

The complaint

Mr F has complained about the advice he received from Quilter Financial Services Limited ('Quilter') to switch two personal pensions to a pension provided by Quilter Wealth. He's also complained that he didn't receive an annual review which he'd paid for.

What happened

In May 2023 Mr F met with a financial adviser who was a representative of Quilter. Quilter completed a fact-find, noting that Mr F had two existing personal pensions held with Prudential which had a combined value of around £47,000. It further noted that Mr F was in receipt of an annuity from a previous employer but he was also still working to keep himself busy. Quilter recorded that Mr F owned his home, had savings of around £78,000 and considered he had sufficient income for his retirement, which would increase once his state pension became payable in approximately eight years. The adviser noted that Mr F's two Prudential pensions hadn't been reviewed in a long time and Mr F wanted to receive regular reviews.

In September 2023, Quilter ultimately recommended that Mr F should switch his Prudential pensions to a Collective Retirement Account (a type of personal pension) provided by Quilter Wealth. It recommended that Mr F should invest his monies in a moderate fund in line with his 'moderate' attitude to risk. Quilter also recommended that Mr F should take its ongoing advice service, for which Mr F would pay an ongoing advice charge ('OAC') of 1%.

Mr F accepted the advice and the transfers completed in December 2023.

In October 2024 Mr F complained, with the help of a representative ('CMC') about the advice he'd received. Mr F didn't think the investment recommendation was suitable for his cautious attitude to risk and his low level of retirement funds meant the ongoing advice service couldn't be justified. Ultimately he didn't think the advice to transfer out of the existing arrangements was suitable and as a consequence he'd incurred unnecessary initial and ongoing advice fees. Mr F added that he hadn't received his annual review.

Quilter issued its final response in November 2024, saying the advice Mr F had received was suitable for his circumstances at the time. It said that Mr F had made his complaint before his annual review was due in December 2024, but noted that the adviser had been struggling to contact him. It thought this might have been due to a change of address, so it had passed on the new address details to the adviser. However, Quilter said Mr F was free to cancel the ongoing advice service if he didn't wish to use it.

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

The Investigator considered the complaint and upheld it on the grounds that he didn't think Mr F needed to transfer out of his existing arrangements as he had no immediate objectives. He also thought that Mr F didn't require ongoing advice given his modest pension funds and didn't think that the performance of the new pension was likely to be sufficiently greater than the existing arrangement to justify the extra fees. However, he thought that Mr F did likely need to make changes to the way his existing pension was invested and if Quilter had given

him sufficient information about the charges and performance he'd have likely approached an independent financial adviser ('IFA'). And he thought the IFA could've arranged for Mr F's pension monies to be reinvested in line with his moderate attitude to risk within Prudential's own choice of investment funds. So, the Investigator thought Mr F should be compensated using a benchmark for comparison. The Investigator was satisfied Quilter hadn't missed any reviews at the time the complaint had been made.

Quilter didn't respond to the Investigator's view. Mr F's CMC didn't agree that Mr F would've switched funds had he received suitable advice; it said that compensation should be based on the notional values of Mr F's existing pensions if he hadn't transferred them. It didn't think it was reasonable for Quilter to rely on the output of a risk profiling tool, maintaining that Mr F was a cautious investor.

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

I issued a provisional decision on 9 December 2025 explaining I wasn't minded to uphold Mr F's complaint. I didn't think the advice Mr F had received was unsuitable and I wasn't persuaded that Quilter had failed to provide him with his annual review as this wasn't due until around December 2024, which was after he made his complaint.

Mr F didn't agree and his CMC made the following points:

- I hadn't referenced the Regulator's rules or guidance relating to pension switching, which supports that the advice provided was unsuitable.
- Quilter didn't undertake a full fact-finding exercise and misunderstood Mr F's savings.
- The reasons Quilter gave for enacting the switch were fabricated – they were not likely to have been put forward by Mr F as a normal consumer.
- Mr F's Prudential pensions were already flexible arrangements so he didn't need to transfer them to benefit from flexible drawdown in future.
- Quilter didn't take account of the rebate Prudential provided on annual management charges so didn't understand the costs of the existing plans. It also didn't provide like for like illustrations so that Mr F could compare the plans.

As Mr F didn't agree with my findings I'm now providing my final decision.

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.

Suitability of initial advice

Having reconsidered the information gathered by Quilter at the time about Mr F's circumstances, objectives and existing pension arrangements, and taken account of his response to my provisional decision, I still don't think the advice he received was unsuitable.

For the avoidance of doubt, I've taken into account relevant law and regulations, Regulator's rules, guidance and standards and codes of practice, and what I consider to have been good industry practice at the time. This includes the Principles for Businesses ('PRIN') and the Conduct of Business Sourcebook ('COBS'). And specifically, the provisions in COBS 9 which deal with the obligations when giving a personal recommendation and assessing suitability. I've also considered the report the Regulator issued in December 2008 about the quality of pension switching advice.

I think it is still important to note that Mr F had existing pension arrangements with Prudential but he didn't have an existing adviser arrangement where those pensions would be reviewed. While he could've approached Prudential for more information about his options, Mr F instead approached a representative of Quilter for advice. This meant that the adviser could only recommend a restricted range of pension and investments – it could not advise Mr F on the options he had to keep his arrangements with Prudential. And I also don't think it could've been expected to refer him to an IFA given that Quilter could provide him with advice on products that met Mr F's needs. However, I note that Quilter did tell Mr F he could carry out an internal fund switch with Prudential, though that was not its recommendation.

I've considered what Quilter noted Mr F's objectives to be at the time and I think that some objectives, such as Mr F's desire to invest in an actively managed fund, were likely introduced by the adviser during the advice process rather than Mr F approaching the adviser with this idea already formed. But I don't think that means that all of the objectives listed by Quilter were fabricated.

I agree that Mr F's objectives were not particularly well-developed. I think the reason for this is because Mr F felt that his retirement needs were already met by his existing arrangements – he had an annuity already in payment that appeared to meet his basic income needs and he was expecting to receive the full state pension in around eight years' time. So, based on the information Quilter gathered, Mr F would have income beyond his needs once he reached age 67. As such, Mr F didn't view his pensions with Prudential as funds he was relying on for his retirement. However, it appears that Mr F approached Quilter for advice here, so it seems to me that he was at least interested in reviewing the pensions and making sure that they were invested correctly.

Quilter also noted that Mr F wanted to benefit from ongoing reviews to ensure that the investments remained suitable for him. The CMC says there was no need for this as Mr F wasn't expecting to change his contribution levels or access the funds for around eight years. But I don't think that taking ongoing advice in order to review the progress of the pension was an unreasonable objective given Mr F's age and time to retirement. I don't think Mr F would've asked for his pensions to be reviewed in the first place if he wasn't interested in ensuring that they were invested suitably until his retirement. And ultimately Mr F was free to refuse the ongoing service if he didn't want it. I don't think the fact Mr F has since complained means that the ongoing advice service wasn't suited to him from the outset.

Quilter assessed Mr F's attitude to risk as moderate, but Mr F's CMC says he was a cautious investor. I've considered what Mr F's CMC has said about the use of the risk profiling tool carefully and I agree that it shouldn't be the sole tool used to determine a customer's risk appetite. However, overall, I don't think that the assessment of Mr F's attitude to risk as 'moderate' was unreasonable. I'll explain why.

While Mr F wasn't an experienced investor, I think he had some capacity for loss such that he was able to take a moderate level of risk with this pension. Mr F told Quilter that his income covered his outgoings, and once he was in receipt of the state pension he'd have surplus income. As such, Quilter was satisfied that Mr F already had sufficient provisions to meet his needs in retirement. Quilter also noted that Mr F had savings of around £78,000 and he was still working so he had capacity to build further savings. Mr F also told Quilter that he didn't intend to touch this pension so he expected to keep it invested for the remainder of his life. So, I think Mr F had a sufficiently long investment horizon such that he could tolerate some fluctuations in value.

The CMC says that Quilter didn't fully understand Mr F's circumstances; it questions whether the £50,000 noted to be in a savings account was actually a mortgage instead of savings. It

also queries whether Quilter understood Mr F's expenditure as this matched his annuity income exactly. I've considered this carefully but I'm satisfied that Mr F told Quilter he had £78,500 in savings; £28,500 held in his bank account and £50,000 held in a savings account provided by Paragon. Mr F was asked separately whether he had any debts or liabilities and told Quilter he had none and that he owned his home. So, I don't think he had an outstanding mortgage. This information was repeated in an appendix to the Retirement Planning Report dated 14 September 2023, as well as what Quilter had noted his expenditure to be. If this wasn't accurate I would've expected Mr F to have made the adviser aware of this. So, based on the adviser's understanding of Mr F's circumstances, I don't think the assessment of his attitude to risk was unreasonable.

With this all in mind, I've thought about whether Mr F's existing Prudential pensions already met his needs. However, I'm not satisfied that they did; Mr F wanted to benefit from ongoing advice from Quilter and he wanted to pay for this directly through his pension. As an appointed representative of Quilter, the adviser couldn't provide Mr F with ongoing advice if he kept his arrangements with Prudential. Furthermore, I don't think that Mr F's Prudential pensions were invested in line with his moderate attitude to risk. As such, the existing arrangements weren't suitable for him and required a change. So, I don't think the advice to open a new pension with Quilter Wealth, in order to invest his funds in line with his current attitude to risk and receive ongoing advice, was unsuitable for him.

Ultimately, the arrangement allowed Mr F to benefit from ongoing financial advice, which I think would've been of use to him as he approached his retirement. And I think that Quilter's assessment of Mr F's attitude to risk as 'moderate' was reasonable based on his capacity for loss and the length of time these funds were to be invested. So, I think the investment fund recommended was also suitable for him.

I appreciate that the new pension, including OACs, would cost Mr F more overall. And I think that Quilter could've made exactly how much more this would cost Mr F clearer. I say this because I don't think that Quilter took account of the rebate of 0.3% Prudential provided, in one section of the Report, even though it referred to it later in another section of the Report. Quilter also factored in the initial cost of the advice as an ongoing cost of the new arrangement, so this wasn't strictly comparing things on a like-to-like basis. The ongoing cost of Mr F's Prudential plans was actually 1.32% and the ongoing cost of the new arrangement was 2.44%. So, the new arrangement would cost Mr F 1.12% more on an ongoing basis, rather than 1.08%.

Quilter also told Mr F he would pay a one-off initial advice fee of 4.5% or £2,125.51. And if this was instead factored in as an ongoing cost until his life expectancy of 86, this increased the overall cost of the arrangement to 2.70%. When providing this figure, I think Quilter ought to have made it clear that this was 1.38% more than he was paying at this time (instead of 1.08%) – this would've increased the outperformance required from £510.12 to £651.82 per year.

While the mistakes made in relation to the costs are disappointing, overall, I think Mr F proceeded knowing that the new arrangement was going to cost him more. And, on balance, I don't think the inaccuracy was sufficiently large such that it would've made a difference to Mr F's decision to proceed – Mr F knew he would be paying 1.08% more, so I don't think if he understood he'd be paying an extra 0.3% this would've led to him changing his mind altogether. That's partly because, in return for the higher fees, Mr F would be receiving ongoing advice, which he wasn't receiving under his existing arrangements and which I'm persuaded he wanted as he approached retirement.

Overall, I'm not persuaded the advice Mr F received from Quilter here was unsuitable.

Ongoing advice

Mr F agreed to take Quilter's ongoing advice service where Quilter would review his circumstances and objectives each year to ensure his pension remained suitable for him. Mr F complains that he didn't receive the review he was entitled to.

Although Mr F received advice from Quilter in late September 2023, his existing pension funds were not transferred to Quilter Wealth or invested until December 2023. As such, I wouldn't have expected Mr F's first annual review to take place until around December 2024. Mr F complained about the advice he initially received in October 2024, before his first annual review was due, so I'm not persuaded that Quilter had failed to provide a review due to Mr F at the time of his complaint. I also note that Quilter explained in the final response letter of 27 November 2024 that he could ask for the OACs to be removed if he no longer felt he needed the ongoing advice service.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F to accept or reject my decision before 27 January 2026.

Hannah Wise
Ombudsman