

The complaint

Mr N complains that Skipton Building Society (Skipton) gave him unsuitable investment advice.

His complaint has been brought on his behalf by his representative.

What happened

Mr N first met Skipton, which he had existing arrangements with, to discuss his investments in November 2023. The purpose of that meeting was for him to have exploratory conversations about moving some of his investments away from his provider at the time, which I'll refer to as B, as he was dissatisfied with performance and the fees he was paying.

He decided at that time not to take matters further but met Skipton again in July 2024 having reflected further. Skipton's recommendation was that he transfer half of his ISA from B and invest that money in abrdn MyFolio Index III Fund.

Shortly afterwards Mr N found himself dissatisfied with the advice Skipton gave him and raised a complaint. In summary he said:

- He felt pressured to move his ISA
- The recommendation was unsuitable as his money was invested in a single passive fund rather than the diverse range he had been invested across with B.
- Skipton emphasised the cost savings but hadn't properly considered the impact of charges on his assets held with B.
- The 3% advice charge was unreasonably high.
- It wasn't clear to him what the "information-only" service he would receive included.
- His vulnerabilities hadn't been properly considered.

Skipton considered his complaint but didn't agree it should be upheld. It said, in summary, this was because:

- It doesn't use pressure tactics and there was no evidence to show any pressure was applied to him.
- The recommendations were suitable because it was in line with his lower risk tolerance and provided the reduction in costs he was looking for.
- The fund recommended invested across numerous other funds and so was still diversified.
- It considered the overall charges to be less.
- It provided information about the level of service it would provide.
- It met his vulnerabilities by meeting him face-to-face, which remains an option.

As Mr N remained dissatisfied with the outcome Skipton reached, he referred his complaint to our service to consider. In doing so, the representative Mr N appointed to help him further explained, in addition to what I've summarised above, that Skipton hadn't properly considered his existing arrangements as it had based them on his holdings prior to fund

switches taking place in 2023 and hadn't considered alternatives, such as transferring servicing rights.

One of our Investigators looked into the matter but didn't think it should be upheld. In his view Skipton's recommendation was suitable, there was no evidence of Mr N being pressured and the charges he would be paying overall were less than before.

Mr N's representative disagreed with our Investigator's conclusions, because:

- It didn't think there was fair justification for the change in holdings.
- The reason why Skipton reached the risk conclusions it did wasn't clear.
- Skipton advised the wrong fund and comparisons weren't made between passive and active fund strategies.
- Mr N's vulnerabilities were disregarded.

Our Investigator didn't change their view and as an agreement wasn't reached, the complaint was passed to me to decide. I reached the same outcome our Investigator did but issued a provisional decision to address matters further.

In my provisional decision I said:

Firstly, a number of matters weren't included in our Investigator's outcome. He explained some elements hadn't been raised with the firm before referral to our service and so we wouldn't consider them. In particular those were that the advice was based on incorrect information, not adequately assessing Mr N's vulnerabilities and the poor value Mr N said the ongoing service provided.

In considering that for myself I'm satisfied Mr N did raise the matter of his vulnerability in his complaint and so is a matter I can consider. While the issue of the holdings Skipton's relied on wasn't specifically raised, I think it's a natural consideration when thinking about advice and would then be something I can consider when deciding this complaint. On the value of the ongoing service Mr N was advised to take however, I consider that a new and separate matter and so haven't considered it in my decision. Should he wish to take that matter further he would need to make a complaint to Skipton before we can consider that.

Advice

Turning now to the advice Skipton gave Mr N. When it gave him investment advice it needed to ensure it met its obligations in giving suitable advice as set out in COBS 9A. In summary that requires Skipton to collect enough information from Mr N to understand his objectives, circumstances and his knowledge and experience of investing, and make a suitable recommendation based on that.

Skipton completed a "fact-find" with Mr N which it used to gather the information it would need to suitably advise him. The pertinent information about Mr N from that exercise was that he:

- *Was 81 years old.*
- *Was in good health but had hearing difficulties that he mitigated with a hearing aid.*
- *Had no dependents.*
- *Was semi-retired, working as and when asked driving a school bus.*

- Had income from that work and his pensions.
- Had a disposable monthly income of £1,359.49.
- Held the following savings and investments:
 - £3,000 in cash savings.
 - £57,528.68 in Cash ISAs.
 - £284,665.28 in a stocks and shares ISA held with B.
- Had objectives to:
 - Spread his invested assets across two advisers – Skipton and B.
 - Invest for growth above inflation.
 - Have access to an adviser but not annual reviews.

During this meeting Skipton also completed a risk questionnaire and assessment with it. The questions asked and the answer he gave were as follows:

ATR Questions and Answers	
People who know me would describe me as a cautious person.	Agree
I feel comfortable about investing in the stockmarket.	Agree
I generally look for safer investments, even if that means lower returns.	Agree
Usually it takes me a long time to make up my mind on investment decisions.	Agree
I associate the word "risk" with the idea of "opportunity".	Agree
I generally prefer bank deposits to riskier investments.	Disagree
I find investment matters easy to understand.	No Strong Opinion
I'm willing to take substantial investment risk to earn substantial returns.	No Strong Opinion
I've little or no experience of investing in stocks, shares, or investment funds.	Agree
I tend to be anxious about the investment decisions I've made.	Agree
I'd rather take my chances with higher risk investments than have to save more to meet my goals.	Disagree
I'm not comfortable with the ups and downs of stockmarket investments.	Disagree

Based on those answers, Skipton assessed Mr N had a risk tolerance of 4 against its scale of 1 to 7. It defined this as:

“These investors have an attitude to risk in the middle 50% of the investing population and are neither very risk adverse nor inclined to actively seek riskier investments. They often have some experience and understanding of investments. They can usually make investment decisions without too much hesitation or anxiety. They may find more comfort in bank accounts and lower risk investments than stocks, shares and investment funds, but understand that investment risk may be required to meet their investment goals.”

This definition isn't very specific as to the sort of exposure Mr N would be expected to be tolerant of. But given his answers and what I consider the inference of the above extract to mean, is that Mr N was someone who would be willing to invest in assets such as shares and bonds but in a way that didn't expose him to too much risk. I think then exposure to such assets would be

within the risk tolerance of Mr N given how he answered the questions, his circumstances and his previous experience of investing in risk based assets. The recommendation Skipton made based on the information it had about Mr N was that he transfer the value of his ISA with B, to its management and invest that in the abrdn MyFolio Index III Fund. It explained this was because it thought the level of risk he was exposed to with B was higher than he was willing to take, and its services would cost less than B's.

On balance I'm not persuaded that the level of risk Skipton recommended was unsuitable for him. In my view he was willing to take risk to meet his objectives and was already experienced in risk based assets through his investments with B.

I've also considered the abrdn MyFolio Index III Fund he invested in, and I'm satisfied that was a suitable asset to recommend. I say this because it invested across a number of different asset types with ten other diversified funds making up the vast majority of its holdings. While Mr N was invested in only one fund, I'm satisfied there was sufficient diversification given the underlying exposure was spread across equities and bonds in the UK and overseas across many other funds, with exposure to both active and passive holdings. I understand Mr N feels he should've had a higher exposure to active management, but in my view that doesn't make Skipton's advice unsuitable here. I say this because he was looking to reduce the charges he was paying, and the fund did provide around 20% exposure to active investment. Mr N then was gaining some intervening exposure in how he was invested and some of the cost savings he was looking for. It follows then I'm satisfied he was comfortable taking the risks this fund exposed him to, it provided reasonable diversification and met his objectives.

I understand Mr N has questioned why the advice took this format and alternatives such as transferring servicing wasn't recommended instead. In my view the evidence shows that spreading his assets across another adviser, along with the charges he was paying, was a key driver in him seeking advice from Skipton. Notably the advice records demonstrate Mr N wasn't comfortable with transferring his entire ISA as, while he was dissatisfied with the performance and level of fees with B, he had built a longstanding relationship which he didn't want to end. Skipton[s] addressed that in its advice by altering its recommendation that he instead transfer half of his ISA with B, £142,332.64, to its management.

I also don't think it would be as straightforward as transferring his existing holdings with B across. I say this because a reason why Skipton made the recommendation it did was it thought Mr N's risk tolerance had reduced compared to those existing holdings. Its recommendation then was based on reducing that risk exposure which would mean it likely wouldn't have been suitable to advise him to transfer half of his existing holdings on that basis.

Mr N has said Skipton was looking at his assets before he had changed them following his 2023 review with B. But I can't fairly say the evidence shows overall that Skipton ought to have been aware of that. The documents it provided show that it was relying on the information Mr N provided. Its report lists the assets he had told Skipton he held with B, a copy of which had been provided to Mr N. Given Mr N provided that information I don't think it's unreasonable Skipton didn't consider that it was out of date.

In my view, as the rules allow, it was entitled to rely on the information Mr N gave where the overall evidence persuades me it had no reasons to question or challenge that further. Importantly Skipton provided all that information to Mr N in its suitability report and clearly disclosed that its advice included considerations about Mr N's existing holdings. If that was wrong, then the onus would've been on Mr N to notify Skipton about the differences in case that changed the advice it would give.

I intend to say then that Skipton's advice was suitable given it met his objectives, the amount of risk he was both willing and able to make, his experience and overall circumstances.

Charges

Also relevant to the advice is the impact of charges, given reducing the charges he was paying was one of his key objectives. Mr N says Skipton hasn't properly considered the impact of its recommendations on the fees he was paying. But I've not seen from the evidence available that I agree.

In a similar manner to above, Mr N and his representative say Skipton compared the charges against an out of date listing. For the same reasons as above, I don't consider it was unreasonable Skipton relied on the information Mr N had told it about his assets, and that it wouldn't then be acting unfairly by comparing those charges in its advice.

The suitability report provided information about the costs, the impact of them and how they compared to what Skipton reasonably understood about Mr N's existing arrangements. This clearly disclosed that the initial advice charge would be 2.5% of the amount being advised on, not the 3% Mr N recalls. I'm satisfied then Skipton fairly explained the costs of its advice and Mr N had seen those before agreeing to it.

A number of other charges would be due in this arrangement, a platform charge of 0.17%, the fund charge of 0.22% and Skipton's ongoing service of 0.54%. Total ongoing charges of 0.93% compared to the 1.01% Skipton understood Mr N was paying. By accepting Skipton's advice then Mr N would be paying around 0.12% less. While that is only a minor saving, Mr N wanted to reduce his costs, and Skipton's advice did so. I do however think that saving is slightly less than that as I'm in agreement with Mr N that Skipton hadn't properly considered the impact its advice would have on the charges for his existing holdings. I say this because by Mr N reducing his holdings with B he would no longer benefit from a slight discount of 0.05% based on B's tiered charging structure. That information was likely available to Skipton, and it ought to have considered it. But even so, when taking that into account I'm satisfied Mr N was paying less overall, which was a key objective of his. It's also pertinent that costs weren't the only reason Skipton was making its recommendation, it was still meeting Mr N's objectives to spread his assets across advisers and its recommendation found Mr N needed to take a lower level of risk.

It follows then I intend to say I'm satisfied overall Skipton had considered the costs of its advice and that only resulting in a minor saving wouldn't render its advice unsuitable. I don't then intend to uphold this part of his complaint.

Pressure

I've also considered Mr N's feeling that he felt pressured into accepting this advice. While I don't want to diminish those feelings, I can only make that determination if the overall evidence persuades me it's likely pressure was applied. And here while I've considered all the comments made by Mr N and his representatives about why he feels that way, I've not seen enough to fairly be able to say it was likely he was pressured.

I say this because there were a series of meetings and time for reflection from when Mr N first engaged Skipton and accepting the changes it was advising. As I mentioned above, Mr N and Skipton first met to discuss his investments in November 2023 with no action being taken. He asked to meet it again in 2024 with an initial meeting taking place on 3 July 2024, with the meeting with the financial adviser on 23 July 2024. The suitability report was presented around 31 July 2024, about a week later, with the completion of the agreements taking place on 7 August 2024. There was then sufficient time and space for Mr N to consider his options and to have taken a step back if he felt any undue pressure.

I also find it persuasive that the "Your next steps" part of his suitability letter asked him to take time to go through the recommendations and ensure he understood them. It also suggested he ask himself the following questions:

*"What's being recommended to me?
Is it clear why it's being recommended to me?
Do I understand how the recommendations work?
Do I understand the risks involved?
How much is it going to cost me?"*

It then asks that if Mr N was unsure of anything that he contact the adviser, and they can take a look together at any part of the advice.

In my view by presenting his recommendation in that way it invited Mr N to take his time and not make any quick decisions if he was unsure or uncertain about anything. Skipton then has included some friction in its advice process which gave Mr N the opportunity to question and / or not proceed with the advice if he felt uncomfortable with or in the discussions that were held.

On balance then it follows that I intend to say I'm not persuaded there is sufficient evidence that Skipton applied any undue or unfair pressure to Mr N when it advised him.

Vulnerability

Lastly I've thought about the impact of Mr N's vulnerabilities and whether Skipton properly considered those in the advice it gave or the service it provided him.

Mr N had disclosed to Skipton that he was hard of hearing and wore a hearing aid to mitigate that. He had told Skipton that he particularly struggled when people spoke quickly and sometimes had difficulties communicating by phone. I'm satisfied Skipton were aware of those difficulties and recorded those for its dealing with Mr N. The advice took place face-to-face and the overall evidence provided doesn't persuade me his difficulties meant he couldn't understand the advice.

I say this because the fact-find shows a lot of questions were asked and those had been responded to. Skipton also provided its advice in writing and gave Mr N time to read and consider that. I also note Skipton has said it still provides face-to-face meetings and can also help in branch with setting up a video meeting should face-to-face not be possible, and so I'm satisfied it was providing sufficient accessibility in providing its services to Mr N.

It follows then I can't fairly say Skipton hadn't properly considered Mr N's difficulties when it advised him. I don't intend then to uphold his complaint on that basis."

Neither party responded to my provisional decision in the time given and the complaint was passed back 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 given neither party has provided any further submissions to my provisional decision, I see no reason to depart from the conclusions I reached in that.

It follows then my final decision is the same as my provisional decision.

My final decision

I don't uphold Mr N's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr N to accept or reject my decision before 20 January 2026.

Ken Roberts

Ombudsman