

## The complaint

Mr L has complained, with the help of a professional third party, about the fees charged by Quilter Financial Services Limited ('QFSL') for ongoing advice, which he says it has failed to provide.

Mr L was a customer of an appointed representative of QFSL. As the party responsible for answering the complaint, for ease of reading I'll just refer to the business as QFSL throughout.

## What happened

QFSL wrote to Mr L on 27 January 2015, following discussions between the two parties, recommending that he transfer his pension to a new provider and withdraw £7,000 in tax free cash to meet his objective of raising some funds.

The recommendation included a section on charges for advice. This set out that the initial charge was equivalent to 2.7% of the total transfer value. There was then a separate section referring to the "Review Service". QFSL said it had agreed with Mr L that he'd like his retirement plans reviewed on an annual basis, the cost for which would be 1% of the pension balance and would be paid to QFSL directly by the pension provider from the pension itself. It said, if Mr L decided he no longer wanted to receive ongoing advice, he was free to cancel this at any time.

Mr L signed an authorisation form for his new pension provider confirming it could pay QFSL the initial advice fee of 2.7% and the ongoing fees of 1% directly from the pension.

The next piece of correspondence I've seen between the parties was an email from QFSL to Mr L on 27 October 2016. This referred to a recent meeting between the two. It summarised that, as Mr L's attitude to risk was unchanged, it had been agreed to leave the pension invested as it was.

QFSL sent Mr L a follow up letter on 31 October 2016, which was described as an attitude to risk report. This summarised answers Mr L had given to some questions about risk and that QFSL concluded he was a balanced investor.

On 9 August 2019, QFSL produced a "Financial Planning Progress Report 2019". This said as part of providing ongoing advice, the adviser was *"committed to providing the monitoring and ongoing suitability checks required by clients to ensure that their existing financial plans remain appropriate to meet their changing needs and objectives."* QFSL said it had looked at Mr L's goals and considered if alternatives would be more suitable to achieve those goals.

The report went on to summarise Mr L's circumstances, which had been recorded in a fact find on the same day. This included noting the current value of his pension as being £92,973.83. And in summary QFSL said Mr L was very satisfied with the performance of his pension and so, as the existing product met his requirements, considering alternatives was unnecessary.

Also on 9 August 2019, Mr L signed a document that was titled “Authority to Proceed”. The document said it confirmed the fees and terms and conditions that applied to QFSL’s work for Mr L (and that the service provided was a financial review).

QFSL also sent Mr L an updated attitude to risk report on 9 September 2019, covering his recent responses. This again noted QFSL categorised him as a balanced investor.

Mr L’s representative subsequently made a complaint to QFSL on his behalf. In summary, the representative said Mr L had been charged for ongoing services (including checks as to whether the recommendations remained suitable for him) that hadn’t been clearly explained to him, and which hadn’t been provided.

QFSL responded in April 2025 confirming the complaint had been formally logged on 17 February 2025. QFSL said that it believed part of Mr L’s complaint had been made too late for our Service to consider. It acknowledged though it was unable to confirm any ongoing services, specifically annual reviews, had taken place since February 2022 so QFSL said it was upholding Mr L’s complaint about those services. And it said it would refund fees charged for those services, as they hadn’t been provided.

Mr L and his representative asked our service to consider his complaint.

I’ve previously explained to the parties that we can only consider part of Mr L’s complaint. In short, we can consider his complaint about whether QFSL provided the agreed ongoing service, for which he paid fees, from February 2019 onwards. But we cannot consider if QFSL provided the agreed services prior to that date, as Mr L’s complaint about that has been raised too late under the rules governing our Service.

I issued a provisional decision in March 2026, explaining that I thought Mr L’s complaint should be upheld in part. Below are extracts from my provisional findings, explaining why, which form part of my final decision.

*I’ve taken into account relevant law and regulations, regulator’s rules, guidance and standards and codes of practice - many of these are found in the regulator’s, the Financial Conduct Authority (‘FCA’), handbook under the Principles for Businesses (‘PRIN’) and the Conduct of Business Sourcebook (‘COBS’). I’ve also thought about what I consider to have been good industry practice at the time. And where the evidence is incomplete, inconclusive or contradictory, I reach my conclusions on the balance of probabilities – that is, what I think is more likely than not to have happened based on the available evidence and the wider surrounding circumstances.*

*In relation to ongoing services and advice charges Mr L has incurred, the following provides useful context for my assessment of QFSL’s actions here.*

*In 2014, the FCA produced guidance in the form of a factsheet titled “For Investment advisers - Setting out what we require from advisers on how they charge their clients”. The factsheet said:*

*“Ongoing charges should only be levied where a consumer is paying for ongoing service, such as a performance review of their investments, or where the product is a regular payment one. If you are providing an ongoing service, you should clearly confirm the details of the ongoing service, any associated charges and how the client can cancel it. This can be written or orally disclosed. You must ensure you have robust systems and controls in place to make sure your clients receive the ongoing service you have committed to.”*

*The factsheet didn’t mark a change to the rules firms like QFSL were already expected to*

*follow. Rather it re-enforced or reminded firms of the standards already in place when providing on-going advice services, which were covered in COBS.*

*COBS 6.1A.22 says:*

*“A firm must not use an adviser charge which is structured to be payable by the retail client over a period of time unless (1) or (2) applies:*

- (1) the adviser charge is in respect of an ongoing service for the provision of personal recommendations or related services and:
  - (a) the firm has disclosed that service along with the adviser charge; and*
  - (b) the retail client is provided with a right to cancel the ongoing service, which must be reasonable in all the circumstances, without penalty and without requiring the retail client to give any reason; or**
- (2) the adviser charge relates to a retail investment product or a pension transfer, pension conversion or pension opt-out or arrangement with an operator of an electronic system in relation to lending for which an instruction from the retail client for regular payments is in place and the firm has disclosed that no ongoing personal recommendations or service will be provided.”*

*In short, the expectation was that ongoing services provided by an advisory firm for a regular fee would largely involve the provision of personal recommendations – so personalised services specific to the customer. Providing personal recommendations would require an advising business to have up to date information about a consumer’s personal circumstances (including attitude to risk). This would usually be obtained through regular engagement and reviews. And the nature and cost of those services would be set out to the customer, in advance of them being charged for and provided.*

*QFSL’s letter of 27 January 2015, in which it recommended the transfer of Mr L’s pension, said it had been agreed Mr L would like his retirement plans to be reviewed on an annual basis. It set out what this would include, which was an assessment and review of his investment performance, a review of wider market conditions, an update and appraisal of Mr L’s personal circumstances and a review of his attitude to risk. And it also confirmed the ongoing cost, which was repeated in a fee agreement Mr L signed.*

*I’m satisfied therefore that the nature and cost of the ongoing services was set out to Mr L in advance. And in short, the expectation set to Mr L was that the core part of the ongoing services he was paying for was that he’d receive annual reviews from the adviser.*

*QFSL already acknowledged in its initial response to the complaint that it was unable to confirm it had provided ongoing services since February 2022 and would refund the relevant fees. So, as QFSL has agreed it doesn’t appear to have provided ongoing services since February 2022, apart from looking at whether what QFSL has proposed as redress is fair, I only need to consider whether ongoing services, particularly annual reviews, were provided between February 2019 and February 2022.*

*I haven’t seen any evidence of QFSL having contacted Mr L in 2020 or 2021 in order to carry out an annual review. Nor have I seen evidence of QFSL attempting or offering to conduct a review and this being declined by Mr L. So, based on the available information, I also don’t think QFSL has provided the agreed ongoing service in 2020 and 2021.*

*For 2019 though, I think a review was conducted, in line with the agreed ongoing services.*

*I've seen a copy of a fact-find QFSL completed in August 2019, as well as an attitude to risk assessment summary dated September 2019. While the fact-find wasn't countersigned by Mr L, I think it was likely completed with him – as he signed other documents at the same time. The attitude to risk summary was also addressed to him (correctly). So, on balance I think these documents reflect the discussions that took place. And gathering that up-to-date information indicates that Mr L's circumstances were taken into consideration – which is what I'd expect to see in a personalised review.*

*I've also seen a copy of a review summary from that time, which indicates that how Mr L's pension was invested, in comparison to his attitude to risk, was discussed, as was the performance of his pension investments, with the updated valuations noted.*

### **Responses to my provisional decision**

I gave both parties an opportunity to make further comments or send further information relating to my findings before I reached my final decision.

Mr L's representatives said that he accepted my provisional findings.

QFSL did not respond to my findings with any further comments or information.

### **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 neither party has disagreed or provided any further relevant information for me to consider, I see no reason to depart from my provisional findings. So, for the reasons explained above, I think QFSL provided the service it agreed to for 2019, and I can't fairly require it to refund the fees charged for this service. But for the other years I have been able to consider (2020 onwards) I haven't seen evidence of the agreed services being provided, so I think it would be fair for the fees charged by QFSL - for services Mr L didn't receive - to be refunded.

### **Putting things right**

I think QFSL has failed to provide Mr L the agreed ongoing services after the review that was completed in September 2019. So, I think it would be fair and reasonable for all fees charged by QFSL, for ongoing services that ought to have been provided after September 2019, to be refunded.

These amounts, which were deducted from Mr L's pension, should be adjusted for growth as if the fees had remained in the existing investment funds, from the date the fees were deducted to the date of my final decision.

This compensation amount should be paid into Mr L's pension plan if possible. 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 L as a lump sum after making a notional reduction to allow for future income tax that would otherwise have been paid.

Mr L would be entitled to tax-free cash from the pension. So, 25% of the loss would be tax-

free and 75% would have been taxed according to his likely income tax rate in retirement – presumed to be 20%. So, making a notional reduction of 15% overall from the loss adequately reflects this.

QFSL should provide details of the calculation to Mr L in a clear, simple format.

### **My final decision**

For the reasons I've explained, I uphold this complaint in part.

To put matters right, Quilter Financial Services Limited should pay compensation in line with the methodology set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 15 May 2026.

Ben Stoker  
**Ombudsman**