

The complaint

Miss L complains that Sirius Wealth Management LLP wrongly advised her to transfer her personal pension to a flexi-access pension with another pension provider.

What happened

Miss L's complaint was considered by one of our investigators. He sent his assessment of it to Miss L and Sirius Wealth on 18 November 2025. The background and circumstances to the complaint were set out in that assessment and are known to both parties, so I won't repeat them all again here. But to summarise the key points, Miss L said she contacted Sirius in 2021, on the recommendation of a friend, as she was looking to invest money she had received through an inheritance. Miss L said that during discussions the adviser asked to review her pension.

Sirius subsequently advised Miss L to transfer her personal pension to a flexi access drawdown pension with another pension provider. The suitability report (dated 18 September 2021) said Miss L's risk profile was "Balanced". And it was noted that Miss L's broad objectives for her pension were:

- To invest her pension for future growth and flexibility
- Flexibility of access to her pension both before and after retirement

Miss L said she went ahead with a transfer based solely on the discussions she had with Sirius' adviser, and she said she wasn't given this suitability report at the time she was originally advised.

Miss L said she had been unhappy with the process of the transfer and Sirius' adviser hadn't arranged access to her new accounts until around a year later. Miss L said once she was able to access her new accounts she saw the level of fees she'd been charged for the advice, and that Sirius were named as advisers on the account and receiving ongoing advice fees. Miss L says she removed Sirius as her advisers on learning this.

Miss L complained to Sirius about the advice related to the pension in November 2024. She said she was unhappy about the fees, that they hadn't been disclosed to her, she hadn't received the suitability report at the time of advice and she thought there was little justification for the transfer.

Sirius responded to Miss L saying that when the recommendation to transfer had been made it had disclosed all the material facts including about fees and charges. It said Miss L had signed to request the charges be taken out of the plan and the pension provider had sent her illustrations (which would have shown charges).

Our investigator thought that Miss L's complaint should be upheld. He said, in summary, that Sirius had provided us with a copy of its Client Agreement which was signed by Miss L and which had a section setting out the costs of its advice. He noted on the signature page it said:

“I/We are aware of the costs of the Financial Review and Recommendation(s), and where appropriate, the Policy arrangement and Implementation services and agree to the method and timing of these.

My/Our preferred method of paying these costs is (please tick as appropriate)”.

The investigator said the option ticked was *“(where possible) By deduction from the policy”*. And he thought as Miss L had signed the page saying that fees would be charged and taken from her pension, she should have been aware that this was the case.

The investigator noted that the Suitability Report had the same date as when Miss L had signed the Client Agreement. He said whilst he couldn't determine whether Miss L had been given a copy of the Suitability Report, he thought it likely its contents would have been discussed with Miss L during her meeting with the adviser as it formed the basis of the advice to transfer.

However the investigator went on to say that Sirius was bound to provide advice that was suitable as required by the Financial Conduct Authority (FCA). And that in 2009 the FCA published a report and checklist for pension switching which highlighted four areas where consumers had lost out when switching (transferring) from one pension provider to another. The reasons included switching to a pension that was more expensive without good reason.

The investigator said when an adviser was recommending a pension transfer he'd expect to see a comparison between the current pension and the recommended receiving scheme. He said Sirius didn't do this in its Suitability Report. And so there was no analysis as to whether the new scheme was cheaper or more expensive than the old scheme. He said this was a key point highlighted by the regulator where customers could lose out.

The investigator said the comparisons that Sirius had carried out were explaining the different options for taking pension benefits. However he said Miss L was in her mid-fifties at and with no stated need for taking her pension benefits at that time. He said she had rental income from two properties, and further income from her job which was expected to increase once Covid restrictions had ended.

The investigator said from the information he'd seen, Sirius only referred to generic reasons for the transfer, and he hadn't seen any evidence to indicate these stock reasons were truly important to Miss L to justify the costs of transferring. Overall, the investigator didn't think the advice to transfer Miss L's pension was suitable in the circumstances.

Sirius didn't agree with the investigator's findings. It said it had walked through the suitability report and given a copy to Miss L. It said the cost comparisons were contained in the report, including the original provider's greater initial and ongoing charges. It said the only increment to charges was the ongoing adviser charge that had been clearly discussed and disclosed.

Sirius said the costs and comparison of charges was made and agreed with Miss L. It said Miss L wanted ongoing advice like her friend, as the adviser who had set up the original pension plan in 1989 had never been back in touch with her.

Miss L accepted the investigator's findings.

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 the investigator explained, the industry regulator, the Financial Conduct Authority, required Sirius to provide advice that was suitable. And I think of particular relevance here are the following Regulator's Conduct of Business Sourcebook (COBS) rules:

COBS 2.1.1 – A firm must act honestly, fairly and professionally in accordance with the best interest of its client.

COBS 9.2.1 - A firm must take reasonable steps to ensure that a personal recommendation, or a decision to trade, is suitable for its client.

And like the investigator, I think the report issued by the FCA in 2009 is also relevant which was about the quality of advice on pension switching (transfers). The report identified areas where consumers had lost out following switching advice and this included where they had been switched to a pension that was more expensive than their existing one(s) or a stakeholder pension without good reason.

In 2012 the regulator also issued 'FG12-16: Assessing suitability: Replacement business and centralised investment propositions'. The guidance provided several examples of good and poor practice the regulator had seen in the replacement business cases it had reviewed. Amongst other things, its key findings said:

Replacement business

2.11 We continue to identify firms failing to consider the impact and suitability of additional charges when conducting replacement business. Several firms in our review failed to consider the costs and features of the existing investment, and were unable to quantify the additional charges associated with the new investment. In addition, several firms failed to provide a comparison of the costs of the existing investment and the new recommendation in a way the client was likely to understand.

2.12 We saw examples of firms recommending switches based on improved performance prospects, but providing no supporting evidence to show that these performance prospects were likely to be achieved. While we acknowledge that firms cannot be precise about the potential for higher returns, where improved performance is an objective of the client, firms should clearly demonstrate why they expect improved performance to be more likely in the new investment.

In responding to the investigator's findings Sirius said that the costs of the new plan were lower than Miss L's existing plan, and it said it was only the ongoing advice costs that was an increment to the charges. Sirius said the costs of Miss L's existing plan were included at the back of the Suitability Report.

There is a separate document that is at the end of the Suitability Report that sets out the general charges related to Miss L's existing pension. However it doesn't provide a comparison of its charges against the pension recommended. And there is no comparison of the different charges applied to each plan in the Suitability Report itself.

There is some dispute around whether Miss L was given a copy of the Suitability Report at the time of the advice. I think irrespective of whether she was given a copy at the time, information would likely have been sent to her separately by the new pension provider outlining the charges attached to the plan. However that wouldn't have shown a comparison of potential values against the existing plan to enable Miss L to compare the possible returns from both. Sirius has provided a copy of a Pension Switch Report which is dated 15 November 2021. So this was dated sometime after the original advice was given and wasn't mentioned in the Suitability Report. I haven't seen any evidence to suggest it was shared

with Miss L at the time she was advised.

The Pension Switch Report showed that the projected value of the existing pension at the expected retirement date was higher than the new pension at the three different growth rates used – albeit only by around £2,000 in each case. It shows the reduction in yield was slightly higher in the new plan, and so when all the charges were taken into account (including initial and ongoing), there was an increase in costs overall to expected retirement age.

Miss L's existing plan was invested in a managed fund in line with her balanced attitude to risk. Following the transfer it was also invested in a similar type fund, again in line with her attitude to risk. In FG12-16 the FCA said:

Where a firm recommends replacing an existing investment on the basis of improved performance prospects, we expect to see the firm justify specifically why the new investment is, in the firm's opinion, likely to out-perform the existing investment.

In this case, as the investigator said, the objectives recorded for Miss L appeared generic. However it was recorded that she wanted to invest for future growth, and I think it's reasonable to conclude that Miss L transferred on the basis that it would result in her having a reasonable prospect of being better off at retirement with a potentially higher pension.

However as I've said, taking all the charges into account, the projected pension in the new scheme was slightly lower at retirement date. And I haven't seen that Sirius provided any evidence to suggest that there were reasons to expect the new fund to outperform Miss L's existing fund.

I recognise there were some advantages to the new pension, including that it provided more flexibility at retirement. And that although there was an overall increase in charges, that included the costs of the ongoing services of the adviser. However Miss L wasn't planning to retire for another 10 years, and so the flexibility wasn't required for some time. And Miss L had been invested in a managed fund aligned to her risk profile and objectives with her existing pension, and she was switched to another fund with similar aims of long-term growth and investing in a range of asset classes again aligned to her risk profile. So she would likely have required limited adviser input on the investment until she got closer to retirement age.

Miss L contacted Sirius a few months after the pension had been switched asking for copies of documentation from the time of the advice. On receipt, Miss L switched off the ongoing service. I accept there could be a number of reasons for that, but it is also consistent with her not valuing the ongoing service given its additional cost.

So I think the benefits of switching for Miss L in particular, in the context of the overall costs, were limited. And there doesn't appear to be a strong case to suggest that Miss L would be better off at retirement by switching. Taking all the above into account and for the reasons outlined and by the investigator, I'm not persuaded that the switch was in Miss L's best interests.

Putting things right

Fair compensation

In assessing what would be fair compensation, my aim is to put Miss L as close as possible to the position she would probably now be in if she had been given suitable advice.

I think Miss L would have remained with her previous provider. And I'm satisfied what I have

set out below is fair and reasonable, taking this into account Miss L's circumstances and objectives when she invested.

What should Sirius Wealth Management LLP do?

To compensate Miss L fairly, Sirius Wealth Management LLP should:

- Compare the performance of Miss L's investment with the notional value if it had remained with the previous provider as at the date of this decision. If the actual value is greater than the notional value, no compensation is payable. If the notional value is greater than the actual value, there is a loss and compensation is payable.
- Add any interest set out below to the compensation payable.
- If there is a loss, Sirius Wealth Management LLP should pay into Miss L's pension plan, to increase its value by the amount of the compensation and any interest. Sirius Wealth Management LLP should allow for the effect of charges and any available tax relief. Sirius shouldn't pay the compensation into the pension plan if it would conflict with any existing protection or allowance.

If Sirius is unable to pay the compensation into Miss L's pension plan it should pay that amount direct to her. But had it been possible to pay into the plan, it would have provided a taxable income. Therefore the compensation should be reduced to notionally allow for any income tax that would otherwise have been paid. This is an adjustment to ensure the compensation is a fair amount - it isn't a payment of tax to HMRC, so Miss L won't be able to reclaim any of the reduction after compensation is paid.

- The notional allowance should be calculated using Miss L's actual or expected marginal rate of tax at her selected retirement age.
- It's reasonable to assume that Miss L is likely to be a basic rate taxpayer at her selected retirement age, so the reduction would equal 20%. However, if Miss L would have been able to take a tax-free lump sum, the reduction should be applied to 75% of the compensation, resulting in an overall reduction of 15%.
- In addition, Sirius Wealth Management LLP should pay Miss L £250 for the distress and inconvenience caused.
- Sirius should provide details of the calculation to Miss L in a clear, simple format.

Actual value

This means the actual amount payable from the investment at the date of this decision.

Notional Value

This is the value of Miss L's investment had it remained with the previous provider until the date of this decision. Sirius should request that the previous provider calculate this value.

Any additional sum paid into the flex-access drawdown plan should be added to the notional value calculation from the point in time when it was actually paid in.

Any withdrawal from the flexi-access drawdown plan should be deducted from the notional

value calculation at the point it was actually paid so it ceases to accrue any return in the calculation from that point on. If there are a large number of regular payments, to keep calculations simpler, I'll accept if Sirius totals all those payments and deduct that figure at the end to determine the notional value instead of deducting periodically.

Interest at the rate of 8% simple per annum should be added to any loss as calculated at the date of this decision, from the date of the decision to the date of settlement, but only if settlement isn't paid to Miss L within 56 days of us notifying Sirius that Miss L has accepted the decision.

My final decision

My final decision is that I uphold Miss L's complaint.

I order Sirius Wealth Management LLP to calculate and pay fair compensation to Miss L as set out under 'Putting things right' above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss L to accept or reject my decision before 19 May 2026.

David Ashley
Ombudsman