

The complaint

Mr P complains that the investment performance of his pension savings shows that some advice he received from MWA Financial Advice Ltd trading as Eversley Wealth Management (“Eversley”) was inappropriate.

What happened

Mr P held pension savings in two different schemes. He held a stakeholder plan that comprised pension benefits he’d previously transferred after advice from Eversley in 2007. And he held other pension benefits in a small self-administered scheme (“SSAS”) that received ongoing pension contributions from the business that he owned. In 2012 Eversley advised Mr P that he should transfer the savings he held in both pension plans to a new self-invested personal pension (“SIPP”).

Mr P accepted Eversley’s recommendation and a new SIPP was opened with a firm that I will call M. But Mr P agreed with Eversley that he would be responsible for selecting and managing the investments into which the transferred funds would be placed. Mr P had previously agreed that he would pay for Eversley’s services by a one-off fee based on the time taken to produce the advice. Mr P didn’t agree to pay Eversley for any ongoing advice on his pension investments – he said he would again pay a one-off fee should any advice be required, but he didn’t make use of that service.

Mr P placed his pension savings into two cash-based investments. He placed the monies into a fixed one-year deposit account with a bank I will call U, and a separate cash savings account. Since 2012, on an annual basis, Eversley has forwarded details of the renewal options on the one-year deposit account that it received from M. And it also sent Mr P details of the best cash investments rates that were available on the market. Mr P asked Eversley to renew his one-year fixed deposit account with U each year.

It appears that the member of the Eversley team that had been assisting Mr P left the firm before Mr P’s deposit account reached the end of its one-year term in July 2021. But Eversley allocated a new point of contact for Mr P. That member of staff was in regular contact with Mr P from July 2021 attempting to arrange a meeting to discuss how he might use the pension savings that had previously been held in the deposit account. But it doesn’t seem that meeting was ever successfully arranged and Eversley sent Mr P a brief summary of his options in December 2021.

Mr P says that, in early 2022, he realised he hadn’t been asked to provide any renewal instructions for his fixed rate account. So he got in touch with Eversley. He says that he wasn’t given the information he required so he contacted U directly. U confirmed that it hadn’t received any reinvestment instructions so had returned Mr P’s funds to his SIPP account with M. M confirmed that it had received Mr P’s funds in October 2021.

In September 2022 Mr P complained to Eversley about what had happened. He said that he had recently received statements from M for the past ten years of his SIPP that he hadn’t previously been sent. He said that, from those statements, it was clear that his pension investments had performed poorly and that was a result of the inappropriate advice he’d

received in 2012. He said that he would have been better off if his pension savings had been left in the previous schemes.

Eversley didn't agree with Mr P's complaint. It said that he had no need for the additional flexibility that a SSAS offered to him. And it said that the SIPP arrangement it had advised him to move his pension savings into was offered at a far lower cost than both the SSAS and stakeholder pension that he previously held. So it thought its advice to make the transfer had been suitable.

Eversley noted that Mr P had said that he wished to make his own investment decisions and it had not provided him with any ongoing advice since 2012. So it said that it couldn't accept any responsibility for the lack of growth of the funds held within Mr P's SIPP. It did however offer to work with Mr P to review his pension savings and provide advice on future investments subject to the payment of its ongoing fees.

Mr P didn't accept Eversley's findings so brought his complaint to us. The complaint has been assessed by one of our investigators. He thought that the advice to transfer the pension savings into the SIPP had been suitable. And he didn't think Eversley could be considered responsible for the investment choices that had been made with the transferred monies since no advice had been provided to Mr P about that. So he didn't think the complaint should be upheld.

Mr P didn't agree with that assessment. So, as the complaint hasn't been resolved informally, it has been passed to me, an ombudsman, to decide. This is the last stage of our process.

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.

In deciding this complaint I've taken into account the law, any relevant regulatory rules and good industry practice at the time. I have also carefully considered the submissions that have been made by Mr P and by Eversley. Where the evidence is unclear, or there are conflicts, I have made my decision based on the balance of probabilities. In other words I have looked at what evidence we do have, and the surrounding circumstances, to help me decide what I think is more likely to, or should, have happened.

At the outset I think it is useful to reflect on the role of this service. This service isn't intended to regulate or punish businesses for their conduct – that is the role of the Financial Conduct Authority. Instead this service looks to resolve individual complaints between a consumer and a business. Should we decide that something has gone wrong we would ask the business to put things right by placing the consumer, as far as is possible, in the position they would have been if the problem hadn't occurred.

I think there are two aspects to this complaint that I should reasonably consider. First I will look at the advice Mr P was given in 2012 to transfer his pension savings into the new SIPP. And then I will look at what has happened since the transfer, and whether Eversley should take any responsibility for the investment performance of Mr P's monies.

When considering a transfer such as was recommended to Mr P in 2012 I will generally first look at any guarantees or defined benefits that might have been given up. It doesn't seem to me that Mr P's pension savings attracted any such benefits. But some of the pension savings were held in a SSAS. So I need to consider whether that arrangement was important for Mr P's circumstances.

A SSAS is a special type of workplace pension. It is a defined contribution (DC) scheme (also known as a money purchase scheme). The benefits provided depend on the amounts paid in, the investment growth achieved, and the terms for converting the pension fund into an income. Usually, a SSAS has very few members. They are typically limited to company directors and (possibly) key employees. The members are also trustees of the SSAS and make decisions about investments, which (like a SIPP) are wide ranging and can include directly held shares, property etc.

Since 2006, many of the benefits of a SSAS have been available through a SIPP. However it does offer some other benefits such as being able to lend money to a sponsoring employer, or to directly invest in the shares of that company. But from the information I have seen those weren't features that were being used, or were likely to be used, by Mr P or his SSAS. And the SSAS flexibility comes at a cost, both in terms of the direct fees payable to the provider (£1,000 pa in this case), and the administrative responsibilities that come with acting as the scheme trustee and reporting scheme information both to the Pensions Regulator and HMRC.

Mr P told Eversley that he wanted to be able to manage the investment of his pension savings himself. So I think it was reasonable for Eversley to conclude that the limited investment approaches available to a consumer through a stakeholder pension plan might be unsuitable for Mr P – both in terms of the plan he already held, and when looking at any potential future destinations for his pension savings. It provided Mr P with details of the costs he would need to pay for running the SIPP that were generally cheaper than he was paying for his previous arrangements. So I think it was reasonable for Eversley to advise Mr P that he should hold his combined pension savings in a SIPP.

The report that Eversley provided to Mr P in 2012 clearly set out that he had said he would manage his own pension investments. And that was further noted when Eversley told Mr P it would be difficult to provide any comparison of the ongoing investment costs for his pension savings since the investment approach hadn't been determined. Eversley also gave Mr P details, in the advice report, of cash deposit accounts that were available at that time that could be used within Mr P's intended SIPP.

I have looked carefully at the engagement that has taken place between Eversley and Mr P since 2012. I think I should first say that I haven't seen anything to make me think that there was any agreement between Mr P and Eversley for it to provide him with ongoing investment advice on his pension savings. But, Eversley has assisted Mr P each year with the renewal of his fixed term deposit. It has received information from M, and passed that on to Mr P. And then it has forwarded Mr P's response back to M. But I don't think those actions should have raised any expectation for Mr P that Eversley was advising him on the suitability or performance of his pension investments. Eversley says that it was simply passing on information from the SIPP provider.

In 2021 Mr P's fixed term deposit once again matured. But the information he received from Eversley at that time was different from what had happened in the past. Previously Eversley had simply passed on the renewal instruction for Mr P to consider. However in 2021 the new advisor at Eversley suggested Mr P might find it useful to have a formal review of his pension investments to ensure everything was in line with his objectives.

But that meeting didn't take place. Initially Eversley was gathering information from the pension provider. And then Mr P was awaiting information from his accountant about his income and expenditure to assist Eversley's investigations. And later there was some confusion about whether a meeting should take place via video call or face to face.

I can however see that in October 2021 Eversley reminded Mr P that his fixed term investment had matured and the funds were sitting in his pension fund in cash. And in December 2021 it sent him a short document explaining the investment options he might want to consider, and asked Mr P to get back in touch if he wanted to discuss them further. Eversley didn't hear back from Mr P until June 2022, and shortly afterwards he made his complaint to the firm.

In summary I am persuaded that the advice Eversley gave to Mr P in 2012 was suitable. And I am satisfied that, at Mr P's request, there was no ongoing agreement for Eversley to provide him with ongoing advice or support about the investments he chose to make with his pension savings. Over the following years, Eversley did provide some limited administrative support to Mr P but I don't think that can be considered to have given any expectation that more meaningful management of the pension investments was being undertaken. And I think that, in 2021, Eversley did make Mr P sufficiently aware of the maturity of his fixed rate account.

I appreciate my decision will be disappointing from Mr P. But it was his choice to initially decide and then manage his pension investments. So that means that Eversley cannot be considered responsible for any problems with the suitability or performance of those investments. It follows that I don't think this complaint should be upheld.

My final decision

For the reasons given above, I don't uphold the complaint or make any award against MWA Financial Advice Ltd trading as Eversley Wealth Management.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 6 November 2023.

Paul Reilly
Ombudsman