

complaint

Mr R has complained that Pearson Jones Plc ("Pearson") did not serve his best interests as, when advice was provided with advice about his pensions. Mr R has said that the charges involved were understated more than once and inappropriate investments and products were recommended.

background

Pearson advised Mr R 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 £53,000 with a view to commercial property being held as an asset. Mr R already held some commercial property. Around a year later, Mr R raised concern that the SIPP charges were too high. Pearson recommended a switch to another provider with lower fees, which it noted would increase annual in line with 'average earnings'.

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 R 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 R removed Pearson as his advisers in 2010.

Mr R'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 considered the complaint. He concluded that the complaint should not be upheld. The adjudicator said that the charges had been reasonably disclosed at the time of the initial advice to set up the SIPP in 2006 and during the subsequent 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 evidence had been provided of around £1,700 of refunded fees during the time Pearson provided advice.

The adjudicator also felt the Mr R's concerns about Pearson having acted unfairly, by using the power of attorney that was in place to charge fees it was not entitled to, were unsubstantiated.

He also felt that Pearson was not at fault for the performance of one of Mr R's pension funds which it would have been unable to predict and that, in any event, 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 R'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 told Mr R of the fees involved in the SIPP's that were set up. But I have seen insufficient evidence that Pearson deliberately mislead Mr R about the charges on his various plans. I consider that Pearson acted reasonably when the issues of overcharging came to light, and refunded around £1,700 during its time as Mr R's advisers. In addition the £5,000 exit penalty which was incurred during the setting up of the first SIPP was clearly disclosed and Mr R should have been aware of it.

Mr R has said that Pearson, as his adviser, was responsible for ensuring that his pension increased in value by providing appropriate advice and recommendations. In particular he is unhappy about the performance of a managed fund he held 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 R's frustration about the fund in question is more a matter of how it preformed rather than it being unsuitable for his circumstances at the time it was recommended. I would not uphold a complaint on the basis of performance alone unless there is evidence that the fund had been unsuitable for Mr R's circumstances.

Pearson had indicated a timescale of about three months for the transfer of Mr R's SIPP to an alternative provider. This transaction was brought about at Mr R's request and his wish to find a lower charging plan. However, the transaction took nearer to eight months to finalise.

As a result of this prolonged period Mr R incurred a further annual fee on his existing plan. This was unfortunate and I understand Mr R'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 in my view was a reasonable offer in the circumstances.

In 2010 Mr R 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 R 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 R's SIPP provider was wound up in 2013 and he was 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 of around £300 that was involved.

I consider the winding up was not within Pearson's control. The new provider offered to accept a transfer with a reduction to its standard fees and Pearson offered to make good the other fee that arose. I consider the offer was fair and reasonable and that it is still available if Mr R 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 R to accept or reject my decision before 15 February 2016.

Terry Connor
ombudsman