complaint

Mr B's complaint against Universal Wealth Management LLP (Universal) is that it gave Mr B unsuitable advice to invest part of his pension fund in the Connaught Series One Income fund and True Gold Investments.

background

I issued my provisional decision on this complaint on 10 February 2016. The background and circumstances to the complaint, and the reasons for my provisional finding which was to uphold the complaint were set out in that decision. A copy is attached and it forms part of this final decision.

I invited both parties to provide any further evidence or arguments that they wanted me to consider before I made my final decision.

Mr B has said that he accepts my provisional decision and has nothing further to add.

Universal said that it had no further points to make.

my findings

I've re-considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. Having done so, I see no reason to depart from my provisional decision to uphold the complaint.

my final decision

Accordingly, for the reasons outlined in my provisional decision (attached), my final decision is that I uphold this complaint.

Where I uphold a complaint, I can make a money award requiring a financial business to pay compensation of up to £150,000, plus any interest and/or costs that I consider appropriate. If I consider that fair compensation exceeds £150,000, I may recommend the business to pay the balance.

fair compensation

In assessing what would be fair compensation, I consider that my aim should be to put Mr B as close to the position he would probably now be in if he had not been given unsuitable advice.

I take the view that Mr B would have invested differently. It is not possible to say *precisely* what he would have done differently. But I am satisfied that what I have set out below is fair and reasonable given Mr B's circumstances and objectives when he invested.

what should Universal do?

To compensate Mr B fairly, Universal must compare the performance of Mr B's two investments with that of the benchmark shown below.

The compensation payable is the difference between the *fair value* and the *actual value* of the investment. If the *actual value* is greater than the *fair value*, no compensation is payable.

Universal should also pay any interest, as set out below.

A separate calculation should be carried out for each investment. The starting value for the True Gold investment should be £167,500. That is the £200,000 less the 5% (£32,500 of the total SIPP value of £650,000) that could have been suitably recommended.

investment name	status	benchmark	from ("start date")	to ("end date")	additional interest
Connaught Series One Income Fund	still exists	for half the investment: FTSE WMA Stock Market Income Total Return Index; for the other half: average rate from fixed rate bonds	date of investment	date of my decision	8% simple p.a. from date of decision (if compensation is not paid within 28 days of the business being notified of acceptance)
True Gold	still exists	FTSE WMA Stock Market Growth Total Return Index	date of investment	date of my decision	8% simple p.a. from date of decision (if compensation is not paid within 28 days of the business being notified of acceptance)

for each investment:

actual value

The investment in the Connaught fund currently has no realisable value. So, for the purposes of the calculation, the actual value should be assumed to be zero. The FCA announced that it is to investigate the operators of the Connaught Income Fund. It has said that it has not reached any conclusion that any wrongdoing has occurred. But that is one of the possible outcomes of its investigation. So it's possible that some compensation might be payable in relation to Mr B's holding in the Connaught Fund. I therefore think it reasonable to make allowance for this possibility.

It's also possible that some other return might be paid from the Connaught Fund. So, in exchange for the compensation payable by Universal, Mr B should agree to transfer his holding in the fund to it, if possible, to allow it to benefit from any compensation or other payment that might be made in relation to the holding. If it's not possible to transfer the investment, Mr B should give an undertaking to Universal to repay to it any amount he may receive in relation to the investment in future, whether it is a compensation payment or any other sort of return.

In respect of True Gold, my aim is to return Mr B to the position he would have been in but for the unsuitable advice. This is complicated where an investment is illiquid (that is could not be readily sold on the open market). It would be difficult to know the *actual value* of the investment. If this is the case here, the *actual value* should be assumed to be nil to arrive at fair compensation. Universal should take ownership of the illiquid investment by paying a commercial value acceptable to the pension provider. This amount should be deducted from the total payable to Mr B and the balance be paid as I set out below.

If, in these circumstances, Universal is unwilling or unable to buy the True Gold investment the *actual value* should be assumed to be nil for the purpose of calculation. Universal may wish to require that Mr B provides an undertaking to pay Universal any amount he may receive from the investment in True Gold in the future.

fair value

This is what the two investments would have been worth at the end date had they produced a return using the benchmark.

Any withdrawal, income or other payment out of the investment should be deducted from the *fair value* 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 will accept if Universal totals all those payments and deducts that figure at the end instead of deducting periodically.

how to pay compensation?

If there is a loss, Universal should pay such amount as may be required into Mr B's pension plan, allowing for any available tax relief and/or costs, to increase the pension plan value by the total amount of the compensation and any interest.

If Universal is unable to pay the total amount into Mr B's pension plan, it should pay that amount direct to him. The amount should be reduced to notionally allow for the income tax that would otherwise have been paid.

The notional allowance should be calculated using Mr B's marginal rate of tax at retirement. For example, if Mr B would be a basic rate taxpayer at retirement and that rate would 20%, the *notional* allowance for tax would equate to a 20% reduction in the total amount. At retirement he would have been able to take 25% as a tax-free lump sum but the remaining 75% would have been subject to income tax at his marginal rate of tax. So the *notional* allowance for tax would equate to a 15% reduction in the total amount (20% on 75%).

why is this remedy suitable?

I have decided on this method of compensation because Mr B wanted capital growth and was willing to accept some investment risk with part of his capital.

- The average rate for the fixed rate bonds would be a fair measure for someone who wanted to achieve a reasonable return without risk to his capital.

- The WMA Stock Market Income Total Return Index is made up of diversified indices representing different asset classes, mainly UK equities and government bonds. It would be a fair measure for someone who was prepared to take some risk to get a higher return.

- In respect of the Connaught Income Fund I consider that Mr B's risk profile was in between, in the sense that he was prepared to take a lower level of risk to attain his investment objectives. So, the 50/50 combination would reasonably put him into that position. It does not mean that Mr B would have invested 50% of his money in a fixed rate bond and 50% in some kind of index tracker investment. Rather, I consider this a reasonable compromise that broadly reflects the sort of return Mr B could have obtained from investments suited to his risk attitude.

- The WMA Stock Market Growth Total Return Index allows me to use it as a reasonable measure of comparison in respect of the True Gold investment. It would be a fair measure for someone who was prepared to take significant risk in order to get a higher return.

- Mr B has not yet used his pension plan to purchase an annuity.

determination and award: I uphold the complaint. I consider that fair compensation should be calculated as set out above. My decision is that Universal Wealth Management LLP should pay Mr B the amount produced by that calculation – up to a maximum of £150,000 plus any interest set out above.

recommendation: If the amount produced by the calculation of fair compensation exceeds £150,000, I recommend that Universal Wealth Management LLP pays Mr B the balance plus any interest on the balance as set out above.

This recommendation is not part of my determination or award. It does not bind Universal. It is unlikely that Mr B can accept my decision and go to court to ask for the balance. Mr B may want to consider getting independent legal advice before deciding whether to accept this decision.

If Universal does not pay the recommended amount, then any investment currently illiquid should be retained by Mr B. This is until any future benefit that he may receive from the investment together with the compensation paid by Universal (excluding any interest) equates to the full fair compensation as set out above.

Universal may request an undertaking from Mr B that either he repays to it any amount he may receive from the investment thereafter or if possible he transfers the investment at that point. However, any undertaking from Mr B should apply only to such amounts as might be received that together with the compensation paid by Universal exceed the full fair compensation as set out above.

Mr B should be aware that any such amount may be paid into his pension plan so he may have to realise other assets in order to meet the undertaking.

Universal should provide details of its calculation to Mr B in a clear, simple format.

Under the rules of the Financial Ombudsman Service, I am required to ask Mr B to let me know whether he accepts or rejects my decision before 8 April 2016.

David Ashley
ombudsman

copy of provisional decision

complaint

Mr B's complaint against Universal Wealth Management LLP is that it inappropriately advised him to invest part of his pension fund in the Connaught Series One Income fund and True Gold Investments.

background

In late 2011 Universal advised Mr B to invest a total of £300,000 in the two investments. The investments were part of his self-invested pension plan (SIPP). Its value was about £650,000.

Mr B had been introduced to Universal by his adviser in order to access investments not available with his existing pension provider. At the time of the advice Mr B was in his mid-sixties. He was a director of his own limited company. His business was valued at about £1 million. He also had a half share in other investments worth about £200,000, and another pension valued at around £100,000. He was recorded as an investor with an adventurous risk profile. And the firm that had introduced Mr B to Universal had assessed his risk as 7/10 on a scale of 1-10 (10 representing highest risk). He had no plans to retire immediately and wanted to grow his pension fund as much as possible.

The adjudicator who investigated the complaint thought that the advice was unsuitable. He said that the Connaught Fund was an unregulated collective investment scheme (UCIS) and that Mr B didn't meet the definition for a high net worth client or sophisticated investor. And True Gold was also an unregulated investment, and Mr B had put over 30% of his pension fund into that investment. The adjudicator thought that Mr B had been advised to invest too high a proportion of his SIPP into these two funds.

Universal didn't agree. In summary, it said:

- Mr B signed a self-certified sophisticated investor certificate. He also met the definition of a high net worth individual because his shares in his own company were above £250,000 in value. He also had other assets that hadn't been valued.
- Mr B wanted to take a high risk with his pension fund. The investments aimed to achieve the growth Mr B required so that his pension fund could reach a value of £1 million. At no point did Universal hide the risks of these unregulated investments.
- The Connaught fund was chosen because it was secured against property and so had an alleged level of security. The previous regulator was involved on a monthly basis with the underlying fund reporting.
- True Gold aimed for a 10% return on each trading cycle of 60 days.
- Universal didn't promote the investments to Mr B. The initial promotion was done by his adviser. Universal was appointed to only advise on the risk of the investments.
- A cautious investment approach would not have given Mr B the potential to meet his stated objective. The SIPP had liquid funds available to meet any tax free cash and income needed.
- Regulated gold funds were available but these were typically based upon the change in the value of gold or gold mining company shares. Given the high risk growth approach Mr B wished to take, these funds were unlikely to meet his needs.

Mr B said, in summary, that:

- At the time of the advice he thought that the high risk investments were similar to the ones he had invested before in his portfolio. He didn't realise that they were unregulated. During the advice process Universal's focus was more upon the potential returns.

- Although he signed a certificate confirming he was a sophisticated investor, he did not understand what this was. It was never explained to him what was signed.

- He wanted to invest in True Gold as he thought it was a safe and certain investment. This was how it was marketed to him. He thought he was actually investing in gold.

- He didn't recall stating an intended target for his pension fund. He did, however, point out his intention to retire as one of his main objectives.

my provisional findings

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

I note that Mr B was initially introduced to these investments by his adviser, not Universal. This is shown in a note completed by the adviser which said that *"After giving information only and referring [Mr and Mrs B] to Universal, they were interested to invest a major part of the pensions in these funds".*

But whilst the possibility of investing in these funds may have initially been raised by an adviser from another firm who introduced Mr B to Universal, it was still Universal's responsibility to ensure its advice was suitable.

The promotion of UCIS is restricted. The rules relating to this explain that UCIS can only be promoted to certain investors in specified ways. Mr B didn't sign the relevant statement required to certify that he was a high net worth individual – albeit he may have qualified as an investor to whom the UCIS could be promoted given his net worth. The firm has also said that Mr B signed to say he was a sophisticated investor. And that he met the criteria to do so as he was a director of a company with a turnover of over £1 million a year. It's provided calculations of its estimates of the company turnover.

However even if the company turnover was over the £1 million, the key point for me to decide is whether the advice given was suitable to Mr B given his objectives and circumstances at the time – not whether the funds should have been promoted to him.

It was recorded that Mr B had, overall, an adventurous attitude to risk. And in my view he had the capacity to accept some risks with his money. However, the suitability letter for the Connaught fund said that Mr B was *"looking for a lower risk investment"* and was *"…seeking more cautious income generating investments for this money."* So I think for this particular money (£100,000) he wanted a lower risk.

The Financial Services Authority (FSA) issued a warning about the risks of the Connaught Fund in May 2011. It said it had concerns that it was described as low or very low risk. It said that investors' advisers should understand how the funds work. And that investors should discuss with their advisers whether there were other alternative products that would meet their needs and which gave protection of the Financial Services Compensation Scheme.

As the adjudicator explained, the FSA had previously said that it considered UCISs as having a high degree of volatility, illiquidity or both. So it considered it was usually regarded as a speculative investment. And, in practice, rarely regarded as suitable for more than a small share of an investor's portfolio. A report published by the FSA in July 2010 about the sale of UCISs suggested that good industry practice would be to limit investment in UCIS to between 3% and 5% of a portfolio.

Universal gave its advice in November 2011. So this was sometime after the FSA report about UCISs and the warning about the Connaught Fund. Mr B was advised to invest £100,000 in Connaught, which was about 16% of his overall SIPP. And he invested a further £200,000 in another unregulated investment. So overall he was advised to invest over 45% of his SIPP in two unregulated funds.

The True Gold fund was targeted to provide annual returns of 40%. It traded AU gold from small scale and medium sized licensed mines and concessions in Ghana. It clearly represented significant risks and didn't have the protections offered by regulated funds.

We are aware that some of the literature provided by Connaught in relation to the fund described it as "low risk". But opinions about risk do not, in my view, constitute "information" – in the context of the reliance on others rule, "information" refers to facts, not opinions, such as assessments of risk. The duty of a business to advise on the suitability of investments cannot be delegated to, or discharged by reliance on others. It was for the business to reach its own view on the risk associated with the investment, and ensure its suitability for the consumer.

And in my view the information available to the firm at the time should have alerted it that the Connaught Fund didn't represent the same risks as cash. Risk and return are invariably linked. The fund was designed to generate a fixed return for investors of over 8%. This was at a time when the Bank of England base rate was 0.5% and was disproportionally higher than term deposit rates and bond yields. I think even at face value this disparity ought to have alerted an adviser to the fact that this was highly unlikely to be low risk. Particularly in light of the warning from the FSA.

This was a specialist fund involving bridging finance. It had a complex structure with several parties involved. The fund had a narrow focus and clearly had significant liquidity risks. The money invested with typical terms of up to 9 months. Borrowing money from investors who need to give 1 months' notice and lend this to borrowers for periods up to 9 months has the potential for liquidity problems. Also the fact that the fund was unregulated meant it had additional risks in itself, such as lack of regulatory protections, and was not just confined to investment risk.

Mr B was willing to accept a higher risk with £200,000. He wanted a lower risk with the £100,000. But even in the context that Mr B wanted to take a higher risk with some of his money, it was the firm that was the expert in the matter. In my view it should have applied the well-known principles of diversification in order to manage the risks involved. Particularly in limiting the exposure to unregulated investments and their additional risks. Given Mr B was approaching retirement date and the potential illiquidity of the funds chosen, diversification would also have provided a safeguard where illiquidity became an issue. In my view the advice to invest £300,000 in two unregulated investments – representing over 45% of the SIPP's value, wasn't suitable in the circumstances.

As I consider that Mr B was advised inappropriately, I have to consider whether the firm's failures caused the losses that Mr B has claimed.

There may have been shortcomings in the management of the Connaught fund. Some of the parties involved have been accused of acting fraudulently. But I am not in a position to make any comment about the conduct of those involved in the management of the fund or any other parties involved with it. No complaint has been brought against any other party – we have only been asked to consider the complaint against Universal.

A court might conclude that Mr B's losses from the Connaught fund don't flow directly from the poor advice. And on this basis, a court might not require the firm to compensate Mr B – notwithstanding the breach of duty. But in assessing fair compensation, I'm not limited to the position a court might take.

If fraud did take place (and, as mentioned, I am not in a position to say this), it may be there has been a break in the 'chain of causation'. That might mean it wouldn't be fair to say that all of the losses suffered by a consumer flow from the firm's failures. That will depend on the particular circumstances of the case. No liability will arise for an adviser who has given suitable advice even if fraud later takes place. But the position is different where the consumer wouldn't have been in the investment in the first place without the unsuitable advice. In that situation, it may be fair to assess compensation on our usual basis – aiming to put the consumers in the position they would have been in if they'd been given suitable advice.

In this particular case, I conclude that it would be fair and reasonable to make an award, given the specific circumstances. This is notwithstanding arguments about a break in the "chain of causation" and the "remoteness" of the loss from the (poor) advice given. Had it not been for Universal's unsuitable advice, Mr B wouldn't have made the investments. And I think the advice to invest over 45% of his SIPP in two unregulated investments completely disregarded Mr B's interests. Mr B was in his 60s and was approaching retirement date – albeit he may not have wanted to take all his pension benefits in one go on reaching retirement.

In these circumstances, I think that it's fair and reasonable to hold Universal responsible for the whole of the loss suffered by Mr B. I will, however, make allowance for the possibility of some of their money being returned to him in the future.

If Universal believes other parties to be wholly or partly responsible for the loss, it's free to pursue them. I realise it may not have the resources to do so. But I don't think that should mean that Universal should only compensate Mr B now for part of the losses he's suffered (or none at all). I'm aware that the FCA announced that it was investigating the operators of the Connaught Fund. The possibility of a compensation payment arising from the FCA's work is considered in the 'fair compensation' section below. And also any compensation that the liquidators of the Connaught Income Fund may obtain. If Mr B is compensated in full now, Universal should benefit from these payments if they're made. I've therefore made allowance for this in my compensation award below.

So in summary, Mr B was willing to accept a higher degree of risk with £200,000 of his SIPP money and a lower risk with £100,000. The True Gold fund was speculative and unregulated. And the Connaught fund didn't provide the lower risk counterbalance that Mr B required. It also presented appreciable risk and was unregulated.

In my view given Mr B did want to take a higher risk with the £200,000 and had the capacity to accept such risks, I think it would have been reasonable for him to have invested a small proportion of his SIPP in that fund – about 5%. My understanding is that the SIPP value was about £650,000 at the time so around £32,500.

But I'm not persuaded it was suitable advice to invest the remainder in the two funds recommended. In my view the recommendation lacked diversification thereby increasing the degree of risk (given the amount invested in the True Gold fund if it failed (which was a material risk) there would be a significant impact on the whole SIPP), and given the illiquidity risks associated with these unregulated funds. The Connaught fund was also unsuitable to provide the lower risk balance to the £200,000 to be invested adventurously. In my view, if Universal considered that Mr B should invest in True Gold and Connaught, then he should have been advised to invest a small part as explained above and invest the remaining part in other, regulated investments, suitable to his adventurous and lower risk requirements.

my provisional decision

Accordingly, my provisional decision is to uphold this complaint.

Where I uphold a complaint, I can make a money award requiring a financial business to pay compensation of up to £150,000, plus any interest and/or costs that I consider appropriate. If I consider that fair compensation exceeds £150,000, I may recommend the business to pay the balance.

fair compensation

In assessing what would be fair compensation, I consider that my aim should be to put Mr B as close to the position he would probably now be in if he had not been given unsuitable advice.

I take the view that Mr B would have invested differently. It is not possible to say *precisely* what he would have done differently. But I am satisfied that what I have set out below is fair and reasonable given Mr B's circumstances and objectives when he invested.

what should Universal do?

To compensate Mr B fairly, Universal must compare the performance of Mr B's two investments with that of the benchmark shown below.

The compensation payable is the difference between the *fair value* and the *actual value* of the investment. If the *actual value* is greater than the *fair value*, no compensation is payable.

Universal should also pay any interest, as set out below.

A separate calculation should be carried out for each investment. The starting value for the True Gold investment should be £167,500. That is the £200,000 less the 5% (£32,500 of the total SIPP value of £650,000) that could have been suitably recommended.

investment name	status	benchmark	from ("start date")	to ("end date")	additional interest
Connaught Series One Income Fund	still exists	for half the investment: FTSE WMA Stock Market Income Total Return Index; for the other half: average rate from fixed rate bonds	date of investment	date of my decision	8% simple p.a. from date of decision (if compensation is not paid within 28 days of the business being notified of acceptance)
True Gold	still exists	FTSE WMA Stock Market Growth Total Return Index	date of investment	date of my decision	8% simple p.a. from date of decision (if compensation is not paid within 28 days of the business being notified of acceptance)

for each investment:

actual value

The investment in the Connaught fund currently has no realisable value. So, for the purposes of the calculation, the actual value should be assumed to be zero. The FCA announced that it is to investigate the operators of the Connaught Income Fund. It has said that it has not reached any conclusion that any wrongdoing has occurred. But that is one of the possible outcomes of its investigation. So it's possible that some compensation might be payable in relation to Mr B's holding in the Connaught Fund. I therefore think it reasonable to make allowance for this possibility.

It's also possible that some other return might be paid from the Connaught Fund. So, in exchange for the compensation payable by Universal, Mr B should agree to transfer his holding in the fund to it, if possible, to allow it to benefit from any compensation or other payment that might be made in relation to the holding. If it’s not possible to transfer the investment, Mr B should give an undertaking to Universal to repay to it any amount he may receive in relation to the investment in future, whether it is a compensation payment or any other sort of return.

In respect of True Gold, my aim is to return Mr B to the position he would have been in but for the unsuitable advice. This is complicated where an investment is illiquid (that is could not be readily sold on the open market). It would be difficult to know the *actual value* of the investment. If this is the case here, the *actual value* should be assumed to be nil to arrive at fair compensation. Universal should take ownership of the illiquid investment by paying a commercial value acceptable to the pension provider. This amount should be deducted from the total payable to Mr B and the balance be paid as I set out below.

If, in these circumstances, Universal is unwilling or unable to buy the True Gold investment the *actual value* should be assumed to be nil for the purpose of calculation. Universal may wish to require that Mr B provides an undertaking to pay Universal any amount he may receive from the investment in True Gold in the future.

fair value

This is what the two investments would have been worth at the end date had they produced a return using the benchmark.

Any withdrawal, income or other payment out of the investment should be deducted from the *fair value* 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 will accept if Universal totals all those payments and deducts that figure at the end instead of deducting periodically.

how to pay compensation?

If there is a loss, Universal should pay such amount as may be required into Mr B's pension plan, allowing for any available tax relief and/or costs, to increase the pension plan value by the total amount of the compensation and any interest.

If Universal is unable to pay the total amount into Mr B's pension plan, it should pay that amount direct to him. The amount should be reduced to notionally allow for the income tax that would otherwise have been paid.

The notional allowance should be calculated using Mr B's marginal rate of tax at retirement. For example, if Mr B would be a basic rate taxpayer at retirement and that rate would 20%, the *notional* allowance for tax would equate to a 20% reduction in the total amount. At retirement he would have been able to take 25% as a tax-free lump sum but the remaining 75% would have been subject to income tax at his marginal rate of tax. So the *notional* allowance for tax would equate to a 15% reduction in the total amount (20% on 75%).

why is this remedy suitable?

I have decided on this method of compensation because Mr B wanted capital growth and was willing to accept some investment risk with part of his capital.

- The average rate for the fixed rate bonds would be a fair measure for someone who wanted to achieve a reasonable return without risk to his capital.

- The WMA Stock Market Income Total Return Index is made up of diversified indices representing different asset classes, mainly UK equities and government bonds. It would be a fair measure for someone who was prepared to take some risk to get a higher return.

- In respect of the Connaught Income Fund I consider that Mr B's risk profile was in between, in the sense that he was prepared to take a lower level of risk to attain his investment objectives. So, the 50/50 combination would reasonably put him into that position. It does not mean that Mr B would have invested 50% of his money in a fixed rate bond and 50% in some kind of index tracker investment. Rather, I consider this a reasonable compromise that broadly reflects the sort of return Mr B could have obtained from investments suited to his risk attitude.

- The WMA Stock Market Growth Total Return Index allows me to use it as a reasonable measure of comparison in respect of the True Gold investment. It would be a fair measure for someone who was prepared to take significant risk in order to get a higher return.

- Mr B has not yet used his pension plan to purchase an annuity.

determination and award: I uphold the complaint. I consider that fair compensation should be calculated as set out above. My decision is that Universal Wealth Management LLP should pay Mr B the amount produced by that calculation – up to a maximum of £150,000 plus any interest set out above.

recommendation: If the amount produced by the calculation of fair compensation exceeds £150,000, I recommend that Universal Wealth Management LLP pays Mr B the balance plus any interest on the balance as set out above.

This recommendation is not part of my determination or award. It does not bind Universal. It is unlikely that Mr B can accept my decision and go to court to ask for the balance. Mr B may want to consider getting independent legal advice before deciding whether to accept this decision.

If Universal does not pay the recommended amount, then any investment currently illiquid should be retained by Mr B. This is until any future benefit that he may receive from the investment together with the compensation paid by Universal (excluding any interest) equates to the full fair compensation as set out above.

Universal may request an undertaking from Mr B that either he repays to it any amount he may receive from the investment thereafter or if possible he transfers the investment at that point. However, any undertaking from Mr B should apply only to such amounts as might be received that together with the compensation paid by Universal exceed the full fair compensation as set out above.

Mr B should be aware that any such amount may be paid into his pension plan so he may have to realise other assets in order to meet the undertaking.

Universal should provide details of its calculation to Mr B in a clear, simple format.

David Ashley
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