

The complaint

Mr S has complained that Quilter Financial Services Limited ('Quilter') gave him unsuitable advice to switch his existing pensions to a new arrangement provided by Old Mutual Wealth ('OMW') and that it failed to provide him with the annual reviews he'd paid for.

What happened

Mr S met with a business, which was an appointed representative of Quilter, in July and August 2018 to discuss his desire to take some tax-free cash ('TFC') from his pensions to pay off some debt.

Quilter completed a fact-find, noting Mr S's financial circumstances and objectives. It recorded that Mr S held two personal pensions with a provider I'll refer to as 'J', which had a combined value of around £77,000. He also had a Section 32 buy-out plan with a provider I'll call 'P' which had a fund value of around £39,000 but a transfer value of around £25,000 as a market value reduction ('MVR') was applicable until his normal retirement date.

Quilter noted that Mr S had a mortgage overdraft facility which had an outstanding balance of £32,000 and he was paying interest of 2.8% - a monthly payment of around £144. Mr S told Quilter he wanted to use his TFC and take an ad-hoc income payment to repay the overdraft balance.

Quilter ultimately recommended that Mr S should transfer his two personal pensions held with J to a Collective Retirement Account, a type of personal pension, provided by OMW. It advised him to take TFC of around £19,000 and a further amount of around £3,000 to take him up to his personal income tax allowance. It then said Mr S would need to take a gross payment of around £12,000 (£9,500 net) to give him the funds he needed to clear the mortgage overdraft.

Quilter recommended Mr S invest the remaining monies in the OMW pension in line with his 'balanced' attitude to risk. It also recommended that Mr S redirect the monthly interest payment he was making on the overdraft to his pension. Quilter recommended that Mr S retain the pension held with P as this had guarantees attached and was subject to an MVR. Mr S accepted the advice and also agreed to take Quilter's ongoing advice service, for which he would pay an ongoing advice charge ('OAC') of 1%.

In October 2024, Mr S made a complaint to Quilter via a representative ('CMC') about the advice he received. The CMC said Quilter had simply transacted what Mr S wanted as opposed to providing him with best advice. It said Mr S shouldn't have been advised to use pension funds to repay debts. The CMC also said Mr S hadn't received the ongoing advice he'd paid for and it appeared he had been categorised as an 'adventurous' investor which wasn't the case.

Quilter said that it considered Mr S had made his complaint about the original advice too late under the Regulator's Dispute Resolution ('DISP') rules as he'd complained more than six years after the advice was provided. It also said Mr S ought reasonably to have been aware of his cause for complaint more than three years before he complained as he'd been sent

annual statements. Quilter added that review meetings were conducted each year except in 2022 – in 2022 it had contacted Mr S but he didn't respond. It explained that following the review in 2023 Mr S's attitude to risk had changed to adventurous and this was a reasonable assessment. Lastly, Quilter said that Mr S was sent a review letter in 2024, but he didn't respond and his complaint was received shortly after.

Mr S remained unhappy and referred his complaint to the Financial Ombudsman Service.

The Investigator found that Mr S had made his complaint about the original advice in time because he wasn't persuaded that Mr S had any reason to suspect the advice wasn't right for him until he spoke with his CMC. The Investigator upheld the complaint on the grounds that Mr S could've switched to an alternative product with J, allowing him to take his TFC and the income required to repay his mortgage overdraft. This was because the pension with J was performing well and was invested in line with his balanced attitude to risk and the arrangement with OMW would cost him more. He recommended that Quilter should compensate Mr S for any financial loss suffered as a result of the switch based on how his funds would have performed in line with a benchmark.

Mr S accepted the Investigator's findings but Quilter didn't and made the following points:

- It maintained Mr S had complained too late as his statements should have alerted him to something being amiss.
- Mr S could not have taken TFC from his existing pensions with J so he needed to transfer them to a new arrangement in order to meet his objectives.
- It didn't believe that the pensions with J were cheaper than the OMW pension recommended and in any event Mr S proceeded in an informed position.
- It wasn't reasonable to base his findings on past performance, which wasn't a guarantee of future performance.

The Investigator wasn't persuaded to change his opinion so the complaint has been passed to me to make a decision.

I issued a provisional decision on 4 December 2025, explaining I wasn't minded to uphold Mr S's complaint. I thought the advice Mr S had received wasn't unsuitable and I thought he'd received or was offered the reviews he'd paid for. While I thought Quilter should not have assessed Mr S's attitude to risk as 'adventurous' at the review in 2023, I didn't think he'd ultimately suffered a loss as a result.

Mr S didn't accept this and his CMC made the following points on his behalf:

- The fact-finding was substandard; for example, Quilter didn't fully understand what income Mr S was drawing from his business via dividends. Without fully understanding his position Quilter couldn't have provided suitable advice.
- Mr S couldn't afford to reduce his retirement funds by taking money out of it to repay his debts.
- Quilter didn't appreciate the financial position of the company at the time of the advice – it was ultimately dissolved in 2023 so had no impact on his retirement.
- Mr S should have been referred back to J, which was already being paid to manage his pension.
- Quilter should be required to carry out a loss assessment as a result of the change to Mr S's attitude to risk as 'adventurous'.
- Mr S didn't receive some of the reviews he was paying for so the OACs should be refunded.

Quilter didn't respond. Although I haven't received Quilter's response to my provisional decision, I'm satisfied I have sufficient information to provide my final decision.

What I've decided – and why

Jurisdiction

Although neither party has commented further on our jurisdiction to consider this complaint, I'm repeating my findings here.

DISP 2.8.2R says that, where a business doesn't consent, I can't consider a complaint made more than six years after the event complained of, or if later, more than three years after the complainant was aware, or ought reasonably to have been aware, of their cause for complaint.

Quilter does not consent to our Service considering the complaint about the original advice.

Like the Investigator, I'm satisfied Mr S complained about the advice he received to transfer his pensions with J to the OMW pension in time. While he complained just over six years after he received the advice, I haven't seen any evidence to persuade me that Mr S ought reasonably to have been aware of his cause for complaint more than three years before he complained to Quilter in October 2024. While Mr S received annual reviews and statements, I can't see any evidence that the pension was discussed in terms of how that compared with the pensions he transferred. And there weren't periods of underperformance more than three years before he complained, such that Mr S ought reasonably to have questioned whether the advice was right for him. So, I don't think Mr S would've had any cause for complaint until he spoke with his CMC in 2024.

Merits of the complaint

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

I've considered Mr S's response to my provisional decision carefully, but I'm still not upholding Mr S's complaint. My reasons for doing so remain as per my provisional decision, but I'll address Mr S's comments where appropriate.

Suitability of initial advice

Having carefully reconsidered the information gathered by Quilter at the time about Mr S's circumstances, objectives and existing pension arrangements, I'm satisfied the advice he received was suitable.

I think it is first important to note that Mr S had existing pension arrangements with J; he had two Retirement Plans which were set up in 2001 and 2006 respectively. The CMC says that Mr S was paying J to manage his pensions, but he didn't have an existing adviser arrangement with J – he wasn't paying any OACs so J wasn't managing his pensions in that respect. While Mr S could've approached J for advice, Mr S instead approached a representative of Quilter, meaning that the adviser could only recommend a restricted range of pension and investments – it could not advise Mr S on pension products provided by J. And I think Quilter made that clear to Mr S from the outset. For example, Mr S confirmed he'd received a copy of Quilter's 'Guide to Our Service' and 'Terms of Business' on 15 August 2018.

Quilter noted that Mr S wished to repay a mortgage overdraft which he was paying interest on at a rate of 2.8%. Quilter recorded that Mr S was concerned about interest rates rising and he wanted to clear this debt. Mr S didn't have any other means of clearing this debt so he wanted to access his pensions with J to do so. Mr S's pensions with J did not allow him to take flexible drawdowns, meaning he couldn't take the funds he wanted and leave the remainder invested for his retirement. As such, Mr S needed to transfer these funds to a new arrangement and I don't think it is fair or reasonable to say that Quilter should have referred Mr S back to J simply because J could offer Mr S a product that met his needs. Quilter offered a product that met Mr S's needs so it was reasonable for Quilter to make a recommendation to Mr S.

As I've said above, the adviser could not recommend Mr S open a new pension product provided by J, as it could only provide products from a restricted group of providers. As such, I don't think the recommendation to transfer the monies held with J to a new pension provided by OMW was unsuitable. It allowed Mr S to take the money he needed to repay his overdraft whilst keeping the remainder invested; it also meant Mr S was able redirect the interest payments he was making on the overdraft to his pension instead. The arrangement also allowed Mr S to benefit from ongoing financial advice, which I think would've been of use to him as he approached his retirement. I think that Quilter's assessment of Mr S's attitude to risk as 'balanced' was reasonable based on his capacity for loss and the time to his retirement. So, I think the investment fund recommended was suitable for him.

The CMC maintains that Mr S should not have been advised to take money from his pension to repay debts. But I'm satisfied that Quilter made Mr S fully aware of the consequences of using his pension to do this. Quilter carried out a detailed analysis of Mr S's income needs in retirement and found that the pension funds would provide him with the extra income he required between the ages of 67 (when his state pension became payable) and 77 (when his wife's state pension became payable). Quilter explained that Mr S's funds would likely be exhausted at this point based on investment projections, but Mr and Mrs S's combined state pensions would exceed their needs. As such, I'm satisfied that Quilter established Mr S could meet his objective without risking his retirement income. Quilter also noted that Mr S was likely to sell his business once retired and this would provide additional funds, although this couldn't yet be quantified.

The CMC has said that Mr S's business wasn't doing well at the time of the advice, and ultimately went into liquidation in 2023. But I don't think Mr S was expecting his business to fail and ultimately I think he believed this would become an asset he could rely on in some way for his retirement. I don't think it was unreasonable for the adviser to take this at face value, though it didn't feature in the retirement income analysis Quilter undertook in any event.

The CMC also says that Quilter's fact-finding was incomplete and it didn't understand the income Mr S was drawing from his business. But I don't think this makes a difference to the advice he received. I'm satisfied Quilter understood Mr S's income needs in retirement and that the advice to use his pension funds to repay his overdraft wouldn't jeopardise this.

I appreciate that the new OMW pension, including ongoing advice fees, would likely cost Mr S more overall. But I think this was made clear to Mr S in the illustration provided, so I think he proceeded knowing this. It's also evident that in return for the higher fees, Mr S would be receiving ongoing advice, which he wasn't receiving under his existing arrangements with J.

Ultimately I'm not persuaded the advice Mr S received from Quilter here was unsuitable.

Ongoing advice

Mr S agreed to take Quilter's regular review service where Quilter would review his circumstances and objectives each year to ensure his pension remained suitable for him.

While the CMC alleges Mr S didn't receive the reviews he paid for, I'm still satisfied that Quilter either carried out or offered the reviews Mr S was entitled to before he left Quilter.

Quilter has provided evidence of the reviews that Mr S engaged with in 2020, 2021 and 2023. I'm satisfied that in each of those years, Mr S's updated circumstances, attitude to risk and objectives were considered and Quilter assessed whether the arrangements remained suitable for him.

In the review carried out in July 2023, Quilter noted that Mr S felt he wanted to take more risk with his pension funds, noting that he felt more confident and his capacity for loss had increased following an inheritance. It assessed his attitude to risk as 'adventurous' and recommended a fund switch to reflect this. The CMC says that this wasn't suitable for Mr S.

While I think it's likely that Mr S's tolerance for risk had risen, and he had more capacity to absorb losses, I'm not currently persuaded that it was reasonable for Quilter to class him as an adventurous investor. I don't think Mr S had the necessary investment experience or understanding to meet the description of an adventurous investor. And while I think he had a higher capacity for loss than he did originally, I don't think he could afford to take this level of risk with his pension funds. Given Mr S was only around five years away from his intended retirement age, I still think it would've been reasonable to classify him as a balanced investor. As such, I'm not persuaded the change in investment strategy was suitable for him.

However, I'm still not persuaded that this change in investment strategy has resulted in any loss for Mr S. Based on the evidence I've seen, Mr S's pension funds experienced growth of over 14% between August 2023 when the change was effected, and August 2024. And the investment fund experienced growth of 16.8% over the whole of 2024. This is higher than the growth Mr S would've achieved than if he had remained in his previous investment fund, which experienced growth of around 11% over the same period. And the charge for the adventurous fund was significantly lower than the fund Mr S was previously invested in. So, I'm not asking Quilter to do anything to put this right here. I don't think it would be reasonable to require Quilter to undertake a loss assessment when I think it is already clear from the evidence available that this hasn't caused Mr S a loss.

2019, 2022 and 2024

Quilter reached out to Mr S in October 2019 to arrange his annual review. Mr S told Quilter he would be back in touch with a convenient date. However, as Quilter didn't hear back from Mr S, it wrote to him on 27 November 2019 to provide the review he was entitled to. Quilter explained that it assumed that arrangements made in 2018 remained suitable for him, unless anything had changed. It asked Mr S to contact Quilter if there had been any material changes and provided some prompts to help him decide whether any changes he experienced would be considered material and might affect the advice it was providing. Based on what I've seen, Mr S didn't contact Quilter following this. So, even though Mr S didn't engage with this review, I'm satisfied he received the service he was paying for here.

Like in 2019, it appears that an annual review was offered to Mr S in 2022 but as Quilter didn't hear back from him it wrote to Mr S on 12 September 2022 along the same lines as the letter sent to him in 2019. So, I'm satisfied Mr S received the service he was paying for in this year.

It appears that Quilter also reached out to Mr S to provide him with an annual review in July 2024, but Mr S didn't respond and made his complaint a couple of months later. However, I can see that Quilter provided Mr S with a valuation in August 2024 and I'm satisfied it was prepared to provide Mr S with his annual review but this was effectively declined.

Overall, I'm satisfied that Mr S received or was offered the reviews he paid for throughout his relationship with Quilter.

My final decision

For the reasons I've set out above, I'm not upholding Mr S's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 12 January 2026.

Hannah Wise
Ombudsman