DRN-4421518

The complaint

Mr D has complained that he was inappropriately advised by Origen Financial Services Limited, trading as Origen Financial Services, (Origen) to transfer defined benefits from an occupational pension scheme (OPS) to an Aegon self invested personal pension (SIPP).

Mr D hasn't complained about the suitability of the transfer itself, but that the choice of recipient provider wasn't right for him.

What happened

The investigator who considered this matter set out the background to the complaint in his assessment of the case. I'm broadly setting out the same background below, with some amendments for the purposes of this decision.

Mr D held defined benefits within his OPS and, on 6 April 2022, he was issued with a cash equivalent transfer value (CETV) which detailed a transfer value of £264,657, including a £42,239 "enhancement". This was valid until 6 July 2022.

Origen provided Mr D with a Client Service Agreement and Terms of Business. A "fact find" was completed, which recorded that Mr D was 52 years old, married and in average health with two dependent children and one non-dependent child (although Mr D has since confirmed that he had two children, one of whom was dependent). Mr D was employed with salaried income recorded as £5,200 per month.

Mr D held various pensions valued at around £500,000, had around £100,000 on deposit and his main residence was valued at around £750,000. Mr D was also recorded as having a fair amount of investment experience.

On 30 May 2022 Origen produced an Aegon SIPP illustration and it then provided a Cash Flow forecast on 8 June 2022.

On 20 June 2022, Origen issued a Retirement Advice Report along with a Transfer Value Comparator report, which it e-mailed to Mr D on 21 June 2022. It recommended that Mr D transfer his defined benefits to an Aegon SIPP.

The recommendation letter said that Mr D was a moderate risk investor and advised him to invest in five "moderate" or "very cautious" funds. The recommendation letter also confirmed an Aegon Retirement Choices (ARC), Key Features Document (KFD) and illustration had been provided to Mr D and that the cost of the advice would be paid by the sponsoring employer of his OPS.

Mr D subsequently accepted the advice to transfer and did so to the Aegon SIPP.

Mr D then complained to Origen on 17 October 2022, but the latter declined to uphold the complaint.

Dissatisfied with the response, Mr D referred the matter to this service.

Having considered the matter, the investigator didn't recommend that the complaint be upheld. He said the following in summary:

- He noted Mr D's comment in conversation with a previous investigator that he'd always wanted to take out an AJ Bell SIPP, but that Origen only had Aegon on its "preferred panel" for a simple SIPP.

- He also noted that Mr D appeared to apportion responsibility to Origen for what he considered to be the subsequent unnecessary delays in processing his fund switches and the transfer to AJ Bell.

- But the investigator wasn't persuaded that it could be assumed that, had the transfer been made straight to AJ Bell, there would have been no delays in subsequent investment transactions.

- He also noted that Mr D had accepted the recommendation to transfer to Aegon before then transferring to AJ Bell. And further, that Mr D had already accepted a final decision from this service upholding his complaint in respect of the delays incurred by Aegon in processing his fund switches.

- Origen wouldn't have been responsible for setting up online access to Mr D's SIPP once the transfer had completed, nor was it responsible for the quality of service Mr D received from Aegon in meeting, or not meeting, its published timescales.

- As set out by the FCA in a 2013 "alert", Origen needed to consider the recipient investments of the transfer when deciding whether the overall transfer proposition was suitable.

- The recommendation letter set out the platform charge as being 0.3% and the fund management charge as being 0.7%. Whilst not perhaps being the cheapest on the market, these charges were nevertheless competitive and reasonable. Mr D agreed to these, without taking up Origen's offer of ongoing investment advice.

- The recommended investment matched Mr D's "moderate" attitude to risk. Further, the SIPP provider was a household name with a strong history and financial background.

- Although Mr D considered that AJ Bell would have been a stronger option, and that there were time constraints in capitalising on the enhanced CETV, if he didn't agree with the advice, it was open to Mr D to not proceed with it.

- Each provider has its own strengths and weaknesses, and whilst Origen could have gone "off panel", due to the vetting which a restricted business such as Origen would then need to do to accept AJ Bell as an option, it was unlikely that the transfer would have been processed before the expiry date of the CETV.

- Origen had informed Mr D that it operated via a "restricted advice" model and that if he preferred to receive "whole of market" advice he could have sought this elsewhere, albeit at cost to him. And Mr D could have rejected the advice given to him if he chose to.

- As to Mr D's assertion that Origen hadn't told him that not receiving advice when moving from Aegon to AJ Bell could delay the process, the statement that Origen made about being able to move to a different provider to switch funds had been factual. Nor did it say that Aegon wouldn't need to conduct due diligence to transfer Mr D's funds elsewhere. It said the following:

  "Once the transfer [to Aegon] takes place, you will have online access to change funds or move to a different provider if you chose to."

- It also wasn't necessarily the case that seeking advice would have sped up the process. A consumer could just as easily complete the required documentation and make the fund switches into cash.

- Although Origen was a part of the Aegon UK Plc Group, this didn't mean that there was a conflict of interest. There was no regulatory rule which meant that a business couldn't advise a consumer to use a product from another part of the same group. And the recommendation letter had been quite clear in disclosing the link between the two.

- In terms of whether Origen should have recommended that Mr D move to Aegon rather than to AJ Bell, although Mr D had said that moving to the latter instead was a "no brainer", the Aegon SIPP nevertheless wasn't in conflict with the fulfilment of Mr D's objectives and he was provided with reasonable advice – in line with his attitude to risk - to achieve these.

- As Origen hadn't done anything wrong in recommending Aegon – from its restricted panel – rather than AJ Bell, which wasn't on its restricted panel, it hadn't done anything wrong.

Mr D disagreed, however, requesting that the matter be referred to an ombudsman for review if his points didn't change the investigator's view on the matter. For ease of reference, I'm setting out his additional points in the next section so that I may address them in turn.

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.

<u>*Did the advice or actions/inactions of Origen contribute to the delay in the transfer from Aegon to AJ Bell?*</u>

Mr D has said that this hasn't been considered within the investigator's assessment, but the investigator quite appropriately restricted his assessment to whether Origen had acted appropriately in providing the recommendation that it did – to transfer to Aegon. Any delays incurred after that point which might have been the fault of Aegon have been addressed in a separate complaint against that business.

Origen was able to complete the transfer before the expiry of the CETV – so within three months. I think, given the regulatory requirements around defined benefits transfers, the required process of fact finding, transfer value analysis and then suitability report production, alongside the caveats which Origen provided about the time it might take to complete, it would be difficult for me to fairly and reasonably conclude that it had taken too long to process the transfer.

I do, however, address the matter of the options open to Mr D once the suitability report had been issued further below.

<u>Origen hadn't justified why it had recommended Aegon over AJ Bell which had lower charges and a greater range of investments</u>

As a business which was operating on a restricted basis, and which was made clear to Mr D, Origen didn't need to justify why it hadn't considered a transfer to a provider which wasn't on its panel. AJ Bell may have had lower charges, but this doesn't mean that, taking into account other factors such as the financial strength or reputation of Aegon, along with the fact that the charges weren't a particular outlier compared to other providers, it needed to recommend that Mr D transfer to a different provider.

<u>The charges set out by the investigator accounted for the 0.35% discount on the platform charge for Origen being retained as the ongoing advisory business</u>

This meant that the platform charge would have increased from 0.3% to 0.46%, but I still don't think this would have been particularly at odds with charges levied by other providers. But even if I'm wrong on that, this needs to be considered in the context of Mr D's intention to in any case transfer immediately to AJ Bell once the transfer had been made to Aegon. And so it is in any case a largely moot point.

If Mr D's preference was to transfer to AJ Bell, then it seems more likely than not that he would have been aware of the lower charges in that SIPP. That he accepted advice to initially transfer into the Aegon SIPP was therefore in my view an indication that, for the brief time that he would be invested in the latter, he was accepting of those higher charges. Had Mr D not been, then it was open to him to decline that advice. And so even if it could reasonably be concluded that the description of the fees was misleading, I don't think the 0.16% for the time the funds would have been with Aegon would have made a difference here.

<u>Aegon was the only SIPP provider on Origen's panel</u>

In answer to our query on this point, Aegon has confirmed that it does have other providers on its panel, including Royal London, James Hay and Prudential.

<u>The suitability of Aegon as the SIPP provider</u>

Whilst Origen may have had a restricted panel of SIPP providers, it still needed to ensure that its recommendation, inclusive of the chosen SIPP provider, was suitable for Mr D.

In my consideration of this, I've noted, as with the investigator, that Mr D isn't complaining about the suitability of transferring his defined benefits. Rather, it's the choice of recipient SIPP provider which has caused him concern.

It would of course have been open to Mr D to establish whether Origen was able to recommend a transfer to his preferred option – AJ Bell – at the outset and if it wasn't, to consider using a different advising firm which was able to do so. But Mr D wouldn't then have been able to capitalise on the advice being paid for by his sponsoring employer.

And in that regard, I can see that the possibility of transferring to AJ Bell was discussed between Mr D and the adviser, but that the adviser said that he'd need to recommend a provider and recipient investment fund/s independently – and that he couldn't take instruction from Mr D on which provider to recommend.

I've noted what Origen has said in its response to Mr D on this particular point, and the level of detail it has set out in doing so. In my view, it has provided a comprehensive and persuasive rationale as to the mechanics behind its panel of providers and the types of attributes it considers when making such decisions, inclusive of, but not restricted to, the financial strength, pricing, and the range of default funds.

After the adviser had informed Mr D that he would be unable to "self select", Mr D would then have needed to consider whether it would have been prudent, from a timeliness perspective, to use a different advisory firm and transfer straight to AJ Bell. But I note that, when Mr D was asked whether he wished to proceed on the basis set out by the adviser, he confirmed that he did.

By the time of the recommendation report, Mr D didn't have time to seek advice elsewhere

I accept that Mr D may have felt that, given the time constraints involved, he had no choice but to use Origen. I'd firstly refer to what I've said above about the communication between Mr D and the adviser about the inability to "self select" the provider and recipient investments. As such, I think Mr D ought reasonably to have been aware that the recommendation report would more likely than not have contained a recommendation to a provider on its restricted panel.

Further, as also set out above, on the basis that Origen was able to complete the transfer process within the three month period, I don't think it took an unreasonably long time to deal with what is quite an involved regulatory procedure.

But even if a different interpretation were possible, and the recommendation report had been provided at an earlier stage, I'm not in any case persuaded, on balance, that Mr D would have acted differently.

To clarify, on the basis that I think he would have anticipated that the recipient SIPP provider, Aegon, would process his subsequent transfer requests in a timely manner (which is the subject of the separate complaint), I don't think I can fairly and reasonably conclude that it's more likely than not that Mr D would have opted to use a different advisory firm, especially given that he'd need to meet the cost rather than the employer. There would have been no real need for him to do so. Anticipating a swift turnaround time for the subsequent transfer to AJ Bell, Mr D would have been able to capitalise on the "free" advisory process and then transfer to the provider of his choice.

And I think this is the calculation, and decision, that Mr D did in fact make, rather than paying to use a different advisory firm to transfer straight to AJ Bell.

Origen didn't inform Mr D that not taking advice would delay the subsequent transfer from Aegon to AJ Bell – nor did Origen provide the link to the online portal

As with the I investigator, I think what Origen did say in regard to Mr D's options after the transfer to Aegon was reasonable. The adviser informed Mr D that he could transfer without advice. Had Mr D asked the specific question and been told that not seeking advice categorically wouldn't delay the process, which tuned out to not be the case, then he would perhaps have a point in that regard. But I don't think the available evidence supports the position that Mr D was told this.

As to access to the online portal, and the effect this had on Mr D's ability to move his funds into cash ahead of the second transfer to AJ Bell, Origen has confirmed that this would have been set up by Aegon after the initial application and "online loading" was submitted. It further said that it wouldn't have been sent a copy of the email with the link to enable the online account access. If this email wasn't acted upon, its understanding was that the link would expire, it added.

When asked for corroboration on this point, Aegon also confirmed that an activation email would have been sent, but that the link which it contains would expire after 24 hours if it wasn't activated – a customer would then need to contact their IFA (Origen) or Aegon to be sent a new link to activate the account.

I appreciate that Mr D may be of the view that he didn't receive the initial email, but as the second transfer request wasn't received by Aegon until 7 October 2022, and Mr D had already been able to transfer his funds into cash by 5 October 2022, it doesn't seem to me that this in any case had an impact on the eventual timescales for the transfer to AJ Bell.

Summary

Overall, therefore, for the reasons given above, on a fair and reasonable assessment of the circumstances here, I'm not of the view that the complaint against Origen should be upheld.

My final decision

My final decision is that I don't uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 14 May 2024.

Philip Miller
Ombudsman