
- However, the Aegon account had no set-up fee, and the fund charges appeared reasonable. Presumably, other Prudential products also levied fund charges as with most pension products. So, charges couldn't have been entirely avoided in this case. Mr A chose to take financial advice, and acted on it, so this advice charge would in any case have been chargeable.
- The suitability report didn't discuss the alternatives that had been considered, which was a failing on the part of Harbour Rock. However, the existing product wasn't suitable, other products with Prudential would still have constituted a transfer, and a stakeholder pension wouldn't have fees capped below the level of fees payable in the recommended SIPP. So, none of these alternatives would reasonably have been a clearly better choice for Mr A.
- In summary, Mr A contacted Harbour Rock for advice on accessing his pension. It provided a recommendation for a transfer and withdrawal of tax free cash. In doing so, it also set out the charges for this in a manner that was clear, fair, and not misleading. The advice was suitable for Mr A and in order to meet his aims at the time, a pension transfer was required, either internally or externally.

Mr A's representative maintained its disagreement, however, saying the following:

- Had Harbour Rock advised Mr A to remain with Prudential and simply switch to a more suitable internal product, there would have been no adviser charge associated with onboarding a new provider. Additionally, there would have been no platform fees, as Prudential's retirement account products are insured contracts rather than platform-based investments.
- An internal transfer would therefore have materially reduced the total costs incurred by Mr A and would likely have been a more cost-effective solution. The suggestion that the charges would have been the same was inaccurate, as an internal option would have avoided both initial and ongoing third-party platform fees while still meeting Mr A's objectives.
- Furthermore, had Harbour Rock advised Mr A to contact Prudential directly, Prudential may have been able to guide him towards a suitable in-house product to meet his needs, thereby removing the need for Harbour Rock's involvement altogether. Mr A wasn't informed of this straightforward option, representing a significant failure in the advice process and a clear omission in ensuring that he was aware of all viable and potentially lower-cost alternatives.

- The representative requested that the matter be referred to an ombudsman for review. It also queried as to whether the amount offered by Harbour Rosk in respect of the distress and inconvenience caused to Mr A would be considered in that referral.

The investigator confirmed to both parties that the matter would be referred to an ombudsman for review.

Harbour Rock then responded to the additional points made by Mr A's representative as follows:

- Mr A wished to take financial advice in respect of his pension, and regardless of whether its recommendation had been to remain with his existing provider or not, once advice was provided an advice fee would be applicable. Further, the advice fee had no correlation with onboarding with a new provider.
- Contrary to the suggestion that there would have been no fees associated with the Prudential plan, the plan charge for Aegon was 0.32%, while Prudential's overall charge was 0.95%. So, the recommended plan's operating charges were cheaper.
- There also seemed to be the suggestion that, should a client approach Harbour Rock, it should either advise them at no charge or simply refer them back to their existing provider with no advice. This appeared to suggest that clients shouldn't take pension advice, and operate on a non-advised basis – rather just receiving "guidance".
- But if each financial adviser operated in this manner, clients wouldn't be able to obtain robust advice for their retirement planning. Furthermore, it didn't seem appropriate or reasonable to simply direct a consumer who was asking for advice back to their existing provider instead.

Mr A's representative also then commented further that Harbour Rock had said that the overall plan charge for Aegon was 0.32%. However, it said, this figure didn't account for the 1% pa ongoing adviser fee and the 0.2% per annum annual management charge, bringing the total cost of the Aegon pension to 1.34%.

The complaint has now been referred to me for review.

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.

And having done so, I've reached similar conclusions to the investigator, and for broadly the same reasons.

Firstly, I'd agree that it would have been reasonable for an initial advice fee to be payable here. Mr A was clearly seeking advice on how to best achieve his objectives, and it wasn't beholden upon Harbour Rock to simply "guide" Mr A to do his own research into other potential options within Prudential. As Harbour Rock has said, if that principle was to be universally applied, there would be a somewhat restricted financial advice market with a distinct paucity of holistic advice and consumer options.

Further, it doesn't seem to be the case that the advice fee would have been any different if Harbour Rock had instead advised Mr A to remain in another product with Prudential.

It's fair to say that Harbour Rock didn't provide Mr A with alternatives to the recommended course of action, but what needs to be established here is whether that recommendation was in any case suitable for Mr A. As set out by the investigator, there would have been a number of different options available to Mr A to fulfil his objectives, but the important consideration is whether the one recommended was suitable.

So in thinking about this, Mr A wanted to access his tax free cash and leave the remainder invested. And although there would have been other products which allowed Mr A to do this, the Aegon SIPP fulfilled the objective at a cost of 0.52% pa (not 0.34% pa according to Mr A's representative after the annual management charge – this was 0.2% rather than 0.02%).

This was made up of the Aegon annual management charge of 0.2% pa (there was no set up fee) and the investment fund fee of 0.32% pa. Harbour Rock has said that this was significantly cheaper than the existing plan, which although true, doesn't reflect the fact Mr A needed to transfer to another product to fulfil his objectives. And so any cost comparison with the existing plan wouldn't have been relevant.

But although Mr A's representative has asserted that Mr A could have achieved what he wanted at a lower cost, no actual specifics of any such products which could have done so have been provided. And given overall industry standards, an overall annual charge (including fund costs) of 0.52% wouldn't seem excessive.

Mr A's representative has also said that there would be an additional 1% ongoing advice charge, but it was up to Mr A as to whether he wished to receive ongoing advice. Ongoing advice isn't an unusual proposition where pension funds may be drawn down and so investment returns are of some importance. If Mr A subsequently considered that this wasn't necessary, he would be able to move to another arrangement and pay an overall lower fee.

Harbour Rock has, however, conceded that Mr A wasn't invested in the right type of investment and that this had been misaligned with his recorded risk appetite. But having undertaken a comparison to determine whether Mr A has been financially disadvantaged by this, Harbour Rock has determined that he hasn't. And I note that Mr A's representative has raised no specific objection to that finding.

The representative has also queried as to whether the amount offered to Mr A in respect of the distress and inconvenience caused to him would be considered further. There's guidance on our website which is helpful in determining the type of award which would be appropriate in situations such as these. It says that an award between £100 and £300 might be fair where there have been repeated small errors, or a larger single mistake, requiring a reasonable effort to sort out. These might typically result in an impact that lasts a few days, or even weeks, and cause either some distress, inconvenience, disappointment or loss of expectation.

Having considered what's happened here, in that the recommended plan wasn't unsuitable, and that Mr A was unaware that he may have been invested in a higher risk fund than was suitable until informed of this, followed by confirmation that he hadn't in any case experienced a financial loss as a result, I think the amount of £100 is probably appropriate.

My final decision

My final decision is that Harbour Rock Capital Limited should pay Mr A £100.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 16 February 2026.

Philip Miller
Ombudsman