

The complaint

Mrs J complains that City Financial Planning Ltd (City), her financial adviser, failed to help her correct a mistake in a timely manner. She says this caused her a financial loss.

This service has already considered Mrs J's related complaint about her pension provider. So I won't consider her complaint against it in this decision.

What happened

Mrs J had a Self-Invested Personal Pension (SIPP) with a provider I'll refer to as provider A.

On 31 March 2022, Mrs J accidentally changed her Selected Retirement Age (SRA) from 60 to 65 on provider A's online system. Later that day, provider A sent Mrs J an email confirming she'd updated her SRA and that it'd recorded this change.

On 8 April 2022, provider A wrote to Mrs J to tell her that her instruction to switch investments in her SIPP had been carried out. It also sent a switch statement confirming the details of the transactions. The letter said that if Mrs J had any questions about the switch, she should call it. But also said that if an adviser had done the switch on her behalf, she should speak to them first.

Mrs J called her City adviser on 21 April 2022 to tell him about the switch confirmation she'd received from provider A. She said she hadn't requested a switch. Mrs J's adviser called provider A to ask them what'd happened. He called Mrs J back the same day.

Mrs J told this service that she'd made it clear during her 21 April 2022 call with her adviser that it hadn't been her intention or desire to change her SRA. And that it was clearly a mistake. She said she'd asked her adviser for advice on what she should do. And said that he'd suggested she should log a complaint with provider A. City's notes from that call recorded that the adviser said the switch had occurred because Mrs J had changed her retirement age. He agreed to complain to provider A on Mrs J's behalf about the online process.

Provider A took some time to respond to Mrs J's complaint. It wrote on 14 June 2022 to say it expected to reply by 10 August. Mrs J's adviser asked for internal advice on whether he should progress the complaint with this service at this point. He was told that he should continue to pursue the complaint with provider A. He contacted Mrs J and she agreed to wait for a response from provider A.

Provider A didn't respond to the complaint by 10 August 2022 either. So City chased it for a response by phone and email on 11 August 2022. During the phone conversation, City asked provider A to carry out a price comparison of the two funds.

Provider A didn't respond to further chasers until 22 August 2022, when it emailed City about the 11 August 2022 call. It said:

I had requested a price comparison to be done as discussed on our call, however I've been

informed that as the customer/yourself have not switched back into the original fund, we cannot do an analysis to calculate any compensation. If you do decide to switch back, we can request this comparison for you.

On 31 August 2022, Mrs J's adviser told her that despite chasing provider A, it hadn't yet responded to her complaint. But he said it had emailed him to tell him it would carry out a calculation to place Mrs J back into the same financial position she would've been in had the fund switch not occurred. He said: *"I am therefore concluding that they are in agreement regarding our complaint"*. Mrs J's adviser went on to tell her:

"However, as we have not switched back into the previous fund they are unable to do this calculation themselves or so they have suggested and I will therefore, next week on my return, do these calculations to work out if and by how much you have financially lost and go back to them. If, by chance, you happen to be financially at an advantage due to the fund switch, I will still pursue some form of monetary compensation for the hassle and time it has taken to resolve this".

Mrs J's adviser said that he continued to chase provider A for a complaint response. But that he didn't hear anything until he received another holding response on 27 September 2022. He said that provider A confirmed for the first time that its complaint response times were being affected due to high volumes.

Mrs J's adviser said that as the complaint had still not been dealt with after having been escalated, he contacted Mrs J and they decided to switch the fund back so that when provider A did look at the case, it would provide a price comparison. This led to Mrs J's SRA being changed back from 60 to 65 on 27 September 2022, and a switch back of funds.

Provider A issued a complaint response dated 1 October 2022. It felt it'd administered Mrs J's SIPP correctly. And provided a screenshot of a warning it said she would've seen when she'd updated her SRA. But it apologised for the length of time taken to issue the complaint response.

Provider A acknowledged that City had asked it to complete a price comparison to assess Mrs J's position. It said that it would only complete a price comparison and a corrective adjustment where it'd made a mistake which impacted a customer. But that it hadn't done that here.

Mrs J wasn't happy with provider A's response. She didn't think it'd been fully investigated. And felt that it'd taken too long to get a response.

Mrs J and her adviser drafted a written response to provider A's final response letter which they sent to it on 17 October 2022. Amongst other things, this asked it why it'd previously said it would carry out a comparison of funds.

City again chased provider A for a response. But it didn't provide one until 1 March 2023. It still didn't think it'd done anything wrong. It said it would only carry out a price comparison and make corrections to an account if it was at fault. Provider A acknowledged that City had been told that it couldn't perform a price comparison because Mrs J hadn't switched back into the original fund. While this was correct, it said it could've mentioned that the price comparison would only be completed in the event that it'd made a mistake. It apologised for being *"somewhat misleading"*.

Mrs J complained to City about the handling of her case on 2 April 2023. She felt City's actions had caused her financial loss. And said she'd lost trust and confidence in City as her adviser. She also made the following points:

- From the start, she'd asked City what to do. She never made any changes to her pension without advice. She didn't know why the fund switch had been triggered. So she'd contacted her adviser who'd logged a complaint on her behalf with her pension provider.
- She didn't think either City or her pension provider had been proactive about her complaint. And as she waited longer and longer for a response from her pension provider, she became more and more concerned about the potential loss. She had originally felt that if City ran the complaint with her pension provider for her, it would be dealt with swiftly.
- When her pension provider wrote to her again about a further switch, she again asked City for help. She said her adviser had suggested that she move the funds back to where she wanted them to be. And to change her retirement age to prevent further changes. She said this was extremely concerning given she could see how volatile her pension values were at that time. But said her adviser had assured her it would be fine as her pension provider would carry out a price comparison to put her back to where she was before the switch occurred. Mrs J said City made the changes for her as she couldn't find where to do this.

City issued its final response to the complaint on 31 May 2023. It didn't think it'd done anything wrong. It said Mrs J's adviser had been proactive in chasing up a response to her complaint with provider A. And that he had also discussed the case internally on several different occasions with other experienced people within the business to see what else could be done.

City also said that provider A had told it that it would be looking to carry out a price comparison between the two funds. So it felt that the decision to change the SRA back had been sound, as it would allow provider A to complete the calculation. It felt provider A had backtracked on its offer to do this. And that there was no way it could've known this would happen.

One of our ombudsmen issued the final decision on Mrs J's complaint against provider A on 17 July 2023. We didn't think that provider A had done anything wrong.

Mrs J brought her complaint about City to this service on 29 August 2023. She said that she always made changes to her pension through her adviser. She said she hadn't known why provider A had carried out the switch. So she'd contacted her adviser for help. She said she'd always sought advice and trusted each person to do their job. Mrs J said that she'd made it clear from the start that the change had been a mistake which she'd simply wanted corrected. And that her adviser had failed to address the mistake, choosing instead to make a complaint. She felt that he should've known how to correct the error.

Mrs J said she'd been deeply upset and distressed about what'd happened. And that she'd lost faith in City and found a new adviser.

Our investigator felt that Mrs J had made it quite clear that she didn't want to reduce her retirement age to 60 and that it was only an accidental error. He didn't think City had acted appropriately when it appeared to have waited to see if the Mrs J might benefit from any price comparison he felt provider A had offered to carry out, rather than correcting the error in a timely fashion. He felt that rather than raising a complaint with provider A in the first instance, City should've thought about reversing the error.

City didn't agree with our investigator. But said it had no further evidence to provide. It said it didn't have to make the complaint on behalf of Mrs J. But it had. And a lot of time was spent

over several months engaging with provider A, Mrs J and this service in relation to the original complaint about provider A. It also said that Mrs J's adviser had discussed and agreed with her what the next steps would be at each point of contact. So it had always been a joint decision made between both parties. It also said that Mrs J herself had made the original mistake. And that she could've gone back online at any stage to reverse her error.

As agreement couldn't be reached, the complaint has come to me for a review.

What I've decided – and why

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'm going to uphold it. I'll explain why.

I consider that the issue in question here is whether Mrs J's adviser acted fairly and reasonably when she first informed him about what had happened on 21 April 2022.

Did Mrs J's adviser do what he should've done on 21 April 2022?

I acknowledge that it was Mrs J who made the initial mistake on 31 March 2022 when she accidentally changed her SRA without knowing. I'm persuaded that she didn't realise what this meant until she received provider A's letter dated 8 April 2022 sometime later that month.

As I noted earlier, that letter told Mrs J to call her adviser in the first instance: *"if an adviser had done the switch on her behalf"*.

I appreciate that Mrs J's adviser hadn't carried out the switch for her. But I'm satisfied that Mrs J didn't know that at the time. Therefore, based on the wording of provider A's letter, I think it was reasonable for her to have called her adviser first, rather than provider A.

I've not been provided with any call recordings, so I can't know exactly what was said during the calls between Mrs J and her adviser on 21 April 2022. But Mrs J told this service that she'd been clear that it hadn't been her intention or desire to change her SRA.

Mrs J's adviser then called provider A who confirmed that Mrs J had changed her SRA online. The adviser called Mrs J to tell her what had happened. His call notes stated:

"Switch occurred due to ret age change by [Mrs J]. Complaint opened on behalf".

Mrs J said that her adviser had suggested that she log a complaint with provider A about the online process.

The evidence shows that Mrs J's adviser knew from 21 April 2022, that Mrs J had made an error when she'd accidentally changed her SRA. And that she hadn't wanted to make the change.

If the adviser had simply helped Mrs J to change her SRA back at this point, I consider that the impact of the error would've been mitigated as far as possible. It still would've been possible to complain to provider A about its online process. But Mrs J wouldn't have been left worrying about having her funds invested against the wrong SRA for so long.

The adviser did, in September 2022, help Mrs J to change her SRA. So he was clearly in a position to do so on 21 April 2022.

I consider that the adviser had another reasonable option on 21 April 2022, after he'd found out what had happened. He could've asked Mrs J to call provider A, or agreed to call it himself, to explain the situation and arrange for the switch to be corrected.

I don't doubt that the adviser thought he was acting in Mrs J's best interests on 21 April 2022 when he suggested she raised a complaint with provider A. There'd already been a short period since the switch she hadn't wanted had taken place. But I'm persuaded that there were more reasonable options available to the adviser that would've immediately mitigated any potential further losses much more quickly and efficiently than the path he suggested she take.

I understand why City feels that it tried to help Mrs J. I appreciate that it didn't have to make the complaint to provider A on her behalf. And that this took a lot of time and effort. I can also see that it involved Mrs J during the process.

While I'm persuaded that City did always agree every step with Mrs J before moving forward, and I acknowledge that she was the one who made the initial error, I take the view that her adviser should've advised her to take all mitigating steps before advising her to complain to provider A.

I also acknowledge that Mrs J could've gone back online at any stage to reverse her error. But I'm satisfied that she didn't know how to do this. I say this because Mrs J told this service that she didn't know she'd made the change in the first place. And she didn't know how to reverse the change. And when it was eventually reversed, Mrs J had to get her adviser to do it for her as she couldn't remember how to do it.

I've also seen no evidence that her adviser advised Mrs J that she should change her SRA back. Instead, the evidence shows that he told her to complain to provider A.

From what I've seen, the adviser didn't do what he should've done on 21 April 2022. While I can see that he tried to help Mrs J, I'm of the view that he should've helped her to correct her original error before he helped her to complain to provider A about its online service.

I also considered whether provider A ever told City it was committed to carry out a loss assessment for Mrs J.

Did provider A commit to carry out a loss assessment?

Mrs J's adviser spoke to provider A on 11 August 2022. While I don't have a recording of that call, it's not disputed that during that conversation, he asked it to carry out a price comparison of the two funds for Mrs J.

Then on 22 August 2022, provider A emailed City about the 11 August 2022 call. The background section of my decision includes the relevant wording from this email. I consider that this does appear to show that provider A had requested a price comparison for Mrs J, but that this couldn't be done until she'd reversed the switch.

I'm satisfied that Mrs J's adviser believed that provider A would carry out a price comparison for Mrs J and that it would put her back into the same financial position she would've been in had the fund switch not occurred. Mrs J also felt that the adviser was certain this would be the case. She told this service that her adviser: *"was in full belief this was going to happen. With his assurance I agreed the switch"*.

But Mrs J's adviser made a mistake when he assumed that provider A would inevitably carry out a price comparison for Mrs J. I consider he should've known, as a financial adviser, that

provider A wouldn't commit to a loss assessment calculation until it had completed its review of the complaint and worked out whether or not it had done anything wrong. Mrs J's adviser knew that her complaint was still being considered. So he shouldn't have assumed that provider A would accept responsibility for the situation until it had completed that review.

It wasn't until provider A issued its final response to the complaint on 1 October 2022 that Mrs J and her adviser became aware that provider A would only carry out a price comparison if it had made an error. And it didn't think that it had.

I acknowledge that provider A's final response letter took far longer than expected. Had it been sent earlier, Mrs J and her adviser would've realised sooner that provider A wouldn't carry out a loss calculation on her behalf. But this doesn't change the fact that it had always been possible for City to have helped Mrs J to mitigate any future losses from her original error on 21 April 2022, when I consider it should've corrected the error.

Mrs J didn't need to wait for provider A's final response letter before switching funds. As our investigator noted, she and her financial adviser continued to be responsible for her investments while she was waiting for a complaint response. And this responsibility included taking steps to minimise any losses by switching back to her original fund as soon as possible.

I next considered the distress and inconvenience this issue has caused Mrs J.

Distress and inconvenience

While I acknowledge that Mrs J made the original error here, I've explained why I consider that if City had acted differently her potential future losses would've been mitigated much earlier. Therefore she would've been concerned for a much shorter period of time.

Mrs J told this service she'd been deeply upset and distressed about what'd happened. And that she'd lost faith in City and therefore had to find a new adviser.

I've carefully considered the impact City's mistakes have had on Mrs J. Our awards for distress and inconvenience take into account the impact a business's mistakes have had on a customer. And our guidelines suggest that an award of around £500 is fair and reasonable where a business has caused considerable distress, upset and worry, and/or significant inconvenience and disruption that needs a lot of extra effort to sort out. And with the impact typically lasting over many weeks or even months.

This has clearly been the case for Mrs J. And it's also clear that she's lost trust in City. Therefore I agree with our investigator that City should be required to pay Mrs J £500 compensation for the distress and inconvenience it has caused her.

Putting things right

My aim in awarding fair compensation is to put Mrs J back into the position she would likely have been in if City Financial Planning Ltd had corrected her error on 21 April 2022, rather than 27 September 2022.

City Financial Planning Ltd should work with provider A to calculate what Mrs J's SIPP would've been worth at the date of my final decision if City Financial Planning Ltd had arranged for her error to be reversed on 21 April 2022. If this value is greater than the actual value of the SIPP at the date of my final decision, then there is a loss.

The compensation amount should if possible be paid into Mrs J's SIPP with provider A. The

payment should allow for the effect of charges and any available tax relief. The compensation shouldn't be paid into the pension plan if it would conflict with any existing protection or allowance.

If a payment into the pension isn't possible or has protection or allowance implications, it should be paid directly to Mrs J as a lump sum after making a notional reduction to allow for future income tax that would otherwise have been paid.

If Mrs J has remaining tax-free cash entitlement, 25% of the loss would be tax-free and 75% would have been taxed according to her likely income tax rate in retirement – presumed to be 20%. So making a notional reduction of 15% overall from the loss adequately reflects this.

I also require City Financial Planning Ltd to pay Mrs J £500 for the distress and inconvenience its errors have caused her.

My final decision

For the reasons set out above, I uphold Mrs J's complaint. I require City Financial Planning Ltd to take the actions detailed in the "Putting things right" section above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs J to accept or reject my decision before 11 January 2024.

Jo Occleshaw
Ombudsman