

complaint

Mrs G complains, via her representative, that the advice she got from Sun Life Assurance Company of Canada (U.K.) Limited wasn't appropriate because:

- the Executive Pension Plan (EPP) wasn't the most suitable;
- the funds selected weren't the most appropriate;
- Mrs G wasn't made aware of the option to make single as well as regular contributions; and
- The different charging structures for single and regular contributions weren't detailed.

She says she has lost out financially as a result.

background

When the advice was given, in 1995, Mrs G was a director of her family business, which already had an EPP in place. She was advised to become a member of that existing EPP. Her business had a multi-million pound turnover. It was agreed that the business would make contributions of £500 per month into the plan for her benefit. These were invested 70% to a UK equity growth fund and 30% to a fixed interest fund. Mrs G had 12 years to go before her selected retirement date.

Around a year later the regular contributions made into the EPP were increased to £3,000 per month. The fund selection was unchanged. In 1999 the contributions were reduced back to £500 per month.

In 2004 the entire value of the pension scheme was transferred to a specialist fund management firm, on the advice of another party.

The complaint was made in 2015. Sun Life didn't uphold it, and so Mrs G brought her complaint to us.

One of our adjudicators looked into it and didn't uphold it. He was of the view, in summary, that as the EPP already existed, adding Mrs G didn't look unsuitable or unaffordable. Given the period to Mrs G's chosen pension age, he didn't think that the chosen funds looked unsuitable. He noted there was evidence of a discussion about single contributions, and that contributions were all paid by the employer, which had a multi-million pound turnover. He concluded that the argument about single contributions being more appropriate was one made with hindsight. The decision by the employer to reduce contributions, and the impact this would have on the charges, wasn't reasonably foreseeable by the adviser.

Mrs G's representative didn't agree and asked for her case to be reviewed by an ombudsman. Her representative commented again on the suitability of the selected funds.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. Where the evidence is incomplete, inconclusive or contradictory (as some of it is here), I reach my decision on the balance of probabilities – in other words, on what I consider is most likely to have happened in light of the available evidence and the wider circumstances. Having done so, I have come to the same conclusion as the adjudicator and largely for the same reasons.

The EPP already existed when Mrs G was advised to join it. Her company agreed to make contributions on her behalf, which seemed affordable based on the company's turnover. A year later the regular premium was increased significantly, which suggests that, likely, it was affordable at the point the advice was given.

Mrs G did have a period of about 12 years from advice to her selected retirement date. I haven't seen anything documenting Mrs G's attitude to investment risk at the time. Given the particular combination of fixed interest and equity funds I don't think I can fairly conclude that the selected funds were, more likely than not, unsuitable. It is not possible to say whether the selected funds were in line with her attitude to risk at the time of the advice. But, without more, and looking at the funds she was invested in, I don't think I can fairly conclude that the selected funds were, more likely than not, unsuitable.

Mrs G's representative said that the adviser ought to have recommended some single contributions, as these would have been more beneficial to her fund values than the regular contributions. I agree with the adjudicator that this argument is advanced with the benefit of hindsight. If regular contributions had been maintained to the selected retirement date then paying by regular rather than single contribution wouldn't have taken on the same degree of significance. I don't think affordability was an issue. This was not a small business and the contributions, even at the highest level, were only a small fraction of the business turnover. The paperwork shows single contributions were mentioned to the employer so, I don't agree that it was unaware of this option. The different charging structures were clearly set out in the policy documents issued to the employer. So, I think the adviser gave Mrs G and her employer enough information about regular and single contributions and the charges that applied.

my final decision

I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs G to accept or reject my decision before 5 February 2016.

Kim Parsons
ombudsman