Financial Ombudsman Service

**complaint**

Mr F has complained about the advice he received from Portal Financial Services LLP to transfer his retirement annuity contract (RAC) to a self-invested personal pension (SIPP). He says that he wasn't made aware that he could've taken the full value of his fund as a lump sum and he believes he's lost out on valuable guarantees that were associated with his RAC.

Mr F is being assisted with his complaint by a third party but for ease of reading the decision I'll refer to all representations as being made by Mr F.

Portal Financial Services LLP was previously known as Portafina LLP and has been referred to as "Portafina" in my decision.

**background**

I issued my provisional findings to this complaint on 2 February 2021. I said I was minded to uphold the complaint because Mr F wasn't an insistent client and he received unsuitable advice from Portafina to transfer his RAC to a SIPP. A copy of my provisional decision is attached for reference.

In summary I reached this conclusion because I was satisfied that Mr F had a need for tax free cash. So I didn't think it was unreasonable for him to have accessed his pension fund before the age of 60. But I didn't think it was reasonable for Portafina to have proceeded with Mr F's transaction on an insistent client basis.

I also wasn't satisfied that Mr F had been correctly categorised as having a balance attitude to risk. In any event, Portafina had to also consider Mr F's capacity for loss and I didn't think Mr F could've afforded to take a much of a risk with his fund. I thought he should've been more accurately described as having a low attitude to risk. Overall, as Mr F had a need to take tax free cash, I thought Portafina ought to have recommended that he take his entire fund with P as a lump sum under the new pension freedom regulations that had just come into effect when Mr F received advice.

As Mr F was relying on Portafina to guide him with his pension, I thought he would've listened and accepted this advice, had Portafina explained why it wasn't necessarily suitable, in his particular circumstances, to leave his fund invested. Had Mr F been advised to take the entire fund as a lump sum, he would then have been able to seek advice about alternative methods for investing those funds outside of his pension, which didn't involve the high charges associated with a SIPP. In addition, had Portafina provided suitable advice and advised Mr F to take his benefits directly from P as a lump sum, under the new pension freedom rules, Mr F wouldn't have then had to pay the additional adviser fee of 5% of his transfer value, around £650.

To put things right I said that Portafina should carry out a calculation to determine whether Mr F had suffered a loss as a result of its unsuitable advice.

Neither party provided any further submissions in response to my provisional findings.

**my findings**

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. As neither party has provided any further submissions, I see no reason to depart from my provisional findings.

I therefore uphold the complaint for the reasons set out in my provisional decision. I direct Portal Financial Services LLP to carry out a loss assessment in line with the methodology set out in my attached provisional findings.

**my final decision**

I uphold the complaint. My decision is that Portal Financial Services LLP should carry out a loss assessment in line with the methodology set out in my attached provisional decision.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F to accept or reject my decision before 22 March 2021.

Lorna Goulding
**ombudsman**

**Provisional decision dated 2 February 2021**

**complaint**

Mr F has complained about the advice he received from Portafina LLP to transfer his retirement annuity contract (RAC) to a self-invested personal pension (SIPP). He says that he wasn't made aware that he could've taken the full value of his fund as a lump sum and he believes he's lost out on valuable guarantees that were associated with his RAC.

Mr F is being assisted with his complaint by a third party but for ease of reading the decision I'll refer to all representations as being made by Mr F.

**background**

Mr F received advice from Portafina in 2015. At the time he held an RAC with a provider I'll refer to as P. The RAC was invested in a with-profits fund and had a guaranteed annuity rate (GAR) attached to it. The GAR could be taken from age 60.

The Fact Find document was completed during a telephone call with Mr F on 22 April 2015. It recorded that:

- Mr F was 57 years old, single with no dependents;
- he was unemployed, having suffered a back injury some years ago;
- he was receiving £190 per month as part of his Employment Support Allowance;
- his state pension age was 66;
- the RAC had a fund value of £12,779 and a transfer value of £12,963;
- other than the RAC, Mr F had no other pension provision;
- he wanted to take his full tax-free cash allowance to cover day to day bills and to pay for a holiday, having recently suffered a bereavement; and
- he had no need for income.

A risk profiling questionnaire was also completed, which assessed Mr F as having a 'balanced' attitude to risk.

During the fact finding call it was explained to Mr F that he had a GAR on his plan and that he could take £3,240 as a tax free lump sum. When asked if he wanted to take the tax free cash, Mr F said that he would as he'd recently lost his mum and funds were a bit thin. He also explained that the council were doing some work to his home but he may need to redecorate so the extra funds would come in handy. The Portafina representative also asked whether Mr F would treat himself to a holiday or buy himself anything nice to which Mr F replied that he would. Mr F also confirmed that he had no need for income at that time. The representative explained that Portafina would be writing out to Mr F with a recommendation of what he could do with his pension.

A couple of weeks later, on 7 May 2015, Portafina issued its suitability report. Under the summary section of the report it said "*I have now fully reviewed your current pension arrangements and have recommended that you leave your pension policy where they currently are [sic]. However, as you have confirmed that you wish to proceed and have confirmed understanding of the benefits that will be lost, you will be treated as an Insistent client. Accordingly, whilst I have not recommended transferring your pension, in this report you will find my provider recommendations based on the current market, your stated objectives, your current situation and your attitude to risk.*"

The report recorded that Mr F's objective was to take his tax free cash to pay day to day bills and go on holiday." It said that Mr F didn't want to borrow the funds and he didn't have the disposable funds or a property to re-mortgage. So there were no other ways to raise to raise the capital.

The report also provided an explanation of the options that had been considered during the pension review and whether they were suitable for Mr F. In summary the report said:

*"1. Flexi-access Drawdown… You are taking Flexi-access Drawdown because this will release your full Tax Free Cash and leave the residual amount invested, as you have no requirement for an income at this time.*

*2. Pension Switch…You are not taking a Pension Switch as you wish to have access to the Tax Free Cash available to you.*

*3. Stakeholder Pension…You are not taking a Stakeholder Pension because you wish to have access to the Tax Free Cash available to you, with no income being withdrawn.*

*4. Trivial Commutation…You are not taking Triviality as you are not entitled to take it.*

*5. Fixed Term Annuities…You are not taking a Fixed Term Annuity as you wish to have access to the full Tax Free Cash amount available to you and do not wish to take an income.*

*6. Annuities…You are not taking an annuity as you do not wish to sell your pension in exchange for a guaranteed income and would instead prefer to receive direct payment from your pension scheme.*

*7. Scheme Pension…You are not taking a Scheme Pension because you wish to have access to your retirement benefits now rather than waiting until your schemes Normal Retirement Age."*

The report went on to set out Portafina's recommendation. It said that "*you have decided that you still wish to proceed with Income Drawdown despite us advising you not to. We will assist you with this, and have treated you as an 'Insistent Client'.*

The recommendation was to transfer the RAC to a SIPP and invest in the following funds:

| | |
|---|---|
| Dimensional Global Short Dated Bond Fund* | 25% |
| Dimensional Multi Factor Equity Fund* | 60% |
| Henderson UK Property Unit Trust* | 7% |
| Premier Pan European Property* | 3% |
| Cash on Deposit | 5% |

A couple of weeks after the suitability report was sent to Mr F, Portafina called him to discuss whether he wished to proceed. Mr F confirmed he had read the report and raised some queries, but said the transfer was to proceed.

Mr F signed an insistent client declaration and the application for the SIPP on 22 May 2015. By the time his RAC was transferred to the SIPP the transfer value had increased to £13,056. Mr F received tax free cash of £3,219.07. After fees, £9,013.12 was left to invest in line with the recommendation in the suitability report.

In 2016 and 2017 Portafina reviewed Mr F's SIPP and recommended changes to his investments.

In March 2018 Mr F complained to Portafina that he'd been given unsuitable advice to transfer his pension. In summary he complained that:

- Portafina had failed to establish his true attitude to risk and his SIPP had been invested in funds that were too high risk for him.
- He was in poor health and had been vulnerable at the time of advice.
- Portafina had failed to advise him that he could cash in his RAC in its entirety.
- He had no recollection of receiving the suitability letter.
- By transferring Mr F had lost all guarantees associated with the with profits fund his RAC was invested in.

Portafina reviewed the complaint but it didn't think it was at fault. It said that:

- Mr F's SIPP had been invested in line with his balanced attitude to risk.
- It had taken Mr F's situation into account and provided a facility that enabled him to meet his objectives.
- In the suitability report, it had made Mr F fully aware of the GAR that he would be losing by moving his plan. And Mr F had received this report.
- Mr F had explained to the representative that he wanted to preserve his plan so it was illogical to discuss the full encashment of the RAC.

Mr F didn't accept Portafina's explanation so the matter was referred to our service for review. One of our investigators reviewed matters but didn't think Portafina had done anything wrong. In summary the investigator thought:

- It was necessary for Mr F to review his plan because no bonuses had been added since 2001.
- Portafina had correctly established Mr F's attitude to risk as balanced. And Mr F's SIPP hadn't been overwhelmingly invested in a higher risk fund.
- Mr F understood that he was losing valuable benefits.
- Although Mr F was eligible to cash in his RAC in its entirety, it's clear he wanted to keep it invested so cashing it in wouldn't have been appropriate.

Mr F didn't accept the investigator's findings so the matter has been passed to me to decide.

**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. Having done so, I think the complaint should be upheld. I'll explain why.

*Was Mr F an insistent client or was it reasonable to treat him as one?*

Mr F's existing plan had a GAR attached to it so Portfina said it wasn't recommending that Mr F transfer his plan as he'd be giving up a valuable benefit. But it said that Mr F wanted to proceed despite being aware of the benefits he'd be losing and that he was acting against its advice. So, Portafina dealt with Mr F as an insistent client.

Firms are allowed to transact business on an insistent client basis. However, before doing so they need to ensure they give suitable advice. And having carefully considered the insistent client process Portafina followed in this case, I'm not satisfied that it gave Mr F suitable advice. And I don't think Mr F can accurately be described as an insistent client.

At the time of advice, the regulator's handbook (which contains the COBS rules firms must follow) didn't refer specifically to insistent clients. However, COBS 2.1.1R required a firm to 'act honestly, fairly and professionally in accordance with the best interests of its client'.

The regulator also issued a factsheet to advisers in 2015 to provide a "helpful reminder" of the regulator's position on advising insistent clients. This followed a thematic review it had conducted on advice for insistent clients in 2014. The key steps to take in the regulator's view were:

1. To provide suitable advice for the individual client and this advice must be clear to the client.
2. To be clear with the client about the risks of their chosen course of action.
3. It should be clear to the client that their actions are against the adviser's advice.

And, as far back as 1994, a former regulator (FIMBRA) published guidance (about pension transfers and opt outs) which included the following: '*The investor's decision to override the adviser's recommendation should also be credibly evidenced. Disclaimer forms and pre- printed letters using stock phrases should not be used since they cast doubt upon the genuineness of the process. A note from the customer in his own words is best*.'

Portafina spoke to Mr F in April 2015 and obtained information on his circumstances and objectives. Not long after this call, it issued its suitability report to Mr F. I appreciate that Mr F initially complained that this wasn't received but given that he discussed this report with the advisers from Portafina a few weeks after it was issued, I'm satisfied he did receive it.

I've considered the suitability report carefully. The opening summary states that "*I have now fully reviewed your current pension arrangements and have recommended that you leave your pension policy where they currently are [sic]. However, as you have confirmed that you wish to proceed and have confirmed understanding of the benefits that will be lost, you will be treated as an Insistent client. Accordingly, whilst I have not recommended transferring your pension, in this report you will find my provider recommendations based on the current market, your stated objectives, your current situation and your attitude to risk."*

I've not seen any evidence that suggests that Mr F said to Portafina, prior to the suitability report being issued, that he understood the valuable benefits that he'd be giving up, or that it had been specifically explained to him that he would be going against Portafina's advice by proceeding with the transfer, or that he was adamant he wanted to proceed. This wasn't discussed during the fact-finding call in April 2015. And I've not been made aware of any other calls taking place prior to the suitability report being issued.

Even if it had been discussed before the report was issued, Portafina should've clearly set out the advice it considered suitable. Instead, as well as explaining that it wasn't recommending the transfer, the report also set Portafina's recommendation for what Mr F could do to meet his objectives. And during the call that followed the suitability report being issued, where the report was discussed, no mention was made to the fact that Mr F was going against Portafina's advice by transferring his plan to a SIPP. In fact it appears from what Mr F said in the call that Portafina had clearly marked out the sections Mr F had to complete if he wished to go ahead with the transfer. And given the questions Mr F asked during this call, it appears he didn't fully understand what would actually happen to his fund if he transferred it. For example, after clarifying that his tax free cash would be paid into his bank account, he asked what would happen to the rest of his money. To me this suggests that he was be guided by Portafina and that he didn't fully understand what he was agreeing to. I think an adviser acting honestly, fairly and professionally and in the best interests of their client ought to have questioned Mr F's reasons for proceeding.

I'm also conscious that although Mr F signed a declaration confirming he wished to proceed, there's no evidence from him, in the form of his own words, to justify him being treated as an insistent client. And the process followed doesn't appear to be reflective of a genuine insistent client process; it seems to be a predetermined approach. So I don't think it was reasonable for Portafina to have proceeded on an insistent client basis.

*Did Mr F have a need for tax free cash?*

I appreciate retirement planning may have regard for an individual's general preferences but its primary focus should be a consumer's personal circumstances with a view to putting them in the best possible position at retirement. It wasn't Portafina's role to simply carry out Mr F's wishes. To meet the regulator's requirement to 'know your customer', Portafina had to collect information regarding Mr F's specific objectives. And it needed to determine which of these were pressing and which ones were 'nice to haves'.

In Mr F's case, he explained to the representative during the fact finding call that money was "thin". The council were completing work on his house and while he wasn't paying for this, some redecorating would likely be required that he'd need to pay for. He also said he wanted a holiday. I think it could be argued that these objectives were 'nice to haves' as opposed to essential. But Portafina failed to discuss this with Mr F. Nor did it investigate how much money he actually required to cover these costs. I think it needed to do this in order to fully assess Mr F's needs, particularly as this was his only pension provision, other than his state pension. And it may well have been the case that Mr F's existing savings of £1,000 might have been sufficient for his essential needs at that time.

However, even though I don't think Mr F had an immediate need to access the funds, it does seem likely that he would've required access to this money quite soon after the advice and certainly before reaching his stated retirement age.

Mr F didn't have any disposable income, he wasn't working and was living on state benefits so it seems unlikely that he would've been able to raise further funds after he'd used his savings. And I note that within a year of the SIPP being established, Mr F withdrew further funds. So, although I think the advice to access his tax free cash was somewhat premature, I think it's likely that Mr F would've required access to it not long after he received advice.

Mr F's existing plan with P had a GAR attached to it which applied from age 60 onwards. This was set at the outset of the plan and guaranteed the rate at which the pension fund would be converted to an annuity. In the past these rates weren't necessarily considered generous but more recently as general annuity rates have fallen, GARs have proven to be very valuable. However, that's only the case if the pension fund is taken as an annuity.

I've thought about whether Mr F should've been advised to wait until his 60th birthday before accessing his pension, at which point he could've benefited from the GAR. I've considered the information P provided to Portafina at the time of the sale. This showed that at the age of 60 the projected annuity that would've been available from Mr F's fund was between £801 and £858 per year, after taking tax free cash. So, I think it could be argued that given the modest annuity he would've received, Mr F would likely benefit from taking the remaining fund as a lump sum or having the option to draw funds as and when he needed them, rather than taking the annuity. And I note that Mr F has said that he'd have taken the fund as a lump sum if he'd been told he could do this. So, it seems unlikely that he would've opted to take an annuity when he reached 60 in any case. And so the fact that his plan had a GAR attached, wouldn't have been valuable in his particular circumstances.

I've also thought about the fact that the plan with P was invested in a with profits fund. In 2015 P confirmed that no bonuses had been added to the plan since 2001. And the expected growth over the next few years was minimal when compared against the transfer value Mr F was being offered at that time.

So given the above, as Mr F had a need for tax free cash, it doesn't seem unreasonable for him to have accessed his fund before the age of 60.

*Was the advice suitable?*

It wasn't possible for Mr F to take the tax free cash out of his current plan and leave the remaining funds where they were with P. So Portafina explained in the suitability report most of the options Mr F had and whether they were suitable for him.

Portafina ruled out Mr F switching his existing plan to another personal pension or a stakeholder plan as he wouldn't have been able to access the tax free cash by doing either of these. And I agree that these wouldn't have been suitable options for Mr F.

As Mr F had confirmed that he didn't require an income at that time, Portafina also ruled out any form of annuity. Given Mr F's particular circumstances, I don't think it was unreasonable for Portafina to reach this conclusion. I say this because after taking tax free cash Mr F was left with only £9,013.12. The annuity that this amount could've purchased, whether on the open market or by using his GAR, would be minimal. And as I've explained above, I think having access to further funds as and when he required them was likely to benefit Mr F more than any minimal annuity payment he would've received.

Portafina also discounted Mr F taking benefits from his existing plan. It said that this wasn't an option for Mr F because he couldn't wait until retirement to access funds.

After discounting the other options, Portafina recommended that Mr F moved his plan with P to a flexi access drawdown plan and take his tax free cash. Portafina said that a SIPP would meet Mr F's objectives for this as it allowed him to access his tax free cash and keep the remaining funds invested. Mr F would then be able to access these funds as an when he needed to.

Although I acknowledge that Mr F had a need to access his tax free cash, and that he may have said he wanted to keep his remaining fund invested, I don't think the switch to the SIPP itself was suitable. A SIPP was expensive and unnecessary for an inexperienced investor with a very modest pension such as Mr F. And a SIPP was not the best option for him.

SIPPs are generally considered suitable for experienced investors who want to have access to a greater range of investments, and who are comfortable making their own investment decisions. That wasn't the case with Mr F. And as the charges with a SIPP tend to be quite high, the impact these can have on a small fund, such as Mr F's, can be considerable. And if the investments in the SIPP don't perform well, then this can very quickly start to diminish the overall value of the SIPP. So they aren't considered suitable for low risk investors as the returns that would likely be achieved in low risk funds, might not be enough to outweigh the impact of charges.

In the case of Mr F, his SIPP had a set up charge of £180, an annual management charge of 0.5% of the fund value, and an annual drawdown fee of £75. In addition, the individual funds within the SIPP had their own charges. Portafina advised Mr F to invest in four different funds and it seems that each of these had a charge of between 0.3% and 0.5%. Mr F was also paying an additional 1% of his fund value per annum to Portafina for it to complete an annual review. This was on top of the fees he paid to Portafina when the SIPP was established.

Portafina categorised Mr F as having a balance attitude to risk. This was based on Mr F's answers to the risk profiling questionnaire discussed with him during the fact finding call. While I think these profiling questionnaires can be a useful tool for gaining information about an individual's attitude, in the case of Mr F, I'm conscious that during the call when this questionnaire was completed, he had to clarify several times what he was being asked. And many of his answers were contradictory. For example, Mr F strongly agreed that he would be described as a cautious person and that it takes him a long time to make up his mind on financial matters. He disagreed that he was comfortable investing in the stock market, that he found investment matters easy to understand and that he associates risk with the idea of opportunity. These answers don't seem to be consistent with someone that wants to take a risk. By stark contrast Mr F agreed that he'd be willing to take substantial investment risk to earn substantial returns and that he'd rather take his chances with high risk investment than increase his savings.

Even if I was satisfied that Mr F was correctly categorised as having a balance attitude to risk, which I'm not, Portafina had to also consider his capacity for loss. This was Mr F's only pension. He had minimal savings and no income other than state benefits. So I don't think he could've afforded to take a much of a risk with his fund. And I think he should've been more accurately described as having a low attitude to risk.

Part of Mr F's complaint is that he was invested in funds that were too high risk. And while I acknowledge that one of the funds was higher risk, when you consider the overall portfolio, I think it was suitable for a balanced investor. However, as I've said above, I'm not satisfied Mr F was balanced. I think he should've been more accurately described as low risk. So I agree that the overall portfolio was too high risk for him.

*What would have been suitable advice?*

Mr F has complained that he wasn't told he could take his entire fund as a lump sum. Portafina acknowledges that it didn't let Mr F know about this option. It said in its final response that it didn't do this because Mr F wanted to leave his fund invested. However, while Portafina needed to consider Mr F's objectives, it had a duty to provide suitable advice.

I've explained above why Mr F's modest fund size, attitude to risk and capacity for loss meant that the SIPP was unsuitable. So I think Portafina ought to have discussed why leaving the fund invested, and subjecting it to risk Mr F couldn't afford to take, wasn't a suitable option for him. It didn't do this and so I think it failed in its duty to ensure Mr F was in an informed position before deciding to transfer his plan with P.

Overall, as Mr F had a need to take tax free cash, I think Portafina ought to have recommended that he take his entire fund with P as a lump sum under the new pension freedom regulations that had just come into effect when Mr F received advice. Mr F was relying on Portafina to guide him with his pension. So I think he would've listened and accepted this advice, had Portafina explained why it wasn't necessarily suitable, in his particular circumstances, to leave his fund invested. Had Mr F been advised to take the entire fund as a lump sum, he would then have been able to seek advice about alternative methods for investing those funds outside of his pension, which didn't involve the high charges associated with a SIPP.

I'm also conscious that Portafina was offering Mr F a free pension review. So had it provided suitable advice and advised him to take his benefits directly from P as a lump sum, under the new pension freedom rules, Mr F wouldn't have then had to pay the additional adviser fee of 5% of his transfer value, around £650.

In summary, for the above reasons, I'm minded to conclude that Mr F wasn't an insistent client and that he received unsuitable advice from Portafina to transfer his RAC to a SIPP.

*Putting things right*

It doesn't automatically follow that Mr F has suffered a loss because of the unsuitable advice. I can see that when his SIPP was reviewed in 2016 it had grown by 7.8%. And the 2017 review showed growth of 12.99%. That being said, it doesn't make the unsuitable advice suitable, nor does it mean that Mr F hasn't suffered a loss since his plan was last reviewed. So I've set out below the calculation Portafina needs to complete in order to assess whether Mr F has been disadvantaged by its unsuitable advice.

I think it's also worth explaining at this point that I haven't asked Portafina to make a payment to cover ongoing SIPP fees because I've been advised that the investments within the SIPP are liquid and so can be sold. This means that it's for Mr F to decide whether he wishes to withdraw his remaining funds and close the SIPP or leave it as it is. I would suggest Mr F seeks financial advice on this matter.

**Fair compensation**

My aim is that Mr F should be put as closely as possible into the position he would probably now be in if he'd been given suitable advice.

As I've said above, if suitable advice had been given, I think Mr F would've likely taken his plan with P as a lump sum and invested it, outside of his pension. It's not possible to say *precisely* how he would have invested it, but I'm satisfied that what I've set out below is fair and reasonable given Mr F's circumstances and objectives when he invested.

To compensate Mr F fairly, Portafina must:

A Calculate the value of the lump sum Mr F would have received from P, after the deduction of his tax free cash and any further withdrawals made from the SIPP (this is sum A).

B I can't say for sure what Mr F would have done with this lump sum but I think it's reasonable to calculate the return he would have received on this lump sum between the date of transfer and date of my decision, using the 'benchmark' rate represented by 50 per cent FTSE UK Private Investors Income Total Return Index and 50 per cent average rate from fixed rate bonds (This is sum B)

I have chosen this combination of benchmarks because Mr F was a low risk investor and the above would reasonably put him in that position. It doesn't mean Mr F would've invested 50 per cent of his money in a fixed rate bond and 50 per cent in some kind of index tracker fund. Rather, I consider this a reasonable compromise that broadly reflects the sort of return he could've obtained from investments suited to his objective and risk attitude.

C Compare the value of Mr F's SIPP with the total of sum A + B. If the SIPP value is less than the value of A + B, there is a loss and compensation is payable. If the SIPP value is greater than the sum of A + B, no compensation is payable.

Portafina should add interest at the rate of 8% simple per year from date of decision to date of settlement (if compensation is not paid within 28 days of it being notified of acceptance).

If there is a loss, Portafina should pay into Mr F's pension plan to increase its value by the amount of the compensation and any interest. The amount paid should allow for the effect of charges and any available tax relief. Compensation should not be paid into the pension plan if it would conflict with any existing protection or allowance.

If Portafina is unable to pay the compensation into Mr F's pension plan, it should pay that amount direct to him. But had it been possible to pay into the plan, it would have provided a taxable income. Therefore the compensation should be reduced to *notionally* allow for any income tax that would otherwise have been paid.

The *notional* allowance should be calculated using Mr F's actual or expected marginal rate of tax at his selected retirement age. I'm aware that Mr F isn't working and is currently receiving state benefits. His SIPP is his only pension other than the state pension so it may well be the case that he will be a non tax payer in retirement.

For example, if Mr F is likely to be a basic rate taxpayer at the selected retirement age, the reduction would equal the current basic rate of tax. But if, as I think is likely, Mr F is a non- tax payer, no deduction will be necessary.

Income tax may be payable on any interest paid. If Portafina deducts income tax from the interest, it should tell Mr F how much has been taken off. Portafina should give Mr F a tax deduction certificate if he asks for one, so he can reclaim the tax from HM Revenue &

**My provisional decision**

I uphold the complaint. My provisional decision is that Portfina LLP should pay the amount calculated as set out above.

Lorna Goulding
**ombudsman**