Financial Ombudsman Service

complaint

Mr L complains that Pearson Jones Plc ("Pearson") did not serve his best interests when giving him pension advice. Mr L says that the charges were understated more than once and inappropriate investments and products were recommended.

background

Pearson advised Mr L to transfer his existing pensions to a self-invested personal pension (SIPP) in 2006 – he incurred a penalty of about £5,000 from one of his transferring plans in the process. The transfer was recommended partly as Mr L was concerned about the performance of the managed fund in one of his pensions.

The SIPP was set up with around £50,000 with a view to commercial property being held as an asset. Mr L already held some commercial property. Mr L later raised concern that the SIPP charges were too high and Pearson recommended a switch to another provider with lower fees, which it noted would increase annually in line with the average earnings index.

However, the transfer took longer to complete than Pearson had suggested it would take. As a result of the delay a further annual SIPP charge became due. Pearson agreed to cover half of this in recognition of its part in the delay.

Mr L noticed that subsequent annual SIPP charges increased by a greater amount than average earnings. When he complained about the charges Pearson refunded the difference. Mr L removed Pearson as his advisers in 2010.

Mr L's SIPP provider was wound up in 2013 and he was offered the option of switching to a SIPP with a new provider, with Pearson agreeing to waive the fee involved.

An adjudicator concluded that the complaint should not be upheld. He said that the charges had been reasonably clearly disclosed at the time of the initial advice to set up the SIPP in 2006 and during the later transfer to the new SIPP provider.

The adjudicator noted that when any problems about the fees had been identified, Pearson were relatively quick to give a refund. He noted that around £1,700 fees had apparently been refunded.

The adjudicator felt Mr L's concerns about Pearson having acted unfairly, using the power of attorney, were unsubstantiated. He also felt that Pearson was not at fault for the performance of one of Mr L's pension funds which it would have been unable to predict. And there was insufficient evidence that the fund had been unsuitable in the first place.

my findings

I have considered all the evidence and arguments in order to decide what is fair and reasonable in the circumstances of this complaint.

Mr L's complaint largely involves how Pearson has handled his pension investments and the charges that were involved in the plans that it set up on his behalf.

It is clear that a number of inaccuracies occurred when Pearson communicated the fees involved in the SIPPs that were set up. But I have seen insufficient evidence that Pearson *deliberately* misled Mr L about the charges on his various plans. In my view, Pearson acted reasonably when the issues of overcharging came to light, and refunded around £1,700 during its time as his advisers. In addition the £5,000 exit penalty which was incurred during the setting up of the first SIPP was clearly disclosed. Mr L should have been aware of it.

Mr L has said that Pearson was responsible for ensuring that his pension increased in value by providing suitable advice and recommendations. In particular he is unhappy about the performance of a managed fund in one of his pensions prior to the SIPP being set up.

However, the performance of an investment is not something that Pearson would have been able to predict. It seems that Mr L's frustration about the fund in question is more a matter of how it preformed rather than it was unsuitable for his circumstances. I would not uphold a complaint on the basis of performance alone unless there is evidence that the fund had been unsuitable for Mr L's circumstances.

Pearson had indicated a timescale of about three months for the transfer of Mr L's SIPP to an alternative provider. This transaction was brought about at Mr L's request and his requirement to find a lower charging plan. However, the transaction took nearer to eight months to finalise. As a result of this prolonged period Mr L incurred a further annual fee on his existing plan. This was unfortunate and I can understand Mr L's frustration. But it seems that his new provider would also have made an annual charge had the switch gone ahead earlier. Pearson agreed to pay half of the additional year's administration fee for the original SIPP which I think was a reasonable offer in the circumstances.

In 2010 Mr L removed Pearson as his advisers for the SIPP. However, he retained the business in an administration capacity – operated through a power of attorney arrangement. Mr L feels that Pearson used the power of attorney to charge fees it was not entitled to. However, I have seen insufficient evidence that Pearson acted outside its authority.

Mr L's SIPP provider was wound up in 2013. He was then contacted by another provider with an offer to switch on the same charging basis as his existing SIPP. Pearson also offered to waive the fee that was involved.

In my view, the winding up was not within Pearson's control. The new provider offered to accept a transfer with a reduction to its standard fees. Pearson offered to make good the other fee that arose. I consider the offer was fair and reasonable. It is still available if Mr L has not already accepted it.

my final decision

I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I am required to ask Mr L to accept or reject my decision before 15 February 2016.

Terry Connor
ombudsman