

The complaint

Mr D complains that Argentis Wealth Management Ltd (trading as Compass Wealth Management Consultants Limited) failed to invest the money in his Self-Invested Personal Pension (SIPP), and more widely didn't provide an acceptable level of service for his investments despite being paid significant fees to do so.

What happened

Mr D's complaint was considered by one of our investigators. She set out the background and circumstances to the complaint in her assessment which she sent to both parties in December 2022. Both parties received the assessment and are aware of the circumstances, so I won't repeat them all again in detail here. But to summarise, towards the end of 2020/beginning of 2021 Mr D was informed that the firm of advisers that he was using was going to be absorbed into Compass Wealth Management Consultants Ltd (Compass). And that his then adviser would continue in his role. Around that time the decision was taken to move some of Mr D's investments; his ISA funds to a longstanding ISA account he already held, and his SIPP, totalling around £158,000, to a new pension provider. Mr D said at around this time the level of service he received from the adviser deteriorated.

The investigator said Mr D immediately had problems logging into the new SIPP provider's platform. And no action was taken by Compass to invest the funds transferred, which remained in cash. Mr D said given the inactivity and adviser's failures to follow up on agreed actions he decided to transfer his SIPP to another pension provider. There were then further problems in arranging that transfer. Mr D eventually transferred to the new provider in August 2022. Mr D said the funds in his SIPP had remained uninvested and in cash from around the end of March 2021 to August 2022.

Mr D complained to Compass. It accepted that it hadn't provided an acceptable level of service relating to the SIPP. It apologised for the delays and the lack of clarity in its communications, and offered Mr D a full refund of the fees he paid relating to the SIPP (£704.84). It also offered him £150 to apologise for the inconvenience caused.

However it didn't accept it was responsible for the SIPP funds remaining in cash. It said Mr D was aware that the funds were in cash, had been comfortable with that position, and could have invested them himself. It said it had recommended funds for investment but Mr D had chosen not to proceed with them. It also thought Mr D hadn't lost out financially as a result of being invested in cash for the period in question.

In respect of the ISA fees, Compass said the fees it had been paid were in accordance with its client agreement. It therefore didn't agree to refund any further fees.

Our investigator recommended that Mr D's complaint should be upheld in part. She was satisfied that Mr D had been unable to access the SIPP platform for a period of time, and so couldn't switch his investments during that period. And in any event, she said the evidence showed that Mr D had been relying on his adviser for recommendations and to arrange the investment.

The investigator didn't think the adviser had acted in a timely manner. She said his initial recommendations had been made in February 2021, but these couldn't be carried out, and ultimately it wasn't until late 2021/early 2022 that further recommendations were made. Due to problems with these further recommendations, these again weren't implemented. All this was against a background of Mr D contacting the adviser on a number of occasions, alerting him that the funds remained in cash and asking why that was the case.

Overall, the investigator said she thought because of various delays on the part of the adviser, the funds had remained uninvested for over a year after the initial advice had been given. So she thought Compass should calculate whether Mr D had lost out financially as a result of not being invested for an appropriate period, and if there was loss, it should pay such an amount into Mr D's pension to make up for that loss.

The investigator subsequently considered the points Mr D had raised about his ISA; that despite Compass being paid fees from the ISA it hadn't provided any reasonable level of service. And that it had continued to take fees even after it ceased acting for Mr D.

The investigator noted that Compass had said the fees it had been paid reflected its client agreement which Mr D had signed. It said work in relation to the ISA had been conducted as per the agreement. And that an ongoing service had been provided, but the SIPP issue had taken precedence all through the period in late 2021, and was the main focus until it was transferred in August 2022.

The investigator referred to the Service and Payment agreement which detailed the ongoing charges payable and which ongoing service option Mr D had selected – 'Choices'. The Compass Wealth Management Consultants Value Service Proposition booklet listed the ongoing service and value options provided for the 'Choice' option Mr D had selected. The investigator said that she hadn't seen anything to suggest that Compass hadn't met the level of service as set out.

As both Mr D and Compass didn't agree with the investigator's findings, the complaint was passed to me to consider.

I sent an e-mail to the firm setting out my thoughts on Mr D's complaint. In brief, I said (in regards to the SIPP) that although I thought a service had been provided, this hadn't been in a timely manner. I said I thought, like the investigator, that Mr D's money in the SIPP should have been invested earlier. However that calculations completed on the basis outlined by the investigator showed that Mr D hadn't suffered any material losses as a result of not being invested for the period in question.

I said that although Mr D would have paid charges irrespective of how he'd been invested, I was bound to consider the matter in the context of what was fair and reasonable in all the circumstances. I said although I recognised that fees weren't charged solely for advice/arranging investments, getting the money invested and in a timely and suitable manner was clearly one of the main objectives of using and paying for the services of a financial adviser. I said I didn't think that service was provided in a timely and efficient manner, and I intended to award Mr D 75% of the SIPP fees he had paid – which I understood were £704 – so £528.

In respect of the ISA, I said Mr D had opted for the 'Choice' ongoing service. And the Value/Service Proposition brochure setting out "exactly what service we provide", said this included amongst other things Continuing suitability assessment and an annual financial planning review. I said my understanding was that Mr D already had a significant sum in his ISA (over £500,000) which fees were being charged on. And that that sum was already invested.

I said although Compass may not have given the original advice about the existing investments in the ISA, given a fee was being charged for 'Choice', which included an ongoing review of suitability, I thought suitability should have been reviewed at some stage during the period Compass was Mr D's adviser. I said I could only see that advice had been given about additional contributions to the ISA. I noted the Drawdown Switch & Investment Recommendations report dated 28 March 2022 said:

"However, I would highlight that I have not yet reviewed the underlying ISA portfolio, and the focus at this stage will be the investment of the funds in the current tax year."

Mr D had also referred to a number of occasions where the adviser hadn't done what he had agreed to do and failed to act in a timely manner regarding his ISA/VCTs. I said again, I recognised that fees weren't charged solely for advice/arranging investments. But I thought they formed an important part of the service. I said I wasn't persuaded a reasonably acceptable level of service had been provided to Mr D in respect of the ISA. And that I intended awarding Mr D £600 in respect of a refund of the ISA fees. Plus all fees relating to the ISA that were paid after Mr D had instructed Compass to be removed as his advisers – which I understood was 10 June 2022.

I said I also intended to award Mr D £250 for the inconvenience I was satisfied that Mr D had been caused by the matter.

Compass largely agreed with my recommendations – apart from saying it had only received fees up until August 2022, and so would refund fees from July to August 2022.

I sent an e-mail to Mr D copying my above exchange with the firm. Mr D said, in summary, that he remained concerned with the underlying failure to provide even a minimal level of service on the account. He said this was a fundamental breach of the adviser's obligations to their client for a whole year – effectively from March 2021 to March 22. He thought there was a danger that this wasn't being given sufficient attention or treated seriously enough.

Mr D said the only sanction for the firm's failure to perform to an acceptable standard appeared to be a reimbursement of fees which it had not in any way earned. He said he had detailed the various and serious failings he had experienced, along with Compass' obstructive attitude. He said his previous proposal to settle the complaint that would still have left the balance of fees in Compass' favour should have led to an amicable conclusion.

With regards to the SIPP, he said it was difficult to understand why any portion of the fee associated with it should be retained by Compass when no action was taken to invest the money for over a year. Compass had initially offered a full refund of £704.

With regards to the ISA, he said Compass hadn't spent any time reviewing its ongoing suitability, yet had drawn fees of over £4,000 from it. He thought he'd been significantly overcharged.

Having considered the matter further, I sent another e-mail to the firm saying that, on reflection, I thought my recommendation for it to refund £600 of the ISA fees was too light. I said there wasn't a document that set out what part of the fee related to the particular ongoing service. And it wasn't a straightforward matter to assess what proportion of the fees taken would reasonably align to the non-provision of the 'continuing assessment of suitability' and 'Annual financial planning review' of the ISA. I said I didn't think suitability of the ISA was reviewed either on a continuing or annual basis. So I said I thought a refund of £1,000 of the ISA fees was appropriate in the particular circumstances.

The firm responded to say it agreed with my recommendation. And that it would provide a full refund of the SIPP fees including an additional £140.02 which it had received – so £844.86 for the SIPP; the ISA fees taken from 1 July 2022, which it acknowledged went into October 2022; and £250 for the distress and inconvenience caused. It calculated this was £2,808.24 in total.

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.

Mr D has said that he is concerned that the underlying failure to provide even a minimal level of service may not being given sufficient attention or treated seriously enough, and that the only sanction for the firm's failures appeared to be a refund of fees.

As I have explained above, I agree with Mr D that the firm didn't provide a timely and efficient service for either the SIPP or the ISA. I don't wish to underplay its failings, but ultimately, what I then need to consider is what constitutes fair compensation for its lack of service.

The firm has agreed to refund all the SIPP fees. And I think £1,000 is a reasonable proportion of the ISA fees given fees aren't just for providing advice, but a fee was being charged as part of 'Choice' which included an ongoing review of suitability which didn't happen. In my view this represents an approximate cost of such a review.

The firm has also agreed to refund the fees it was paid on the ISA from 1 July 2022. I recognise there may be arguments for a slightly earlier date in June 2022. However I note Mr B was still in discussions with the firm about it disengaging from acting his adviser in mid June 2022, he was still asking it to provide information about his accounts, and a specific date hadn't been agreed at that point. I think a refund of all fees from 1 July 2022 is fair in the circumstances.

Mr D said he is also concerned that a refund of fees appears to be the only sanction despite the firm providing little in the way of service over a prolonged period of time. The Ombudsman Service's role is to decide what's fair and reasonable in the circumstances of the complaint. I think a refund of fees and an award for the distress and inconvenience to Mr D is fair in the particular circumstances here. In terms of sanctions, I don't have any powers to fine or punish firms. Those powers rest with the industry regulator, the Financial Conduct Authority.

My final decision

Accordingly, for the reasons outlined above, my final decision is that Argentis Wealth Management Ltd should refund to Mr D:

- £1,000 of ISA fees
- The ISA fees paid to the firm from 1 July 2022 (which went into October 2022 and it has calculated as £713.38)
- Fees relating to the SIPP - £844.86

And pay Mr D £250 for the distress and inconvenience I'm satisfied the matter has caused him.

Interest at the rate of 8% simple per annum should be added to the compensation payment from the date of this decision to settlement, if settlement isn't made within 28 days of us informing Argentis Wealth Management Ltd that Mr D has accepted this final decision.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 13 October 2023.

David Ashley
Ombudsman