DRN-6125577

Financial Ombudsman Service

## The complaint

Mr H complains that in 2011, Options UK Personal Pensions LLP (‘Options’, trading as Carey Pensions UK LLP at the relevant time) didn’t carry out adequate due diligence when it accepted his Self-Invested Personal Pension (‘SIPP’) application and allowed him to invest in Store First Limited (‘Store First’). He says he’s suffered a loss to his pension as a result of Options’ failings.

Mr H is being represented by a third party but for ease I’ll refer to all representations as being made by Mr H.

## What happened

The background to this complaint was clearly set out in the Investigator’s opinion letter, dated 12 January 2026, so I don’t intend to set it out in full here. Instead I’ll summarise what I consider key to my decision.

Involved parties

*Options*

Options is a SIPP provider and administrator. At the time of the events in this complaint, Options was regulated by the Financial Services Authority (‘FSA’), which later became the Financial Conduct Authority (‘FCA’). Options was authorised, in relation to SIPPs, to arrange (bring about) deals in investments, to deal in investments as principal, to establish, operate or wind up a pension scheme, and to make arrangements with a view to transactions in investments.

*CL&P*

CL&P was an unregulated business based in Spain. At the time of the events here, one of the directors of CL&P was a Terence Wright.

On 15 October 2010, the following was published on the FSA, website, in a section called *"Firms and individuals to avoid",* which was described as *"a warning list of some unauthorised firms and individuals that we believe you should not deal with":*

> *"ALERT*
>
> *The Financial Services Authority ("FSA”) has today published this statement in order to warn investors against dealing with unauthorised firms.*
>
> *The purpose of this statement is to advise members of the public that an individual Terence (Terry) Wright is not authorised under the Financial Services and Markets Act 2000 (FSMA) to carry on a regulated activity in the UK. Regulated activities include, amongst other things, advising on investments. The FSA believes that the individual may be targeting UK customers via the firm.*

*Cash In Your Pension*

*Investors should be aware that the Financial Ombudsman Service and the Financial Services Compensation Scheme are not available if you deal with an unauthorised company or individual.*

*To find out whether a company or individual is authorised go to our Register of authorised firms and individuals at http://www.fsa.gov.uk/register/home.do"*

CL&P and Options

Options has told us that it was first approached by CL&P in 2011 and that it entered into discussions about accepting introductions from it. Options began to accept introductions from CL&P on 15 August 2011 and ended its relationship with it on 25 May 2012.

Options says it carried out some due diligence on CL&P. It says it reviewed CL&P's profile, conducted searches, reviewed CL&P's website and literature, and had conversations with CL&P's representatives over the telephone.

The Investigator's opinion provided a summary of the key events and/or actions during the relationship between Options and CL&P. This information was taken from the available evidence, including on Mr H's case and generic submissions Options has made to us on other case files about its due diligence on, and its relationship with, CL&P.

Options hasn't provided any evidence to show that it carried out any due diligence on CL&P before it began accepting introductions from it. Rather, it began to accept introductions then carried out its due diligence whilst accepting business from CL&P.

Store First

The Store First investment took the form of one or more self-storage units, which were part of a larger storage facility in a UK location. Investors bought one or more units in the facility and were offered a guaranteed level of income for a set period of time. After that, they could either take whatever income the unit(s) provided, or sell them (assuming there was a market for them).

The Store First investment was marketed as offering a guaranteed 8% return in the first two years, an indicated return of 10% in the following two years, and 12% in the next two years. It was also marketed as offering a "guaranteed" buy back after five years.

In a separate complaint brought to our Service, Options told us that on 3 May 2011, Options was contacted by a promoter of Store First, Harley Scott, about a newly launched product – Store First. Options says it put this investment through its review process.

In its submissions to us, Options says this review process was established in accordance with its obligations and FSA recommendations at the time, which required it to conduct: *"...due diligence into the Store First investment to assess its suitability for holding within a SIPP*."

In May 2014, the Self Storage Association of the UK ('SSA UK') issued a press release (amended in January 2015), detailing the outcome of a review it had commissioned Deloitte LLP to undertake of the marketing material made available to potential investors by Store First.

The release refers to a number of misleading and inaccurate statements made by Store First

in its marketing material. It also makes the following observation:

> *"…a very serious question arises over how Store First is funding the guaranteed returns to existing investors, considering the absence of bank funding and the likely level of losses that require funding in each new store. It may yet prove to be the case that the rental returns being paid to investors are in fact being funded from the sale proceeds of new units, and not the operation of the self-storage business*."

Store First was the subject of a winding up petition issued by the Business Secretary. On 30 April 2019 the Court made an order to wind-up Store First and three associated companies in the public interest by consent between those four companies and the Secretary of State. The Official Receiver was appointed as liquidator and had responsibility for dealing with the assets and liabilities of the four companies.

Following this the freehold, associated assets and goodwill of 15 storage centres were sold by the Official Receiver to a company called Store First Freeholds Limited. As I understand it, the self-storage units continued to be rented to end users and a company called Pay Store now manages the storage sites trading as Store First. The Official Receiver and Store First Freeholds Limited agreed that the latter would accept any requests from investors to surrender their pods. Store First Freeholds Limited would cover its own costs of the surrender, but investors wouldn't receive any payment.

In the judgment in Adams v Options SIPP UK LLP (formerly Options Pensions UK LLP) [2020] EWHC 1299 (Ch) ('Adams v Options'), the judge found the value of Mr Adams' six pods, acquired for around £52,000 in July 2012, to be £15,000 as of January 2017. And in the judgement in Adams v Options UK Personal Pensions LLP [2021] EWCA Civ 1188 it was stated that, in February 2020, Options had said it was valuing Storepods at £430 each following (then) recent sales of Store First storage units at auction and the Court used that value in assessing the redress due to Mr Adams.

<u>Background to Mr H's transaction and complaint</u>

In 2011, Mr H received advice from CL&P to set up a SIPP with Options and to invest in storage units with Store First. In October 2011, Mr H transferred three personal pensions he held into the SIPP and he instructed Options to proceed with the investment in Store First for a total of £95,250.

In September 2015, Options issued an Annual Valuation Report to Mr H. This gave the total fund value as £50,686.02. In July 2016, Mr H contacted Options via email and expressed concerns with his SIPP fund. He said the real value of his investment appeared to be around £25,000 against the original investment sum of £100,000.

In January 2020, Options emailed Mr H and said that following a notification from The Official Receiver, Store First's Freehold had been sold. Mr H was given three options:

1. Surrender his Store First units
2. Market the Store First units for sale
3. Retain the Store First units within his SIPP

Mr H responded to Options and said he felt he'd been mis-sold the investment as he'd lost in the region of £100,000. Mr H asked Options if there was someone he could complain to. There's no record on file of Options responding to this email.

Mr H complained to Options about its due diligence in July 2025. Options didn't consider the complaint because it said Mr H had complained too late under the relevant rules.

The findings the Investigator reached in their opinion, dated 12 January 2026

*Before transferring his pension into the Options SIPP,* [Mr H] *held a number of pension plans with other providers. He was contacted by CL&P after he responded to an online questionnaire. CL&P suggested* [Mr H] *could obtain a Tax-Free Cash ("TFC") withdrawal. This appealed to* [Mr H] *because his daughter was due to get married.*

*CL&P advised* [Mr H] *to transfer his pensions into a SIPP and invest in Store First.* [Mr H] *has said that he believed CL&P were acting like an independent financial advisor (IFA) and although he didn't have much interest in how the funds would be invested with the SIPP, he was keen to obtain the TFC. so he proceeded.*

*In my view, the FCA's Principles for Businesses are of particular relevance. The Principles for Businesses, which are set out in the FCA's Handbook "are a general statement of the fundamental obligations of firms under the regulatory system" (PRIN 1.1.2G). Principles 2, 3 and 6 are of particular relevance here:*

> *"Principle 2 – Skill, care and diligence – A firm must conduct its business with due skill, care and diligence.*
>
> *Principle 3 – Management and control – A firm must take reasonable care to organise and control its affairs responsibly and effectively, with adequate risk management systems.*
>
> *Principle 6 – Customers' interests – A firm must pay due regard to the interests of its customers and treat them fairly."*

***The regulatory publications***

*The FCA (and its predecessor, the FSA) has issued a number of publications which remind SIPP operators of their obligations, and which set out how they might achieve the outcomes envisaged by the Principles. They were:*

*- The 2009 and 2012 thematic review reports.*
*- The October 2013 finalised SIPP operator guidance.*
*- The July 2014 "Dear CEO" letter.*

*These reports provide a reminder that the Principles for Businesses apply and are an indication of the kinds of things a SIPP operator might do to ensure it is treating its customers fairly. The publications which set out the regulator's expectations of what SIPP operators should be doing and go some way to demonstrate what amounts to good industry practice. Therefore, satisfied it is appropriate to take them into account.*

*In determining this complaint, I need to consider whether, in accepting* [Mr H]*'s SIPP application, Options complied with its regulatory obligations as set out by the Principles to act with due skill, care and diligence, to take reasonable care to organise its business affairs responsibly and effectively, to pay due regard to the interests of its customers, to treat them fairly, and to act honestly, fairly and professionally. And, in doing that, I'm looking to the rules and the publications listed above to provide an indication of what Options could have done to comply with its regulatory obligations and duties.*

*Taking account of the factual context of this case, it is my view that in order for Options to meet its regulatory obligations, it should have undertaken sufficient due diligence checks to consider whether to accept or reject particular applications for investments, with its*

*regulatory obligations in mind.*

***The due diligence carried out by Options on the Store First investment – and what it should have done***

*Taking everything into account, I'm satisfied that it should have:*

- *Identified the Store First investment as a high-risk, speculative and non-standard investment, so it should've carried out thorough due diligence on it.*
- *Examined where* [Mr H]*'s money would be invested.*
- *Considered whether the investment was suitable for a personal pension scheme.*
- *Made sure the investment was genuine – in other words, not a scam or linked to fraudulent activity.*
- *Made sure the investment worked as claimed.*
- *Ensured that the investment could be independently valued, both at the point of purchase and subsequently.*
- *Ensured* [Mr H]*'s SIPP wouldn't become a vehicle for a high-risk and speculative investment.*

*I think it's fair and reasonable to say that Options ought reasonably to have concluded that it should not accept business from CL&P, and ended its relationship with it before* [Mr H]*'s application was made – or in any event not processed his investment instructions. I say this because:*

- *From late 2011, in accordance with its own standards (as submitted to us), Options should have carried out company checks on CL&P, reviewed CL&P's accounts, and checked "sanctions lists". These standards appear to be consistent with good industry practice and Options' regulatory obligations at the relevant time.*
- *Options ought to have known the FSA kept a list of alerts, relating to unregulated businesses, which were often based overseas. As a SIPP operator considering accepting business from an unregulated overseas firm, it should have been mindful of the FSA's list of alerts and it ought to have checked this list before proceeding with accepting business from CL&P.*
- *Options ought to have undertaken sufficient enquiries into CL&P to understand who its directors were, and checked the FSA's warning list as part of its due diligence on CL&P. Had it carried out these checks before accepting business from CL&P it would have discovered that CL&P's director was Mr Terence Wright, and that he was on the FSA warning list.*
- *It is fair and reasonable to conclude that the FSA warning was a clear warning – an alert - relating specifically to Mr Terence Wright, providing links to guidance on consumer protection and warnings about scams.*
- *CL&P's director Mr Terence Wright's presence on the FSA warning list should have led Options to conclude it should not do business with CL&P. I note this is a view which was held by Options' CEO when she gave evidence to the court during the*

*Adams v Options hearing. Such a conclusion was the proper one it ought to have reached bearing in mind Options' responsibilities under the Principles.*

- *Prompt action on the issue of cash incentives in March 2012 would have inevitably led Options to discover that cash incentive payments were being offered by CL&P, and that what CL&P had told Options in December 2011 was not correct.*
- *If Options had acted with a reasonable amount of diligence it would have discovered that CL&P was acting in a way which was, to use its own words, "completely against all rules". And it would have known that CL&P was acting without integrity as it had not told it the truth when asked about cash incentives in December 2011. In my view, the only fair and reasonable thing it should have done was to decide not to accept any further business from CL&P or proceed with any further investments.*

- *It appears a request for CL&P's accounts was not made until 23 March 2012. Options has told us it has no record of receiving the information and that this was a likely factor in its eventual decision to end its relationship with CL&P.*

- *It is fair and reasonable that Options should have met its own standards, set in late 2011, and should have checked CL&P's accounts at the outset before accepting any business from it. If checks on CL&P's accounts had been attempted earlier, the fact that CL&P was unwilling to provide this information should have raised a red flag. And, if not receiving the accounts when requested was, (as Options has submitted), a factor in ending its relationship with CL&P, it is fair and reasonable to conclude that if the accounts had been requested at the outset and CL&P had failed to provide them, it is unlikely Options would have accepted any introductions from CL&P at all.*

*After considering these points, I don't regard it as fair and reasonable to conclude that Options acted with due skill, care and diligence, or treated* [Mr H] *fairly by accepting the investment in Store First or accepting the application for the SIPP. Options didn't meet its regulatory obligations or the standards of good practice at the time, and it allowed* [Mr H]*'s pension funds to be put at significant risk as a result.*

*For the reasons given, Options should've refused to allow* [Mr H]*'s investment in Store First. If it had, things wouldn't have progressed beyond that. Had Options acted in accordance with its regulatory obligations and best practice, it is fair and reasonable in my view to conclude that it shouldn't have permitted the investment. If Options had refused to accept the investment in Store First, I think* [Mr H] *would've acted differently as it would've highlighted concerns to him.*

*I'm satisfied that Options should've put a stop to the transaction and that the investment wouldn't have gone ahead if it had treated* [Mr H] *fairly and reasonably. I'm satisfied its fair for Options to compensate* [Mr H] *for his full loss. In addition to the financial losses* [Mr H] *has suffered I think the loss of his pension, which had been of a significant value, will have caused him a lot of worry and distress and I think that Options should compensate him for this as well…*

The Investigator went on to set out what they thought Options needed to do to put things right.

Responses to the Investigator's opinion

Mr H confirmed that he accepts the Investigator's opinion. And he added that he would prefer any final redress to be paid as a lump sum net of notional tax.

Despite being chased, Options hasn't responded to the Investigator's opinion.

Because Options hasn't confirmed whether it accepts the Investigator's opinion, the matter has been passed to me to reach a final decision.

**What I've decided – and why**

*Jurisdiction*

The Investigator concluded the complaint was referred in time under the relevant rules. Options hasn't provided any further comments to dispute this but for completeness I have reviewed whether this is a complaint this Service can consider and I'm satisfied it falls within the jurisdiction of this Service. So I've gone on to consider the merits of the complaint.

*Merits*

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

I'm required to determine this complaint by reference to what I consider to be fair and reasonable in all the circumstances of the case. When considering what is fair and reasonable in the circumstances, I need to take account of relevant law and regulations, regulator's rules, guidance and standards, codes of practice and, where appropriate, what I consider to have been good industry practice at the relevant time.

Having reviewed all the information provided, I uphold the complaint for the same reasons as the Investigator, which I've set out above. I don't intend to repeat those reasons here as Options hasn't disputed the Investigator's findings. Instead, I've limited my decision to addressing Mr H's final comments and setting out what Options needs to do to put things right.

*Should redress be paid directly to Mr H?*

Mr H accepted the Investigator's opinion but he's said he would prefer any final redress to be paid as a lump sum net of notional tax.

I can understand why this would be Mr H's preference. But it's Mr H's pension monies that have suffered the loss this complaint concerns and I'm satisfied that, subject to what I've said below about existing protections or allowances, if possible redress monies should be paid back into Mr H's SIPP. So, I'm satisfied that the approach to redress, as set out below, is the fair and reasonable approach in this case.

**Putting things right**

I consider that Options failed to comply with its own regulatory obligations and didn't put a stop to the transactions that are the subject of this complaint. My aim in awarding fair compensation is to put Mr H back into the position he would likely have been in had it not been for Options' failings. Had Options acted appropriately, I think it's *more likely than not* that Mr H would have remained a member of the pension schemes he transferred into the SIPP.

In light of the above, Options should:

- Obtain the notional transfer value of Mr Hs' previous pension plans.
- Obtain the actual transfer value of Mr H's SIPP, including any outstanding charges.

- Pay a commercial value to buy any illiquid investments (or treat them as having a zero value).
- Undertake loss calculations as set out below and pay any redress due into Mr H's SIPP so as to increase the transfer value to equal the notional value established. This payment should take account of any available tax relief and the effect of charges.
- If the SIPP needs to be kept open only because of the illiquid investment/s and is used only or substantially to hold that asset, then any future SIPP fees should be waived until the SIPP can be closed.
- If Mr H has paid any fees or charges from funds outside of his pension arrangements, Options should also refund these to Mr H. Interest at a rate of 8% simple per year from date of payment to date of refund should be added to this.
- Pay to Mr H £500 to compensate him for the distress and inconvenience he's been caused.

I've set out how Options should go about calculating compensation in more detail below.

*Treatment of the illiquid assets held within the SIPP*

I think it would be best if any illiquid assets held could be removed from the SIPP. Mr H would then be able to close the SIPP, if he wishes. That would then allow him to stop paying the fees for the SIPP. The valuation of the illiquid investment/s may prove difficult, as there is no market for it. For calculating compensation, Options should establish an amount it's willing to accept for the investment/s as a commercial value. It should then pay the sum agreed plus any costs and take ownership of the investment/s.

If Options is able to purchase the illiquid investment/s then the price paid to purchase the holding/s will be allowed for in the current transfer value (because it will have been paid into the SIPP to secure the holding/s).

If Options is unable, or if there are any difficulties in buying Mr H's illiquid investment/s, it should give the holding/s a nil value for the purposes of calculating compensation. In this instance Options may ask Mr H to provide an undertaking to account to it for the net amount of any payment the SIPP may receive from the relevant holding/s. That undertaking should allow for the effect of any tax and charges on the amount Mr H may receive from the investment/s and any eventual sums he would be able to access from the SIPP. Options will have to meet the cost of drawing up any such undertaking.

*Calculate the loss Mr H has suffered as a result of making the transfer*

Mr H transferred a number of defined contribution personal pensions to the SIPP. Options should first contact the provider of the plans which were transferred into the SIPP and ask them to provide a notional value for the plan as at the date of calculation. For the purposes of the notional calculation the provider should be told to assume no monies would've been transferred away from the plan, and the monies in the plan would've remained invested in an identical manner to that which existed prior to the actual transfer.

Any contributions or withdrawals Mr H has made will need to be taken into account whether the notional value is established by the ceding provider or calculated as set out below.

Any withdrawal out of the SIPP should be deducted at the point it was actually paid so it ceases to accrue any return in the calculation from that point on. The same applies for any contributions made, these should be added to the notional calculation from the date they were actually paid, so any growth they would've enjoyed is allowed for.

If there are any difficulties in obtaining notional valuations from the previous providers, then Options should instead arrive at a notional valuation by assuming the monies would have enjoyed a return in line with the FTSE UK Private Investors Income Total Return Index. That is a reasonable proxy for the type of return that could have been achieved over the period in question.

The notional value of Mr H's existing plan if monies hadn't been transferred (established in line with the above) less the current value of the SIPP (as at date of calculation) is Mr H's loss.

*Pay an amount into Mr H's SIPP so that the transfer value is increased by the loss calculated above.*

If the redress calculation demonstrates a loss, the compensation should if possible be paid into Mr H'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.

If a payment into the pension isn't possible or has protection or allowance implications, it should be paid directly to Mr H as a lump sum after making a notional deduction to allow for income tax that would otherwise have been paid. Typically, 25% of the loss could have been taken as tax-free cash and 75% would have been taxed according to his likely income tax rate in retirement – presumed to be 20%. So, making a notional deduction of 15% overall from the loss adequately reflects this.

*SIPP fees*

If the investments can't be removed from the SIPP, and because of this it can't be closed after compensation has been paid, then it wouldn't be fair for Mr H to have to continue to pay annual SIPP fees to keep the SIPP open. So, if the SIPP needs to be kept open only because of the illiquid investment/s and is used only or substantially to hold that asset, then any future SIPP fees should be waived until the SIPP can be closed.

*Interest*

The compensation resulting from this loss assessment must be paid to Mr H or into his SIPP within 28 days of the date Options receives notification of his acceptance of my final decision. The calculation should be carried out as at the date of my final decision. Interest must be added to the compensation amount at the rate of 8% per year simple from the date of my final decision to the date of settlement if the compensation is not paid within 28 days.

*Distress & inconvenience*

I think the significant loss of the pension provision that is the subject of this complaint caused Mr H considerable distress, and this is clear from his submissions to this Service. Although Mr H was able to help with his daughter's wedding, it wasn't necessary for him to subsequently lose his pension provision to do this, and it shouldn't have happened. Therefore, Options should pay him £500 to compensate for that.

## My final decision

For the reasons explained, I uphold this complaint and I direct Options UK Personal Pensions LLP to calculate redress as set out above.

Under the rules of the Financial Ombudsman Service, I’m required to ask Mr H to accept or reject my decision before 1 April 2026.
Lorna Goulding
**Ombudsman**