

The complaint

Mr R is unhappy that Quilter Financial Services Limited (“Quilter”) failed to carry out his instructions regarding his pension and investment funds. Mr R has suffered a loss and wants Quilter to pay him compensation.

What happened

There is no dispute about what’s happened and that there was a failure on the part of Quilter. So I will only set out very brief details here.

Mr R was a client of a Quilter investment adviser. He held the following investment products with Aegon, a third party to this complaint:

- Stocks and Shares ISA (“the ISA”)
- General Investment Account (the “GIA”)
- Self-Invested Personal Pension (“SIPP”) #933
- SIPP #955
- SIPP #951

The products were mostly invested in “Cirilium” fund portfolios.

Quilter didn’t act on Mr R’s instructions, sent by text message to his adviser on 23 May 2022 to switch the Cirilium funds invested from the “active” to their passive variants.

Quilter also transferred £100,000 held in Mr R’s SIPP #951 into cash to buy an annuity in March 2023 when Mr R hadn’t actually instructed this.

Furthermore, Quilter didn’t respond in a timely manner to a GIA drawdown request sent by Aegon and later by Mr R himself.

A complaint about the above matters was referred to our service after the parties couldn’t agree how to calculate the compensation for Quilter’s failings.

One of our investigators looked into matters. The investigator set out how he thought the redress calculations should be undertaken and the dates to be used. This was and remains agreed by the parties – particularly the dates to which the calculations would apply. We were, as a result, ready to close the complaint as resolved.

However, in calculating the redress, the parties haven’t reached agreement about the correct fund and unit values on the respective dates. So the complaint has been passed to me to decide.

I issued a provisional decision on 11 December 2025 setting out how I thought redress should be calculated. Mr R agreed with my decision but clarified one of the dates that I’d used for the calculation. He also asked whether the precise amount of compensation payable could be included in my final decision – but I explained that this won’t be possible.

Quilter also largely accepted my provisional decision. However, it set out that the approach to redress – specifically the calculation of the notional value of the products - didn't fairly account for the fees that would have been applied by Aegon. I'll explain this further below.

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.

As I've previously explained to the parties, there is very little in dispute. My aim is to simply provide clarity about what Quilter needs to do to put matters right.

Aegon has provided us with information about the fund values and unit prices to be used for the "active" variants of the Cirilium investments that were actually held by Mr R. I've shared this with both parties when I issued my provisional decision. I think these figures should be used for the redress calculations of what Mr R's actual position was. I make the following observations/directions about this:

- Aegon has explained that some of the fund values from the statements previously used by Quilter for the redress calculations were likely different because there is often a short lag in statements reflecting the investment values and this can result in small differences. I think that's a reasonable explanation.
- Aegon is a third party to this complaint. There is no reason for me to think that the information it has provided is incorrect and I don't think it's reasonable or necessary for me to interrogate the figures Aegon has provided any further – particularly as I think it's in the interest of all parties to draw a line under this matter.
- The actual values provided by Aegon takes account of all plan charges that were applied.

Both parties have agreed that the investment losses in the products should be updated in line with how those sums in the Cirilium funds would otherwise have notionally performed had they been invested as they ought to have done.

Aegon has also provided the unit prices of the passive variants of the Cirilium funds on the respective start and end dates. There is no longer any dispute about these prices which I shared with my provisional decision. However, I accept Quilter's recent point that whilst these prices are useful, in order to accurately calculate what position Mr R would have been in but for the error - Aegon should be asked to calculate the notional values *including* any plan charges (but not including adviser fees or commission). I'll address this further below in the redress formulas to be used.

I note that Quilter has previously undertaken a separate loss calculation in respect of the £100,000 that was disinvested to cash in Mr R's SIPP #951 as a result of its error. A sum of £1,238 was agreed as the investment loss that Quilter was willing to pay. However, my view is that Quilter doesn't need to pay this as it will result in double recovery of the investment loss in this SIPP given that the general SIPP redress aims to put Mr R in the position he'd be in if *all* the funds invested in the Cirilium active fund had been switched on 24 May 2022 until the end date 9 June 2023.

After some revision to the redress calculation formulas as a result of Quilter's recent submissions, both parties agree to the method I set out below.

Although there was some debate prior to and in the provisional decision about how the small amount of cash holdings in each product should be dealt with, the calculation method below should ensure that they have no bearing on the compensation payable.

Putting things right

Taking the above all into account, Quilter should do the following:

SIPP redress

- SIPP #933 from 24 May 2022 – 2 May 2023
- SIPP #955 from 24 May 2022 – 12 May 2023
- SIPP #951 from 24 May 2022 – 9 June 2023

Using the dates I've outlined above for the SIPPs, Quilter should:

1. Ask Aegon to calculate the notional value for the SIPPs had they been invested in the Cirilium passive variants rather than the active variants taking account of charges and fees (except adviser fees and commissions). Aegon should be asked to assume for the purposes of the notional calculation that all other transactions that were effected, including any withdrawals, further contributions or transfers would still have been effected and on the date(s) that they were actually effected.
2. Compare that with the actual values. This is as already provided already to the parties by Aegon.
3. If there is a loss, compensation is payable.
4. If there are any difficulties in obtaining a notional valuation from Aegon, such that Quilter isn't able to complete steps 1– 3 above, Quilter should calculate the loss by reference to the actual values (the starting value still being as already provided by Aegon), notional values and loss by reference to the unit prices for the respective Cirilium funds without reference to any charges and other holdings. This will ensure the comparison and calculation of the loss is on a like for like basis.
5. To avoid any potential confusion on this point, step 4 *only* needs to be calculated if difficulties in obtaining a notional valuation from Aegon prevent Quilter from being able to complete steps 1 – 3 above. So, step 4 is an *alternative method* for Quilter quantifying redress in this complaint *if* it has difficulties in obtaining a notional valuation from Aegon. In other words, if Aegon is able to provide Quilter with the step 1 notional valuation without difficulties then Quilter doesn't need to perform the calculation set out in step 4.
6. For the further avoidance of doubt, whichever method is used, the effect of the calculation should take account of the fact that Quilter transferred £100,000 from SIPP #951 to cash in March 2023 in error. And so the calculations should be undertaken as if all the funds invested in the Cirilium active fund had been switched on 24 May 2022 until the end date 9 June 2023.
7. Any loss from the SIPP accounts should be revalued to the date of my final decision as if the loss was invested as follows: 50% FTSE UK Private Investors Balanced Total Return Index & 50% FTSE UK Private Investors Income Total Return Index).

The parties have agreed that this is a fair benchmark for the loss of growth. So this will be a further sum to be added to the compensation payable to Mr R.

8. The compensation amount should if possible be paid into Mr R's pension plan. The payment should allow for the effect of charges and any available tax relief. The compensation shouldn't be paid into the pension plan if it would conflict with any existing protection or allowance.
9. If a payment into the pension isn't possible or has protection or allowance implications, it should be paid directly to Mr R as a lump sum after making a notional reduction to allow for future income tax that would otherwise have been paid.

If Mr R has remaining tax-free cash entitlement, 25% of the loss would be tax-free and 75% would have been taxed according to their likely income tax rate in retirement – presumed to be 20%. So, making a notional reduction of 15% overall from the loss adequately reflects this.

10. Interest for late payment of compensation may be payable (see below).

GIA investment redress

24 May 2022 – 15 December 2022

Using the above dates, Quilter should:

1. Ask Aegon to calculate the notional value for the GIA had it been invested in the Cirilium passive variant rather than the active variant taking account of charges and fees (except adviser fees and commissions). Aegon should be asked to assume for the purposes of the notional calculation that all other transactions that were effected, including any withdrawals, further contributions or transfers would still have been effected and on the date(s) that they were actually effected.
2. Compare that with the actual value. This is as already provided already to the parties by Aegon.
3. If there is a loss, compensation is payable.
4. If there are any difficulties in obtaining a notional valuation from Aegon, such that Quilter isn't able to complete steps 1– 3 above, Quilter should calculate the actual (the starting value still being as already provided by Aegon) and notional values and loss by reference to the unit prices for the respective Cirilium funds without reference to any charges and other holdings. This will ensure the comparison and calculation of the loss is on a like for like basis.
5. To avoid any potential confusion on this point, step 4 *only* needs to be calculated if difficulties in obtaining a notional valuation from Aegon prevent Quilter from being able to complete steps 1 – 3 above. So, step 4 is an *alternative method* for Quilter quantifying redress in this complaint *if* it has difficulties in obtaining a notional valuation from Aegon. In other words, if Aegon is able to provide Quilter with the step 1 notional valuation without difficulties then Quilter doesn't need to perform the calculation set out in step 4.
6. The loss from GIA account should be revalued as if the loss was invested in the Rathbone Strategic Growth Portfolio (ISIN GB00B86QF242) until the date of my final decision. The parties have agreed that this is a fair benchmark for the loss of growth.

So this will be a further sum to be added to the compensation payable to Mr R.

7. Payment of compensation should, if possible, be paid into Mr R's GIA.
8. Interest for late payment of compensation may be payable (see below).

GIA withdrawal delay redress

Quilter should pay simple interest of 8% per annum on the delay in the withdrawal from Mr R GIA from 7 April 2023 through to the date the withdrawal was completed at the end of May 2023. This is to compensate Mr R for not having the use of these funds he would have had if Quilter had not made an error. Further interest for late payment of compensation may be payable (see below).

ISA redress

24 May 2022 – 15 December 2022

Using the above dates, Quilter should:

1. Ask Aegon to calculate the notional value for the ISA had it been invested in the Cirilium passive variant rather than the active variant taking account of charges and fees (except adviser fees and commissions). Aegon should be asked to assume for the purposes of the notional calculation that all other transactions that were effected, including any withdrawals, further contributions or transfers would still have been effected and on the date(s) that they were actually effected.
2. Compare that with the actual value. This is as already provided already to the parties by Aegon.
3. If there is a loss, compensation is payable.
4. If there are any difficulties in obtaining a notional valuation from Aegon, such that Quilter isn't able to complete steps 1– 3 above, Quilter should calculate the actual (the starting value still being as already provided by Aegon) and notional values and loss by reference to the unit prices for the respective Cirilium funds without reference to any charges and other holdings. This will ensure the comparison and calculation of the loss is on a like for like basis.
5. To avoid any potential confusion on this point, step 4 *only* needs to be calculated if difficulties in obtaining a notional valuation from Aegon prevent Quilter from being able to complete steps 1 – 3 above. So, step 4 is an *alternative method* for Quilter quantifying redress in this complaint *if* it has difficulties in obtaining a notional valuation from Aegon. In other words, if Aegon is able to provide Quilter with the step 1 notional valuation without difficulties then Quilter doesn't need to perform the calculation set out in step 4.
6. The loss from ISA account should be revalued as if the loss was invested in the Rathbone Strategic Growth Portfolio (ISIN GB00B86QF242) until the date of my final decision. The parties have agreed that this is a fair benchmark for the loss of growth. So this will be a further sum to be added to the compensation payable to Mr R.
7. Payment of compensation should be paid into Mr R's ISA. My understanding is that this should be possible under HMRC rules.

8. Interest for late payment of compensation may be payable (see below).

Interest for late payment of compensation

Quilter must pay interest at 8% simple per year on the compensation set out above from the date of my final decision to settlement if not settled within 28 days of Quilter receiving Mr R's acceptance of the decision. Income tax may be payable on any interest paid.

If Quilter considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mr R how much it's taken off. It should also give him a tax deduction certificate in respect of interest if he asks for one, so he can reclaim the tax on interest from HM Revenue & Customs if appropriate.

Distress & Inconvenience

Quilter should also pay Mr R a total of £500. The parties are in agreement that this fairly reflects the distress and inconvenience caused to Mr R.

My final decision

I uphold Mr R's complaint. Quilter Financial Services Limited must pay the compensation set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 13 February 2026.

Abdul Hafez
Ombudsman