

The complaint

Mr F complains that Harbour Rock Capital Limited (HR) misadvised him to transfer his personal pension plan (PPP) and to take pension benefits causing losses. He wants compensation for his losses.

Mr F is represented by a claims management company (CMC) but I will just refer to Mr F in this decision unless necessary.

What happened

Mr F had an existing PPP with Zurich and a defined benefit pension scheme from a former employer. He met with HR for advice around his pensions. HR completed a fact find and obtained information about Mr F's existing pension plans. The fact find records that he was self-employed, 55 years old and living with a friend paying £420 a month in rent. And that his financial objective was to purchase a one-bedroom flat, in the price range of £110-125,000, preferably without the need to arrange a mortgage in order to reduce his outgoings. As well as his Zurich pension worth around £40,000 Mr F had £90,000 in savings, being the proceeds of a previous property sale.

HR recommended that Mr F transfer his Zurich plan to an Aegon SIPP, which it said had lower ongoing costs and for him to take the maximum tax-free sum (TCF) of around £10,000 and a one-off withdrawal of £10,000 net of tax. Which with Mr F's savings would give him funds of around £110,000 to purchase a flat. Mr F accepted this advice, and the transfer was completed and the benefits paid in August 2022.

Subsequently via his CMC, Mr F complained about HR's advice making a number of points. In summary the CMC said the advice was negligent and caused Mr F losses. The CMC said HR hadn't considered Mr F's intentions, attitude to risk (ATR) or investment experience and it hadn't explained that transferring would mean Mr F *"would be subject to market performance and additional charges"*. It said whilst Mr F had wanted funds to purchase a home, HR hadn't considered other alternatives such as borrowing from friends or remaining with Zurich and taking the funds from that plan and had instead recommended a transfer with *"unnecessary fees"*. The CMC said had Mr F not transferred his plan (based on FTSE 100 investment returns) would have been worth around £44,163 by April 2025, but he *"has received less than the above figure because of the transfer"*, which required additional growth to compensate for the costs incurred.

HR didn't accept the complaint. It said it had fully assessed Mr F's objectives and financial circumstances. That he wanted funds to assist with the purchase of a flat, without borrowing money and that the Zurich plan was unable to facilitate the flexible withdrawal required in addition to the TFC to give the total required. Which is why it had recommended transfer to a low-cost provider in Aegon that could. It said Mr F's other retirement provision (being the defined benefit scheme and a full entitlement to State pension at age 67) meant his objective was reasonable, whereas borrowing with only 11 years to his planned retirement age was not. It said Mr F wished to continue to invest the remainder of his pension and the investments it had recommended were appropriate for his ATR, and he'd been provided with enough information to make an informed decision.

Mr F referred his complaint to our service and our investigator looked into it, but he didn't uphold it.

Our investigator said, having considered the rules and guidance issued by the financial regulator, the advice provided to Mr F was suitable for him and met his objectives. He said HR had considered alternatives to taking the pension benefits and that Mr F had confirmed he didn't want to borrow money, so taking some of his pension was reasonable, given this would reduce his monthly outgoings. He said HR had shown evidence that the Zurich plan didn't offer flexible withdrawals, so the necessary funds couldn't have been taken as Mr F wanted without transferring and the Aegon plan did have lower ongoing costs. He said whilst the underlying investment funds recommended by HR, had a greater exposure to equities than Mr F's assessed ATR of "*moderately cautious*", when considered alongside his overall pension provision including significant guaranteed benefits from his defined benefit scheme, this wasn't unreasonable.

Mr F didn't agree and his CMC made further points. It said it was clear that HR hadn't critically assessed whether Mr F's stated objective of purchasing a flat with his available funds without also arranging a mortgage was realistic. It said HR also hadn't considered the tax implications of the withdrawal, which being subject to tax had reduced the "*net funds available for property purchase*". It said investing in higher-risk funds hadn't considered Mr F's wider circumstances and the fees charged by HR were excessive.

As Mr F doesn't agree it has come 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.

Having done so, I'm not upholding the complaint.

I don't think HR has treated Mr F unfairly or provided unsuitable advice, so I can't uphold his complaint. I think his circumstances and objectives were considered and the advice for his objectives as recorded in the fact find and set out in the suitability report, which Mr F signed to accept the recommendations, were appropriate. The CMC has asserted, whilst providing no evidence, that the funds involved were inadequate to purchase a property without an additional "*small mortgage*". Arguments here will tend to be circular, however Mr F could have taken further withdrawals from his pension had he needed additional funds, or as the CMC has suggested borrowed from friends, arranged a mortgage etc. And I'm not persuaded that Mr F was somehow hoodwinked into believing he'd be able to buy a property on the numbers involved, just so HR could charge a fee of around £2,700 for arranging the transfer, as the CMC seems to suggest.

I also think the suitability report does explain the recommendations being made including the possible alternatives and the taxation implications of the withdrawal. Given Mr F's other pensions it was always likely that funds in addition to his TFC would be subject to income tax, regardless of what use they would be put to. The report explains the possible risks of taking benefits early and that the remaining funds would be exposed to investment risk, just as they already were under the Zurich plan invested in the Managed fund. The report states that the selected funds are appropriate to Mr F's ATR, particularly given his planned retirement in 11 years' time. The equity exposure is perhaps a little high at 67% for a moderately cautious investor, although opinions vary on specific investment allocations. But whilst not directly alluded to in the report, the funds here were a relatively small part of Mr

F's overall pension provision. And as our investigator has said given these wider circumstances the approach adopted doesn't seem unsuitable.

And it is interesting that despite the CMC's reservations about the advice and risks it considers were involved, it has used the FTSE 100 index, which is 100% equity invested, as an appropriate benchmark when asserting that Mr F has incurred investment losses, which I would not consider reasonable, if I considered the advice to be unsuitable. And its suggestion here ignores the fact that Mr F had received around £20,000 from his plan and had the benefit of that money for what I consider sound reasons.

There is nothing to suggest Mr F was vulnerable and unable to make his own financial decisions. And I think he was provided with enough information to make an informed choice. The existing Zurich plan couldn't facilitate withdrawals as required to provide Mr F with the funds he wanted whilst still leaving the remainder in a pension. HR's charges were disclosed to Mr F and agreed by him before he proceeded. If Mr F could have purchased a flat at the sum indicated in the fact find and suitability report, he would have reduced his monthly outgoings, and it seems to me this would have provided him with a degree of financial certainty going forward. So, taking everything together, I don't think the advice was unsuitable, and I do not uphold this complaint.

My final decision

My final decision is that I do not 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 4 March 2026.

Nigel Bracken
Ombudsman