DRN-6145815

The complaint

Mr M 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 the annual reviews he'd paid for.

What happened

In October 2020 Mr M met with a financial adviser who was a representative of Quilter. Quilter completed a fact-find, noting that Mr M had two existing group personal pensions held with Aviva and Royal London, which had a combined value of around £160,000. And he was due to start a new pension with Aviva which he and his employer would be making contributions to. It also noted Mr M held around £180,000 in cash.

Quilter recorded that Mr M wanted to retire at age 65 with a gross income of £36,000, made up of the state pension, his current work pension and existing pensions. It noted Mr M had last reviewed his pension arrangements four years ago. Quilter recorded that Mr M's objectives included consolidation for ease of administration, investment in line with his attitude to risk and regular reviews to ensure his pensions were on track to provide his desired income.

Quilter assessed Mr M's attitude to risk as 'balanced' and in November 2020, it recommended that he transfer the existing Aviva and Royal London pensions to a Collective Retirement Account (a type of personal pension) provided by Old Mutual Wealth (now Quilter Wealth). It recommended that Mr M should invest his monies in a managed fund in line with his balanced attitude to risk. In order to meet Mr M's desired income at age 65, Quilter recommended that Mr M should make contributions of around £2,500. However, Mr M declined this but said he would consider making a lump sum investment at the end of the tax year. Quilter also recommended that Mr M should take its ongoing advice service, for which he would pay an ongoing advice charge ('OAC') of 0.8%.

Mr M accepted the advice and the transfers completed in January 2021.

Mr M disengaged from the ongoing advice service in September 2022.

In July 2024 Mr M complained, with the help of a representative ('CMC') about the advice he'd received. Mr M didn't think the advice was suitable as it resulted in him paying higher fees. 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. It also added there was a discrepancy in Mr M's noted retirement age of 65 – it said evidence from subsequent reviews showed Mr M intended to work for longer. Mr M added that he hadn't received his annual reviews.

Quilter issued its final response in September 2024, saying the advice Mr M had received was suitable for his circumstances at the time and he'd received the annual reviews he'd paid for until disengaging in September 2022.

Mr M remained unhappy and referred his complaint to the Financial Ombudsman Service. The CMC said the retirement age discrepancy hadn't been addressed. It added that Quilter hadn't appropriately assessed Mr M's attitude to risk nor had it ensured Mr M understood the risks of the recommendation. It said Quilter shouldn't rely on risk profiling tools alone.

The Investigator considered the complaint and upheld it. He didn't think that the additional costs of the initial or ongoing advice could be justified simply to achieve consolidation. He also didn't think performance of the new pension was likely to be sufficiently greater than the existing arrangement to justify the extra fees, which was significant given the shortfall in Mr M's current pension provisions. The Investigator thought Mr M should be compensated on the basis of him having remained in his existing pensions until the date he disengaged from Quilter, as he didn't think Quilter could be held responsible for the performance of the pension after this point. The Investigator was satisfied Quilter hadn't missed any annual reviews.

Quilter maintained the advice was suitable. It said the advice met Mr M's objectives of consolidating his pensions and putting in place a means of ensuring his retirement funds remained on track. It added that the adviser had explained what additional contributions would be required to meet Mr M's needs but he declined to make them.

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 5 February 2026, explaining I wasn't minded to uphold Mr M's complaint. I didn't think Quilter's advice was unsuitable and was satisfied the recommendation to take a new pension with Quilter and provide ongoing advice met his objectives. I was also satisfied Mr M had received the reviews he'd paid for.

Quilter accepted my provisional decision but Mr M didn't accept it. The CMC maintained that Quilter hadn't appropriately assessed or discussed Mr M's attitude to risk or his understanding of the risks posed by the recommended arrangement. The CMC said there was no evidence to support that Mr M was seeking to consolidate his pensions at the point of sale – this objective had been fabricated by the adviser. It also said Mr M was not seeking ongoing advice. The CMC said Mr M's only concern was whether his pensions were on track to achieve his retirement income objective and the recommendation, which led to increased fees, meant he was less likely to achieve this.

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, I'm still not upholding it.

Suitability of initial advice

I've carefully reconsidered the information gathered by Quilter at the time about Mr M's circumstances, objectives and existing pension arrangements, and taken account of the CMC's response to my provisional decision. But I'm still satisfied the advice he received was suitable.

I still think it is important to note that Mr M had existing pension arrangements with Aviva and Royal London but he didn't have an existing adviser arrangement where those pensions would be reviewed. Mr M told Quilter he hadn't reviewed these pensions for four years. So, I don't think it was unreasonable that Mr M was seeking advice at this stage in his life when he thought he had around 10-15 years before he would retire. As Mr M 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 M on the options he had to keep his arrangements with Aviva or Royal London. However, I note that Quilter did tell Mr M he could carry out internal fund switches with Aviva or Royal London, though that was not its recommendation.

I've considered what Mr M'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 M's attitude to risk as 'balanced' was unreasonable. I'll explain why.

I'm satisfied that Quilter gathered sufficient information about Mr M's financial circumstances, his experience and knowledge in order to assess his attitude to risk. While Mr M wasn't a particularly experienced investor, I think Quilter established that he had some capacity for loss such that he was able to take a balanced level of risk with this pension. Mr M appeared to receive income covering his outgoings, he and his employer were contributing to a pension and he was able to save regularly. Quilter noted that Mr M had cash savings of around £180,000 and he still intended to work until at least age 65, so he had capacity to build further savings. So, I think Mr M had a sufficiently long investment horizon such that he could tolerate some fluctuations in value.

With this all in mind, I've thought about whether Mr M's existing pensions already met his needs. However, I'm not satisfied that they did. Based on the fact-find completed by Quilter at the time, the adviser noted that Mr M wanted to consolidate his pensions, put in place an investment strategy aligning the pension with his attitude to risk and to regularly review his pension to ensure it was on track to meet his desired level of income. The CMC says that the consolidation and ongoing review objectives were fabricated by Quilter. While I think it's possible that Mr M did not necessarily come to the meeting with these specific objectives in mind, I'm not persuaded that they were fabricated. I think it's more likely than not that these objectives were developed during the meeting with Quilter; and I don't consider that they are unusual objectives for someone in Mr M's position. I think consolidation for ease of administration is a common desire for those approaching retirement, and I also think that wanting regular reviews at this stage is to be expected. I'm also mindful that if Mr M didn't consider consolidation or receiving ongoing advice to be important then he simply would've rejected the recommendation.

It's evident that the recommendation to transfer the two pensions to Quilter achieved the consolidation objective, which undoubtedly meant Mr M's pensions would be easier to manage, whether or not Mr M continued to receive ongoing advice. Merging the funds meant changes in the investment strategy for the entirety of Mr M's personal pension funds could be made with ease. As an appointed representative of Quilter, the adviser couldn't provide Mr M with ongoing advice if he kept his arrangements with Aviva or Royal London, so the new pension meant this service could be facilitated. I appreciate that Mr M didn't continue with the ongoing advice service after September 2022, but I don't think that means that the arrangement was unsuitable from the outset.

Ultimately, the arrangement allowed Mr M to consolidate two existing pensions and 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 M's attitude to risk as 'balanced' 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.

The CMC says that Quilter didn't establish whether Mr M understood the risks of the arrangement, particularly the performance required to improve on the existing arrangements.

I appreciate that the new pension, including OACs, would cost Mr M more overall. But I think this was made clear to Mr M in the recommendation letter; it clearly stated how much more per year he would be paying for the new arrangements in both percentage and monetary terms. It also explained the outperformance required compared with the existing plans. So, I think Mr M proceeded knowing that the new arrangement would cost him more and that it would need to provide higher returns in order to improve his pension provisions. However, I think it's important to recognise that in return for the higher fees, Mr M would be receiving ongoing advice, which he wasn't receiving under his existing arrangements.

I've taken account of the fact that Mr M's pension arrangements were not likely to provide him with the level of income he desired at retirement. And that the higher fees potentially made that even more likely. But I'm satisfied that as part of the advice Quilter gave, it clearly explained what contributions Mr M would need to make in order to meet his needs based on his attitude to risk. It was Mr M's decision to decline this part of the advice. And in any event, Mr M was still not likely to meet his target income by remaining in his existing arrangements.

I've thought about what Mr M's CMC has said about Mr M's expected retirement age noted as 65 by Quilter in 2020. It says this couldn't have been correct because in the subsequent meetings, Mr M said he thought he would work until age 75. Although it doesn't appear Mr M was asked to confirm the details recorded in the fact-find, Quilter made reference to Mr M's desire to retire at age 65 in the recommendation letter of 5 November 2020. So, if this wasn't right, Mr M had an opportunity to correct it. In any event, whether Mr M intended to retire at age 65 or 75, I don't think this would've had an impact on the advice Quilter gave. It would've had an effect on the contributions Quilter calculated that Mr M needed to make to provide his target income, but Mr M declined to make any further contributions.

Mr M's CMC has said that Quilter was required to give 'best advice'. But under the Conduct of Business Sourcebook ('COBS') 9.2.1, Quilter was required to take reasonable steps to ensure that a personal recommendation was suitable for its client, after obtaining information about their knowledge and experience, financial situation and investment objectives. And COBS 9.2.2. says Quilter must also obtain information as is necessary for the firm to understand the essential facts about Mr M and have a reasonable basis for believing, giving due consideration to the nature and extent of the service provided, that the specific transaction to be recommended, or entered into in the course of managing:

a) meets his investment objectives;
b) is such that he is able financially to bear any related investment risks consistent with his investment objectives; and
c) is such that he has the necessary experience and knowledge in order to understand the risks involved in the transaction or in the management of his portfolio.

I think Quilter obtained all the necessary information in order to make a suitable recommendation here. I think it accurately assessed Mr M's attitude to risk, and I think it established he was able to bear the investment risk given his substantial savings, income and time to retirement. I'm also satisfied that even as a lay person he had the necessary experience and knowledge to understand the risks posed by the new arrangement. The recommendation did not involve any additional complexity above the arrangements Mr M already had in place – he was simply replacing two personal pensions with another, and was taking an ongoing advice service which he could cancel if on reflection he no longer considered it was needed.

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

Ongoing advice

Mr M 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 M complains that he didn't receive the reviews he was entitled to. Like the Investigator, I'm satisfied Mr M received the reviews he was entitled to before he cancelled the ongoing advice service in September 2022.

My final decision

For the reasons set out above, I'm not upholding this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 11 March 2026.

Hannah Wise
Ombudsman