

Ombudsman's Determination

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| Applicant | Mr G |
| Scheme | JR Allen & Sons Group Money Purchase Pension Scheme (the Scheme) |
| Respondents | (1) R&Quiem Financial Services Ltd (2) Scottish Widows |

Outcome

1. I do not uphold Mr G's complaint and no further actions are required by R&Quiem Financial Services Ltd (**R&Quiem**) or Scottish Widows.
2. My reasons for reaching this decision are explained in more detail below.

Complaint summary

3. The crux of Mr G's complaint results from the decision made by the Trustees of his previous employer's scheme and the subsequent transfer to a section 32 plan with Scottish Widows in 2006. This was a bulk transfer following the wind up of the Scheme and the Trustees sought advice from R&Quiem (at that time, Oval Financial Services Limited). Mr G is unhappy with the following:
 - the transfer took place without his knowledge or consent;
 - he was not made aware that his risk profile would change upon transfer into the section 32 plan;
 - he is extremely concerned that the transfer went into a lower risk bracket, therefore compromising the potential for investment growth. Mr G says he received advice when he initially joined the Scheme, and that as a result he was invested in adventurous funds. Mr G also says he was the only scheme member to be invested in such high risk funds;
 - because he had a higher risk appetite, he ought to have been provided with financial advice before the transfer took place;
 - the Trustees and R&Quiem ought to have considered his individual circumstances and attitude to risk;

- on an application form required by Scottish Widows, a Trustee has signed in place of Mr G. Mr G feels this amounts to negligence and fraud, and is unhappy that Scottish Widows accepted the form with a signature that was not his.

Background information, including submissions from the parties

4. Members were informed of the wind up of the Scheme by letter on 1 September 2006. The notice confirmed that arrangements would be made to secure existing benefits.
5. Mr G had £3,939.54 invested in the Scheme.
6. Mr G was given one month from the date of notice to make alternative arrangements, he was given the Key Features documents and an illustration of the competitive charges associated with the proposed section 32 plan with Scottish Widows. Mr G did not respond or make alternative arrangements.
7. The transfer into the section 32 plan with Scottish Widows was completed on 11 January 2007, where Mr G's funds were invested in a more balanced portfolio. The section 32 plan also incorporated 'lifestyling'; whereby funds are automatically switched into lower risk funds to 'lock in' accumulated investment growth as members get closer to their retirement date.
8. Mr G says he first became aware that his funds had not been invested in more adventurous funds as he had assumed, when he received a letter from Scottish Widows in June 2015, stating his existing portfolio had been switched into a lower risk portfolio. It was at this point, Mr G raised his cause for concern.
9. Scottish Widows addressed Mr G's concerns in its final response letter of 11 June 2015. It explained the investment policy had been set up and was sitting as it had originally been instructed to do so by the Trustees in 2006.
10. Scottish Widows shared a copy of the application form with Mr G showing a balanced approach to investment had been selected. During inspection of the form, Mr G learned that another individual had signed this on his behalf, though the form asked for Mr G's signature.
11. Mr G approached the Financial Ombudsman Service to investigate the matter on his behalf and subsequent contact with R&Quiem was made. R&Quiem responded in a letter of 12 November 2015, saying that Oval Financial Services Limited "advised the scheme Trustees on the buy-out arrangement and did not provide specific advice to individual members". It also explained that "as this was a standard scheme wind up the Trustees were obliged to choose a default fund for any member that does not respond to the wind up options letter. The rule of the scheme will have given them the authority to act in this manner. Our standing was that a balanced approach to investment was to be taken in this plan".

12. Because the Financial Ombudsman Service was unable to consider this complaint, Mr G referred the matter to this office.

Adjudicator's Opinion

13. Mr G's complaint was considered by one of our Adjudicators who concluded that no further action was required by R&Quiem or Scottish Widows. The Adjudicator's initial findings were:
 - Scottish Widows followed instructions it had received and was not a party to the conversations that took place between the Trustees and its advisers;
 - R&Quiem acted as advisers to the Trustees and its role was to advise the Trustees on the process of the wind up of the Scheme;
 - the role of the Trustees had been considered but the Adjudicator did not agree that the Trustees had a duty to cater for Mr G's individual needs.
14. Mr G did not agree with the Adjudicator. He did not accept the Trustees needed to have accounted for the best interest of all scheme members. He said that his understanding from the literature provided at the time of the wind up in 2006 was that the arrangement would be like for like.
15. Our Adjudicator requested further information from Scottish Widows and it provided her with the limited documents it had on its file. This included a letter sent to Mr G in January 2008 listing the key features and facts of the plan. Enclosed with the letter would have been a 'Life & Pensions Investor Guide', though a copy of this is no longer available. There was also an annual statement for 2013 included which clearly stated Mr G's funds were invested using a balanced approach.
16. The Adjudicator explained further why she did not feel she could uphold Mr G's complaint. In summary she said:
 - the guidebook would have contained further details about the fund structure, and that the Pensions Portfolio Two was invested in balanced risk funds;
 - the Trustees were winding up the entire scheme and took advice on how to complete the wind up process;
 - this including taking advice on the transfer of benefits to an alternative but suitable arrangement, taking into the interests of all members generally;
 - investing into a balanced fund appeared to be a well reasoned decision to make in respect of all scheme members;
 - Mr G was given the opportunity to transfer his funds elsewhere if he did not approve of the arrangement chosen by the Trustees.

17. Mr G did not agree with the Adjudicator's findings. In summary he maintained:

- he had never been told he had been moved to a balanced funds investment when the transfer took place;
- he could not have known what Pensions Portfolio Two meant because there are many funds and the name does not always correlate to the risk the funds are invested in;
- during the transfer process, someone else had signed the paperwork though the form asked for the member's signature. In Mr G's view this was fraudulent and negligent;
- his risk profile had been changed without his knowledge, consent, and authorised with a signature that was clearly not his;
- he was firmly of the opinion the Trustees ought to have given regard to his individual circumstances.

18. Because the Adjudicator and Mr G were unable to reach agreement, the complaint has been passed to me to consider.

Ombudsman's decision

19. In deciding this case against Scottish Widows and R&Quiem, I must consider the material facts and documents available.

20. Mr G would like Scottish Widows to provide him with a calculation showing the value of his fund had the initial transfer been invested into higher risk funds when the section 32 plan with Scottish Widows was established. Mr G says that this will indicate the level of financial loss he has suffered as a result of the transfer and investment of funds into a balanced risk profile.

21. Mr G has said the signature on a form completed by the Trustees in 2006 is not his, and that this amounts to negligence or fraud. On inspection of the form, it is clear that the signature does not belong to Mr G. I am unable to establish why the Trustee's signed the form rather than Mr G when the form requests the signature of the transferring member. I can understand the logic of Mr G's argument. However, I do not feel this point alone is sufficient for me to uphold his complaint.

22. I do not dispute that Mr G had a genuine reason for wanting his benefits to be invested in a risk profile that better suited his attitude to risk. However, I find that no maladministration by Scottish Widows has occurred because they were following the instructions of the Trustees. Therefore, I will not ask Scottish Widows to comply with Mr G's request for a calculation to assess his perceived loss.

23. Scottish Widows was not involved in the wind up process until it received instructions from the Trustees. Its role was to simply follow those instructions and set up the

policy for each transferring member. I do not see any reason why a complaint against Scottish Widows could be justified.

24. Turning to the role of R&Quiem, or its predecessor Oval Financial Services Limited; again I find there is no evidence on which to uphold the complaint against the advisers to the Trustees. I say this because any decisions made had to be authorised by the Trustees, and therefore, I do not agree that R&Quiem is responsible for any losses Mr G alleges as a result of the advice given to the Trustees during the course of the wind up.
25. Whilst I can understand why Mr G feels strongly that the Trustees ought to have considered his individual circumstances because he was the only member invested in higher risk funds, I do not agree that this was necessary as Mr G had the opportunity to transfer his funds elsewhere if he did not approve of the arrangement chosen by the Trustees.
26. I also find it hard to understand why Mr G appears not to have made any enquiries about the investment of his funds over such an extended period. If as he says, it was always his desire of remaining invested in higher risk funds, then he has not demonstrated that claim.
27. I appreciate Mr G relied on not having been told where his funds would be invested upon transfer to Scottish Widows. However, Mr G knew the transfer to a new arrangement was taking place and if he was unclear about any aspect of the wind up or transfer, he could have clarified the position with Scottish Widows at any point since the section 32 arrangement was set up, and exactly where his funds were invested.
28. There is, in my view, no evidence to suggest that the involvement or actions of either Scottish Widows or R&Quiem has caused Mr G to suffer a financial loss as a result of the wind up process which he was unable to rectify.
29. Therefore, I do not uphold Mr G's complaint.

Anthony Arter

Pensions Ombudsman
27 October 2016