

complaint

Mr R complains he was unsuitably advised by Hampshire Hill Group Limited (“the firm”) about the maximum pension contribution he could make in the 2013/2014 tax year and the tax relief he could then get. He says the advice was misleading and incorrect. The firm should waive its fees of £1,000.

background

In 2013, Mr R asked the firm for investment and retirement planning advice. The firm explained its three stage advice process and the costs. Fee agreements were then signed by Mr R.

Mr R had £180,000 for retirement planning. It was agreed that the firm would work out unused allowances from previous tax years. It asked Mr R for the information needed to do this. The importance of accurate information was stressed to him.

A financial report then said that Mr R had unused allowances of approximately £128,000. A suitability report advised him to transfer an existing pension plan to a new provider. He should then make a single premium contribution using unused allowances. No specific premium was suggested.

Mr R disputed the accuracy of the firms reports. He declined to pay its £1,000 fees.

An adjudicator investigated Mr R’s complaint. She said it should not be upheld because:

- This service can consider if the fees were fair and reasonable. But we could not order Mr R to pay the firm.
- Before completing any work on Mr R’s behalf, the firm explained its fees. He agreed these were acceptable.
- Detailed work was needed to produce the financial data plan and suitability report. So the fees of £1,000 were reasonable irrespective of whether Mr R agreed with their conclusions.
- Calculations by the firm used information from Mr R. There was no evidence the results were inaccurate.
- The financial data plan and suitability report identified unused allowances. But a specific recommendation was not made to Mr R.
- Had Mr R moved to stage three of the advice process, detailed advice would have been given for the single contribution and how it would be made.
- The firm were not tax experts. It could only give limited tax advice.
- The firm produced the reports it agreed with Mr R at the outset. The fees were disclosed up front.

Mr R did not agree. He said:

- He did not get the firm's final response letter of 19 May 2014.
- The firm misled him by saying he could pay a single contribution of £128,000 to his pension. He expected their recommendations to be clear, accurate and detailed.
- The firm committed to giving advice and recommendations at stage 2 of the process but had not done so. He understood that stage three was optional.
- He did not get documents referred to by the adjudicator. These said the firm had identified the maximum contribution that could be paid in the 2013/2014 tax year was £70,000 with the remainder to be paid the following year.
- He did not agree that a specific recommendation had not been made. At the time, he was given illustrations based only on a single premium of £128,000.
- The firm got information from HMRC on his behalf but won't give him a copy.
- He was not happy to pay for unclear and misleading reports.

The adjudicator did not alter her opinion. She said:

- The final response letter of 19 May 2014 was sent to the correct address.
- The financial data plan indicated the allowance available to Mr R. The suitability report recommended a lump sum contribution using up any unused allowance but did not say how it should be made.
- The illustration referred to by Mr R was only an illustration of the benefit he might receive at retirement if a contribution of £128,000 was made. It was not unusual for advisers to produce more than one illustration showing different levels of contributions.
- Mr R did not proceed to stage three of the advice process. He later contacted another adviser to make a single contribution to his pension.
- There was no evidence that the firm had obtained information from HMRC on Mr R's behalf. I understand that the assessment of the unused allowances was by a third party. I do not consider the business have to give Mr R copies of its work unless its fees are paid.

Agreement was not reached. The complaint has been referred to me for a decision.

my findings

I have considered all the evidence to decide a fair and reasonable outcome.

I agree with the adjudicator's conclusions and for the same reasons.

Mr R is aggrieved that the firm wants its fees paid for reports it produced as agreed with him. He says that the reports were not accurate or what he expected. He does not agree that the reports merit a £1,000 fee. The crux of his complaint is that the firm said he could make use of his allowances with a single contribution. But in fact 2 contributions were required.

Before the firm started any work on Mr R's behalf, a client agreement was signed by him. This said he was aware of the costs of the service he wanted the firm to give. And of the costs of the three stage advice process.

Mr R signed stages one and two fee agreements. A fee of £500 for each stage was due.

Mr R says the reports were inaccurate, misleading and not what he had asked for. But Mr R said he wanted to consider making a single contribution to his pension. The firm agreed to calculate unused allowances from previous tax years. It did this. It recommended that he make a contribution to make use of the allowances.

Mr R gave the firm information needed to complete the carry forward calculation. On completion, it showed Mr R had £128,185.22 in unused allowances. The suitability report went on to recommend a single contribution but the firm gave no advice on how that might be done.

I am satisfied that had Mr R moved to stage 3 of the firms advice process, further discussion would have taken place on exactly how the maximum allowance would be used. I note that stage 3 of the advice process is described as the implementation stage.

I take this to mean that it is at this stage that the practicalities of implementing the advice given in stage 1 and 2 would be discussed.

This advice was given with the new tax year imminent. There was an opportunity for the contribution to be spread over two tax years. The notes from the firm confirm this.

Whilst this information was not given to Mr R during the incomplete advice process, it does not follow that the total unused allowance figure was incorrect only because it could not be paid in one tax year. In fact, the gross figure is not disputed.

When Mr R first got the reports, he did not challenge the fees for them. He asked for a commission reduction which the firm did not agree to. But it said that once their fee of £1,000 had been paid, if Mr R implemented their advice within three months, it would be credited to his account.

The firm is entitled to charge Mr R for the work it did for him. The stage one and two agreements were clear that fees would apply whether or not Mr R took the advice.

I am not persuaded that because the firm said that use of the allowances would be by way of a single contribution rather than 2 contributions over 2 tax years is an adequate reason for Mr R to not pay fees. In my opinion, he is placing more weight on this evidence than it can reasonably bear.

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 9 November 2015.

Terry Connor

ombudsman