

The complaint

Mr F has complained that advice he received from Harbour Rock Capital Limited (HRC) in February 2020 to transfer two existing personal pensions to a SIPP (self invested personal pension) with a new provider was unsuitable.

At the time of the events complained about HRC was operating under a different name. But for convenience I've just referred to HRC, references to which should be taken as including the predecessor business as appropriate.

What happened

Mr F met with an adviser from HRC in February 2020. At the time, Mr F was 60, divorced with no dependents and employed earning £27,000 pa. He had two existing stakeholder pension plans with a major provider with a total value of £67,131.03. He was also an active member of his employer's pension scheme. And he had deferred benefits in that scheme from a previous period of employment.

The suitability report dated 16 March 2020 set out Mr F's objectives at the time of the advice as:

- Reduce his mortgage balance by £6,000
- Undertake home improvements of £1,000
- Consolidate the two personal pensions
- Contribute £75 pm (gross) to the pension

Mr F's attitude to risk was assessed as being moderately adventurous. HRC advised him to transfer both of his existing pensions to a SIPP with a new provider. Mr F went ahead with the advice and the transfer took place in July 2020. He took a pension commencement lump sum (PCLS) or tax-free cash of £7,000.

In May 2025 Mr F complained, through his representative, to HRC that the advice had been unsuitable. In summary, Mr F's objectives and alternative options hadn't been fully explored and the recommended investments were higher risk than he wanted or should've been advised to take.

HRC issued a final response letter on 29 August 2025, not upholding the complaint. Mr F had approached HRC in January 2020 as he wanted to release tax-free cash to reduce his mortgage and do some work to his home. He was also interested in consolidating his pensions and he'd continue to make regular contributions. HRC said Mr F would have sufficient pension provision to meet his needs in retirement and there'd be no shortfall if he took the tax-free cash. Alternatives were discussed. The tax-free cash available, based on the transfer value, was £16,782.76. But Mr F only took £7,000 which was the amount he considered necessary to meet his objectives. The charges for the SIPP were considerably lower than Mr F's existing arrangements – 0.57% and 1% respectively. HRC said the recommended portfolio was in line with Mr F's attitude to risk which HRC said was moderately cautious.

Mr F's representative said other products were available with Mr F's existing provider without the need for a full transfer to a more complex product. HRC had failed to consider properly those alternatives. Mr F's objectives were modest and could've been met by existing savings or structured repayment of his mortgage or other, less detrimental means.

Our investigator didn't uphold the complaint. She referred to the then regulator's 2009 report and checklist about pension switching. In summary, she said the SIPP was less expensive, even when taking into account the 1% ongoing adviser charge. Mr F's objectives couldn't have been met from his existing plans. Ongoing advice would've been valuable to Mr F but he could've cancelled that at any time. His existing plans didn't facilitate income drawdown and as Mr F wanted to access tax-free cash, he had transfer. Although Mr F's representative had said his existing provider was planning to introduce a flexi-access drawdown product, that wouldn't be until July 2020 and it wasn't reasonable to say HRC should've waited until then and when the details, including charges, couldn't have been known at the time. Mr F hadn't wanted to take out a loan, sell any assets or use his savings. And he was keen to pay off some of his interest only mortgage, taken out to buy out his ex-wife when they'd divorced.

The investigator noted that HRC had referred, in its final response letter, to Mr F's attitude to risk being moderately cautious. But the investigator thought that was a mistake. She said his attitude to risk had been assessed as moderately adventurous and, as he had other guaranteed pension benefits, he had capacity to take more risk in return for the prospect of higher returns over the next seven years until he retired at age 67. She didn't think the transfer and the recommended investments were unsuitable.

Mr F's representative didn't agree and made a number of points. In summary:

- The new SIPP wasn't less expensive than Mr F's existing plans, even after factoring in the ongoing adviser charge. The charges for the existing plans were 1% of the fund values which, taking the values at the time of the transfer, gave total annual charges of £662.53. That compared to an annual charge of approximately £1,040.17 for the new SIPP, being the annual management charge (AMC) of 0.57% plus the 1% ongoing adviser fee. Further, the transfer wasn't necessary and Mr F shouldn't have incurred the initial adviser fee of £3,732.58.
- Mr F's objectives weren't urgent or essential. The payment towards his mortgage wasn't a financial necessity and the proposed home improvements were minor decorative work, not essential repairs. Given the relatively small sum involved and his ability to overpay through income, Mr F's objectives could've been met by other means. The investment growth, had he left his funds with the existing provider, would've outweighed the saving to his mortgage payments.
- There's an inconsistency between the recorded moderately adventurous attitude to risk and HRC's final response letter which said Mr F's attitude to risk was moderately cautious. The recommended investments were materially higher risk than those Mr F held with his existing provider. The increase in equity exposure and volatility was inconsistent for someone with a balanced attitude to risk and seven years from retirement.
- The justification for ongoing adviser charges had been overstated. The transfer was largely facilitated to release tax-free cash and it's unclear how ongoing servicing provided material benefit. The ability to cancel the ongoing fee didn't make the arrangement suitable.

The investigator acknowledged that what she'd said about charges had been incorrect and that the SIPP was more expensive, once the ongoing adviser fee was added. However, it didn't change her view and she maintained that the advice had been reasonable.

As agreement couldn't be reached the complaint was referred 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.

There are some aspects of how HRC handled things that could be of concern. In particular, I think there's some indication that HRC's process was geared towards accessing tax-free cash, rather than from the more neutral basis of undertaking a review which might or might not include a recommendation to transfer and access tax-free cash.

For example, HRC's welcome letter dated 23 January 2020 said that Mr F's current providers had been contacted for information and, once that was received, HRC would contact Mr F to confirm how much tax-free cash he could take from his pension. HRC's further letter of 21 February 2020 said Mr F needed to book a phone appointment, following which a report, including a recommendation, would be sent. But the letter went on to refer to the enclosed summary of his existing pensions which set out the amount of tax-free cash he could take. There was a warning that taking money early from his pension might not be right for him and so it made sense to get financial advice before making any big decisions. However, I'm not sure that pointing to the available tax-free cash from the outset, and before any review had been undertaken and any recommendation given, was balanced or necessary.

But, that said, the central consideration remains whether HRC's recommendations were suitable for Mr F. I've reached the same conclusions as the investigator, which I've summarised above, and for similar reasons. On balance, I don't think the advice was unreasonable.

I agree that the 2009 report and checklist remains relevant today. So, like the investigator, my starting point is the main areas which were identified as where consumers may lose out. I don't know if Mr F is actually financially worse off as things currently stand.

The first consideration is charges. Here the charges for the new SIPP were, on the face of it, lower – 0.57% compared to 1% for Mr F's existing arrangements. The 0.57% was made up of the SIPP provider's AMC of 0.20% plus an investment funds fee of 0.37%. But, as there was an ongoing adviser fee of 1% pa, Mr F would be paying higher charges overall going forward.

And it seems, from the suitability report, that Mr F was getting a discount on the SIPP provider's AMC. So long as HRC managed the pension for him on an ongoing basis, a flat AMC of 0.20% would apply. Whereas the SIPP provider's standard AMC depended on the account value. For the first £29,999.99 it was 0.60%, 0.55% for the next £20,000 (£30,000 to £49,999.99) and 0.50% for the next £20,000 (£50,000 to £99,999.99). So, if Mr F thought he'd save money by dispensing with HRC's ongoing advice services, the AMC would increase. By my calculations, based on a fund size of around £67,000, the undiscounted AMC would've been some 0.56%. Coupled with the 0.37% investment funds fee, meant overall charges of 0.93% which, although much closer, was still less than the 1% Mr F was paying for his existing arrangements.

The suitability report did say that, overall, the recommended strategy could cost more than Mr F's existing arrangement and, although it was hoped that the increased growth would more than compensate for this, it couldn't be guaranteed.

Mr F could decide to stop the ongoing advice service and charge if he felt it wasn't good value for money or he didn't need it, but that doesn't mean that ongoing advice was necessary. However, on balance, I think putting that facility in place could be justified. Mr F's fund was relatively modest. But he had a moderately adventurous attitude to risk. It's not unreasonable to assume that he'd have wanted his investments to be reviewed regularly and that there might be a need, from time to time, to rebalance his portfolio. Further, his attitude to risk might change as his retirement date approached and depending on how his investments performed. There was also the possibility that he'd want to access his SIPP fund flexibly in the future to further reduce his outstanding mortgage balance and he might've wanted advice about that.

I think there was enough time – seven years – for the SIPP fund to potentially grow enough to offset the charges, including those deducted for the advice itself. That was £3,732.58 which might appear disproportionate given that, from the outset, Mr F had said he was only looking to raise £7,000. However, the total tax-free cash available was some £16,782.76. And the suitability letter did clearly set out HRC's initial advice charge and how it was calculated. It also recorded that Mr F wanted to be able to make payments in the future to further reduce his mortgage. It seems he did confine his initial tax-free cash payment to £7,000 and I'm unaware if he's since taken any further payments. But the recommendation was given on the understanding that's what he was planning to do.

The second factor – losing benefits in the switch without good reason – doesn't really apply. The suitability report says that some penalties would apply by way of deduction to the transfer values. But these were modest (£12.95 for one plan and £0.71 for the other). And there were no guarantees attaching to Mr F's existing pension plans which he'd be giving up if he switched.

As noted, there's been some inconsistency about Mr F's attitude to risk. But I'm satisfied from the contemporaneous documentation that he was assessed as having a moderately adventurous attitude to risk. HRC recommended the SIPP provider's Poised Portfolio, made up of 5% cash, 27.94% Dimensional Global Short Dated Bond and 67.06% Dimensional World Equity Fund. I don't think the recommended portfolio was out of line with Mr F's attitude to risk.

And I think he did have the capacity to take that degree of risk. He had other pension provision which included guaranteed benefits – he was an active member of his employer's pension scheme (with approximately 14 years' service) and he also had deferred benefits in the same scheme relating to a previous period of service of 3 years 190 days. And, if he continued to work for another seven years, he'd accrue further benefits in the employer's scheme. I don't disagree that the recommended investments were higher risk than those held in Mr F's existing pensions. But I'm satisfied that his attitude to risk at the time of the advice was moderately adventurous and that taking that degree of risk with this portion of his retirement provision wasn't unsuitable for him given his circumstances overall.

More generally I note that Mr F approached HRC as he wanted to reduce his outstanding mortgage balance and get some work done around his home. Of the £7,000 Mr F wanted to raise, £6,000 would be used to reduce his mortgage – he'd checked with his lender and he could pay that without incurring any penalties. The balance of £1,000 would be used for home improvements. I've considered what's been said about how those objectives could've been met by other means.

The suitability report indicates that alternatives were discussed. Mr F did have savings. But the fact find and the suitability report recorded that he didn't want to use them. I think there'd been some discussion around that but it seems he'd decided he wanted to retain his savings for emergencies which I don't think is unreasonable. HRC says borrowing was also

discussed but Mr F didn't like debt (his only debt was his mortgage) and the suitability report records he didn't want to take out a loan. Although restructuring his (interest only) mortgage has been mentioned, I'm not sure that would've been a viable option. Mr F was overpaying (£310 pm against a required payment of £240) but putting the mortgage or some of it on a repayment basis might've made the payments unaffordable.

In some cases, it might be appropriate for more emphasis to be put on the risks of giving up or transferring pension benefits and which might, in turn, lead to a more detailed analysis of any alternatives and/or a recommendation against switching. But, looking at Mr F's circumstances overall and on balance, I'm not going to say that was the case here.

My final decision

I'm not upholding the complaint and I'm not making any award.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F to accept or reject my decision before 2 February 2026.

Lesley Stead
Ombudsman