DRN-3489145

The complaint

Mr L says that Insight Financial Associates Limited gave him unsuitable advice to transfer his personal pension into a family pension trust (FPT).

What happened

Mr L met Insight a couple of times during October 2011, initially to discuss a group personal pension plan that he was invested in. According to Insight's notes, Mr L's initial intention was to review the contribution levels being paid into the pension scheme.

During the discussion, it came to light that Mr L (who was also an experienced buy to let landlord in the UK) had already invested in property in Cape Verde on a cash deposit basis. According to what Insight noted, a consultant for the Cape Verde development said that funding for another property in the development could be arranged through investment in a SIPP (self-invested personal pension) or a FPT. So, Mr L was keen to explore the possibility of jointly buying another property with a family member using his pension fund.

Mr L signed up to Insight's financial planning service (which included regular reviews of his investments), although it noted that its focus was specifically on Mr L's retirement planning.

Following its discussions with Mr L, Insight completed a financial planning report, which it sent to Mr L with a letter dated 3 November 2011. In it it noted the following about Mr L's circumstances:

- He was age 42, married with two financial dependants;
- His gross annual income was £46,772 comprised of a basic salary of £11,308 and dividends of £35,464 from the company.
- Mr L's existing group personal pension plan was invested in an adventurous strategy and had a transfer value of £68,851.82;
- His residential property was valued at £400,000 and he had two buy-to-let properties in the UK jointly valued at £260,000. Mortgages were in place, but no other details were discussed;
- Mr L had already invested about £100,000 in another Cape Verde property and owned a share of his business premises;
- His attitute to risk (ATR) was medium to high which was described as someone prepared to invest their capital in more volatile markets with the potential for higher than average returns;
- He was a certified high net worth individual, holding assets of more than £250,000 (excluding his main residence).

Mr L's monthly expenditure and other aspects of financial planning weren't discussed as Mr L apparently wanted to focus solely on retirement planning.

Other things that Insight noted were:

- Mr L had ruled out other ways of funding another Cape Verde investment property, such as remortgaging or taking out a loan. Investing in a SIPP or FPT was apparently his '*preferred option'*;
- Mr L viewed the acquisition of another property using his pension, as a means of enhancing his retirement provision. He strongly believed that this would give him a good source of income and would attract various taxation benefits;
- Mr L wanted Insight's advice about finding a SIPP or FPT that would enable him to invest in the Cape Verde property. However, Insight noted it hadn't given Mr L any advice about whether a SIPP or FPT was "*the most suitable vehicle to facilitate the property acquisition";*
- Whilst other types of investments were apparently discussed, such as traditional managed funds, Mr L indicated he wanted to proceed with the property purchase using a SIPP or FPT;
- It was possible for Mr L to transfer all but £1 of his existing group personal pension fund to allow further contributions to be made going forward;
- Mr L was aware of the 'high' degree of risk associated with the investment. And whilst an individual SIPP was discussed as an alternative option, Mr L preferred the *'simplicity'* of an FPT and the wide choice of investment options it offered (aside from investments in property);
- It had explored switching to other types of pension such as a stakeholder pension or personal pension. But these didn't offer the investment options Mr L was seeking, such as investment in overseas property. And a SIPP wouldn't allow for investments with family members.

Whilst noting the much higher charges attached, Insight recommended that Mr L transfer £68,851.82 from his existing pension to a FPT with a provider I'll refer to as R. In doing so it highlighted some of the benefits of such an arrangement, not least R's renowned "*expertise"* in the field of self-administered pensions and the competitive terms it offered for such a transfer. The following fund choices were recommended to Mr L:

- the Cape Verde development – which, as noted, was high risk;
- cash - which was low risk;

Insight felt this choice of funds was suitable for an investment of 23 years or more.

It included a direct comparison of charges between Mr L's existing provider and R. And, given the higher charges involved, Insight said the underlying investment needed to outperform the difference in charges to achieve potentially greater returns.

Insight noted a number of key risks associated with the investment including that it was an illiquid asset - meaning that Mr L may not be able to sell it when he wanted to. It also said that Mr L's attitude to risk (ATR) was '*medium to high'.* Despite that, it said Mr L was willing to accept the higher risk attached to the Cape Verde development.

Mr L accepted Insight's advice and transferred his existing pension into an FPT.

R sent Mr L pension statements. He also received account statements relating to the FPT. These showed (amongst other things) a year on year reduction in the net assets being carried forward.

In August 2015 the company involved in the Cape Verde development wrote to Mr L. It noted his consent to "*consolidating*" his original purchase and swapping his investment to a different unit in the development. It enclosed a signed sales agreement and a "*revocation"* agreement signed by the relevant parties on 10 August 2015. According to Insight, the reason for the change in investment was because there were not enough funds in the FPT to complete the purchase of the original property.

Insight produced a portfolio report for Mr L in April 2017. It said the current value of Mr L's portion of the FPT was £68,376.19, which represented a loss on the initial investment.

R wrote to Mr L in November 2017 about the outstanding fees on his account. It said it had arranged to collect £684.89 from the scheme bank account. However, as that would only partially settle its invoice, it would collect the remaining amount (£1,145.11) once rental income was received. It sent a similar letter to Mr L in November 2018. At that point the total amount outstanding was £2,441.48.

Mr L complained to Insight in July 2020 about the advice he'd received.

Insight made a number of points in response. Those included:

- Mr L had already made the decision to switch his pension to enable him to invest in overseas property and his instructions were for Insight to help him find a pension plan that would facilitate that investment;
- Mr L's experience in investing in overseas property was very clear;
- Mr L felt investing in this way would enhance his retirement provision and be a good source of income. Insight felt it met its regulatory duties by understanding Mr L's needs and objectives and experience in this investment field.
- That Mr L ought to have been aware his investment may be exposed to significant risk of losing all of the money or other property invested. And it was open to him to seek advice from someone who specialised in non-mainstream pooled investments.

Mr L brought his complaint to our service and disputed a number of the points that Insight had made. Our investigator looked into the merits of the complaint. He upheld it identifying several failures in Insight's advice and the process it followed. He set out how Insight should put things right.

Mr L accepted the investigator's assessment, but Insight didn't. It said (amongst other things) Mr L ought to have been aware what he was investing in and that his investment wasn't guaranteed. It also felt Mr L was holding it *"totally to blame"* without any consideration for what he wanted to achieve.

Insight asked for an Ombudsman to consider the matter afresh, so its been passed to me to decide.

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.

What was Insight required to do?

When thinking about whether Insight acted fairly and reasonably in Mr L's particular case, it's helpful, I think, to start by referring to the obligations placed on firms like Insight by the regulator.

There's an overarching obligation set out within Section 2.1 of the Code of Business Sourcebook (COBS) which describes the need for businesses to act "*honestly fairly and professionally"* and in their client's best interests.

A firm's other obligations will, to an extent, depend on the nature of the service they're giving the consumer. So, for instance, if they're dealing with the client on an 'execution only' basis, the firm wouldn't give advice, nor would the customer usually expect to receive it. In these circumstances the consumer would typically approach a firm for help to complete a financial transaction, having already decided what it is they want to do.

And that distinction is relevant in this case. I say that because one of the arguments Insight made was that Mr L had already made his mind up about what he wanted to do when he approached it. And it seemed to think its role was simply to find the right type of pension to enable Mr L to switch his existing pension and, ultimately, facilitate an investment in the overseas property.

I don't think Insight's position is supported by the evidence. Had Mr L come with a clear instruction, I wouldn't necessarily expect to see Insight offering a service and advice geared towards retirement planning. It would have been clear that Mr L had given a specific instruction for Insight to act upon. And whilst it's fair to say that Mr L did approach Insight with the intention of exploring the possibility of using his pension to invest in overseas property (having clearly been enticed by the promotional information he received) I don't think the two things are the same.

And, bearing in mind that Insight agreed to give Mr L advice about his retirement planning and what would ultimately enhance his retirement provision, I think Insight had a responsibility to explore, not just those options that Mr L had expressed an interest in, but all suitable options. And in doing so, it needed to take account of Mr L's wider circumstances and advise him accordingly. Even if that advice was to leave things as they were.

The (incorrect) assumption about its position led to Insight restricting aspects of its advice. Because it seemed to suggest it was there just to help find the right pension that would accept the overseas property investment. That's supported by an entry in the fact find saying it hadn't offered Mr L any advice about whether a SIPP or FPT was "*the right vehicle"* to make his investment, but it had simply found one that could do what he wanted – or what it thought Mr L wanted.

However, elsewhere in the documentation, Insight said things like it had discussed other funding options and other types of investment (such as traditional managed funds). And, under the heading "recommendation summary" Insight said "*following our review of your circumstances and objectives, my recommendations are to transfer your [name of provider] group personal pension into a [name of provider] family pension trust".* So, I'm persuaded from everything I've seen that Insight did give Mr L advice about opening an FPT.

I'm also satisfied that Mr L signed up for retirement planning in the wider sense. So, I think Insight had a duty to fully explore his aims and objectives and wider financial position. It then needed to give him advice that was in his best interests overall. The regulatory position is also quite clear that when giving advice, the adviser firm needed to consider not only the suitability of the vehicle used to make the investment, but the underlying investments themselves. In this case, Insight knew that Mr L had approached it for advice about potentially moving his personal pension to a FPT (or SIPP) so he could invest in a high risk overseas property. But it is effectively saying it's not responsible for the investment advice. For the reasons I've set out, I don't support that position.

COBS sets out further obligations on firms when assessing the suitability of investments. Paragraph 9.2.1R says that the business must obtain the necessary information regarding: the consumer's knowledge and experience in the investment field relevant to the advice; their financial situation; and their investment objectives. Whilst Insight is clearly of the opinion that it satisfied the regulator's expectations, I don't agree. I'll explain why.

Did Insight give Mr L suitable advice?

Bearing in mind the obligations I've set out above, the kinds of things I'd have expected Insight to find out are why Mr L wanted to invest at the point he did and whether his investment aims were reasonable. Overall, Insight had to demonstrate that its advice and recommendations were suitable and in Mr L's best interests. I don't think it's done that.

Mr L's financial position and income needs

Mr L was 42 years old at the time of the advice. His income was derived from a fairly modest basic income of just over £11,000 and dividends of around £35,000. As I understand things, dividends are not a guaranteed source of income and are dependant on any profits made by the company. I think that also means they're subject to fluctuation. Insight didn't ask Mr L for more information about this, for instance about average earnings over a particular period.

Mr L also had several buy to let properties in the UK along with an investment in another overseas property. Whilst there's some detail recorded of his liabilities in respect of the buy to let properties (to the extent that he'd taken out mortgages on them) little other information is held. Nor is it clear what level of income was being earned on these investments. Similarly, there's little else recorded about savings or other assets.

Insight didn't ascertain Mr L's likely income needs in retirement. I've seen no evidence of it trying to get to the bottom of this important question. And I think that would have been important to enable Mr L to make an informed decision about what he wanted to do with his pension funds.

The upshot of all of the above is that Insight gave Mr L advice without having a complete picture of his financial position and income needs in retirement. I can see that Insight asked Mr L to sign a declaration indicating he understood that not having all of the relevant information might affect any recommendations Insight made. But I don't think that was enough. I think Insight should have explained the importance of having all of the necessary information – not least to fulfil its regulatory responsibilities and, ultimately, enable Mr L to make an informed and balanced decision.

Mr L's investment aims; knowledge and attitude to risk

Part and parcel of the advice process is about understanding the consumer's investment objectives; knowledge of the specific investment field involved and attitute to risk. That's important if the firm is to give well rounded advice taking into account the consumer's wider financial position.

Mr L said information he was given by the company involved in the Cape Verde development indicated he might be able to invest in a SIPP or FPT as a means of making another investment. And he indicated he'd probably be looking to use his pension to do that.

In these circumstances, Insight had a number of important obligations.

Firstly, it clearly knew (and confirmed that) what Mr L was interested in doing was high risk. Especially as it apparently knew (according to Mr L) that another similar investment wasn't doing particularly well. So, I think things became all the more risky as soon as Mr L indicated he'd be looking to use his pension to fund the investment.

One of the first things Insight needed to do here was to understand why Mr L was looking to invest at the point he did. I say that for a few different reasons including some of those I've set out earlier. One of those was so it could satisfy itself that Mr L's objectives were feasible. And even if it thought they were, it needed to make sure that all suitable options for funding had been considered - including whether Mr L could invest *and* leave his pension intact. If it didn't think the objectives were viable, it needed to say so.

The evidence does suggest that Insight discussed other options such as Mr L leaving his pension as it was, or switching to a different type of pension such as a stakeholder pension. But that appears to have been in the context of what would best facilitate an investment into the overseas development. I don't think that was enough. It also needed to think about whether the *right* advice was for Mr L to leave his pension exactly where it was.

Insight's since argued (in its complaint response to Mr L) that it met its regulatory obligations because it recommended a course of action that met Mr L's objectives. I think Insight's missed the point somewhat. Its role wasn't simply to do what Mr L wanted without appropriate analysis and challenge of his motives. Other than noting that Mr L thought investing in the Cape Verde development would enhance his retirement provision and generate a good source of income, there's little else recorded in terms of Mr L's objectives. In these circumstances, I'd have expected Insight to explore what would best enhance Mr L's retirement provision overall and weigh up the pros and cons of each – including any associated risks. There's not enough evidence to persuade me Insight did that.

Insight also said that Mr L's experience of investing in overseas property is very clear. Whilst I think there's little doubt Mr L had already invested in a similar field, that by no means makes him experienced. And he'd apparently also told Insight his investment wasn't doing very well, yet (according to Mr L) he'd been encouraged by Insight that things would improve. It also doesn't make Mr L experienced in pensions and retirement planning, or even investing more generally. So, it was incumbent upon Insight to do the right thing and give Mr L suitable advice.

Again, Insight was in a good position to test and challenge Mr L about what was in his best interests for his retirement planning – especially as it knew pension pots build up over time specifically to provide a retirement income. And that meant considering the suitability of the whole transaction and not simply focussing most of its efforts on who it thought was the best FPT provider. And whilst the evidence does show that Insight set out some of the risks associated with the overseas property investment, including that it was illiquid, for the reasons I've set out, I don't think its approach went far enough. Nor does setting out some risks suddenly make an unsuitable investment become suitable.

Insight also knew that Mr L's risk attitude was medium to high. And it clearly knew that the Cape Verde development was high risk and didn't match Mr L's risk attitude. Furthermore, it also knew that Mr L had made a significant investment in a similarly high risk investment already. So, I think that was all the more reason for it to take additional care when advising Mr L.

In addition, Insight hasn't demonstrated that it thought about Mr L's capacity for loss. Again, I think that became all the more important once it was minded to facilitate an investment that was of much higher risk than Mr L's attitude to risk was generally comfortable with. And especially one involving what appeared to be Mr L's only source of pension provision. Arguably, without having a full understanding of Mr L's full financial position, that probably became more difficult to determine. But from the evidence I've seen, I can't fairly say Insight exercised its duty of care towards Mr L by satisfying itself that he was able to withstand any losses he might suffer.

Diversification of investments

As I've set out earlier, at the point at which Mr L approached Insight about the possibility of an investment in the overseas development, it needed to give him advice that was in his best interests overall. It also needed to make sure its advice was compliant with the regulator's expectations.

In 2010 the FCA issued guidance about unregulated investments in a 'Good and Poor Practice' report, both in terms of promotion and advice relating to UCIS (unregulated collective investment scheme) investments. The report highlighted examples of good practice in relation to unregulated investments, for example where a firm had robust controls in place and limited client exposure to 3 to 5% of their portfolios (where those clients had been assessed as being suitable for unregulated investments).

An example of bad practice given by the FCA was where up to 100% of a client's holdings were invested in a single UCIS.

The Cape Verde investment wasn't technically a UCIS, but it is unregulated and shares many of the same features of such investments – including being of a very high risk nature. It was also an illiquid investment and was subject to third party and development risks. And this is something that Insight needed to take careful account of.

In its suitability report, Insight noted that Mr L was a high net worth individual. Whilst I accept that might make promotion of such investments *more* suitable for someone like Mr L, that doesn't automatically mean he should have been advised to invest in such schemes.

Part of the Regulator's 2010 report focusses on suitability. It highlights some of the key risks, which include but were not limited to:

- *"firms recommending UCIS to their customers based on out-of-date or limited KYC (know your customer). There is a risk that UCIS may not be suitable for the customer's personal and financial circumstances".*

It cites an example of good practice as:

- *"The firm obtains and retains full KYC, including the customer's assets, other investments and their underlying assets; their objectives and needs for immediate income, their knowledge and experience in the investment field relevant to the specific type of investments or service; and attitude to risk (ATR). The firm uses this to establish the customer's eligibility for the promotion of UCIS".*

Conversely, it says an example of poor practice might be:

- *"The firm gathered limited KYC information, i.e. there were no details of the customer's current portfolio or their underlying assets. The firm recommended UCIS which actually made up almost 70% of his investment portfolio.*
- *The firm did not assess their customers' knowledge and experience in the investment field relevant to the specific type of investments, yet still recommended UCIS to its customer, believing the customer was a sophisticated investor".*

As I've already said, I don't think Insight did enough to make sure it fully understood Mr L's motives or overall financial position to justify its advice. And that also meant that it couldn't fully and clearly demonstrate that its advice took account of the regulator's position concerning the proportion of Mr L's assets that were exposed to such high risk investments.

From the information that is in the fact find, Mr L already had about £100,000 invested in a Cape Verde debelopment. So, in order to satisfy the recommended upper threshold of 5%, Mr L would need to have a considerable amount more investable assets before further investment in UCIS could be considered appropriate. Without having access to all of the information needed, I agree with our investigator that Insight placed Mr L in an unknown position. And I think the upshot of that was that Mr L ended up with high risk investments and a high proportion of property investments.

Conclusion

Taking account of the evidence I've seen, I don't think Insight's advice was suitable. And it hasn't done enough to clearly demonstrate that it was in Mr L's best interests to switch his pension and invest in the way he did. In these circumstances, irrespective of what it thought Mr L wanted, I think Insight should have told him in clear terms that he shouldn't be placing his pension funds in an investment that was too high risk and didn't match his attitude to risk. It didn't do that.

Would Mr L have gone ahead anyway?

I've also thought carefully about whether Mr L would have gone ahead anyway, even if Insight had given him suitable advice to switch his pension. And, on balance, I don't think he would.

Mr L's initial investment in a Cape Verde development was apparently based on other advice he received - as opposed to it being a personal investment choice. And in his submission to this service, Mr L indicated that when he approached Insight, he didn't have a preconcieved idea about making another similar investment. Although it's fair to say he was keen to explore the possibility based on information he received from the property group. That's not entirely surprising.

But in the same way that Mr L apparently followed the first advice he received to invest in a Cape Verde development, it's reasonable to assume that, had Insight given him suitable and unequivocal advice *not* to switch his pension and invest in further overseas property, he'd have followed that advice. There's no persuasive evidence that tells me having approached Insight for advice about retirement planning, Mr L would have gone against its advice if it had been suitable and in his best interests.

Putting things right

Fair compensation

My aim is that Mr L should be put as closely as possible into the position he would probably now be in if he had been given suitable advice.

I take the view that Mr L would have remained with his previous provider, however I cannot be certain that a value will be obtainable for what the previous policy would have been worth. I am satisfied what I have set out below is fair and reasonable, taking this into account and given Mr L's circumstances and objectives when he invested.

What must Insight do?

To compensate Mr L fairly, Insight must:

- Compare the performance of Mr L's investment with the notional value if it had remained with the previous provider. If the actual value is greater than the notional value, no compensation is payable. If the notional value is greater than the actual value, there is a loss and compensation is payable.

- Insight should add interest as set out below.

- Insight should pay into Mr L's pension plan to increase its value by the total amount of the compensation and any interest. The amount paid should allow for the effect of charges and any available tax relief. Compensation should not be paid into the pension plan if it would conflict with any existing protection or allowance.

- If Insight is unable to pay the total amount into Mr L's pension plan, it should pay that amount direct to him. But had it been possible to pay into the plan, it would have provided a taxable income. Therefore the total amount should be reduced to *notionally* allow for any income tax that would otherwise have been paid. This is an adjustment to ensure the compensation is a fair amount – it isn't a payment of tax to HMRC, so Mr L won't be able to reclaim any of the reduction after compensation is paid.

- The *notional* allowance should be calculated using Mr L's actual or expected marginal rate of tax at his selected retirement age.

- It's assumed that Mr L is likely to be a basic rate taxpayer at the selected retirement age. So, the reduction would equal the current basic rate of tax. However, if Mr L would have been able to take a tax free lump sum, the reduction should be applied to 75% of the compensation meaning an overall reduction of 15%.

- Mr L seems to have been caused a fair degree of worry and uncertainty about his investment as a result of the unsuitable advice he received. To fairly recognise this, Insight should pay Mr L £400 in compensation.

Income tax may be payable on any interest paid. If Insight deducts income tax from the interest it should tell Mr L how much has been taken off. Insight should give Mr L a tax deduction certificate in respect of interest if Mr L asks for one, so he can reclaim the tax on interest from HM Revenue & Customs if appropriate.

Portfolio name	Status	Benchmark	From ("start date")	To ("end date")	Additional interest
Pension plan with R	Some liquid/some illiquid	Notional value from previous provider	Date of investment	Date of my final decision	8% simple per year from final decision to settlement (if not settled within 28 days of the business receiving Mr L's acceptance)

Actual value

This means the actual amount payable from the investment at the end date.

It may be difficult to find the *actual value* of the portfolio. This is complicated where an asset is illiquid (meaning it could not be readily sold on the open market) as in this case. Insight should take ownership of any illiquid assets by paying a commercial value acceptable to the pension provider. The amount Insight pays should be included in the actual value before compensation is calculated.

If Insight is unable to purchase illiquid assets, their value should be assumed to be nil for the purpose of calculating the *actual value*. Insight may require that Mr L provides an undertaking to pay Insight any amount he may receive from the illiquid assets in the future. That undertaking must allow for any tax and charges that would be incurred on drawing the receipt from the pension plan. Insight will need to meet any costs in drawing up the undertaking.

Notional Value

This is the value of Mr L's investment had it remained with the previous provider until the end date. Insight should request that the previous provider calculate this value.

Any withdrawal from the pension plan with R should be deducted from the notional value calculation at the point it was actually paid so it ceases to accrue any return in the calculation from that point on. If there is a large number of regular payments, to keep calculations simpler, I'll accept if Insight totals all those payments and deducts that figure at the end to determine the notional value instead of deducting periodically.

If the previous provider is unable to calculate a notional value, Insight will need to determine a fair value for Mr L's investment instead, using this benchmark: FTSE UK Private Investors Income Total Return Index. The adjustments above also apply to the calculation of a fair value using the benchmark, which is then used instead of the notional value in the calculation of compensation.

Mr L's portion of the pension plan with R includes illiquid assets. In order to prevent him being charged further fees, his portion of the assets need to be removed. I've set out above how this might be achieved by Insight taking over the illiquid assets, or this is something that Mr L can discuss with the provider directly. But I don't know how long that will take.

Third parties are involved and we don't have the power to tell them what to do. If Insight is unable to purchase the illiquid assets, to provide certainty to all parties I think it's fair that it pays Mr L an upfront lump sum equivalent to five years' worth of wrapper fees (calculated using the fee in the previous year to date). This should provide a reasonable period for other arrangements to be made.

Why is this remedy suitable?

I've decided on this method of compensation because:

- Mr L wanted capital growth and was willing to accept some investment risk.

- If the previous provider is unable to calculate a notional value, then I consider the measure below is appropriate.

- The FTSE UK Private Investors Income total return index (prior to 1 March 2017, the FTSE WMA Stock Market Income total return index) is made up of a range of indices with different asset classes, mainly UK equities and government bonds. It would be a fair measure for someone who was prepared to take some risk to get a higher return.

- Although it is called income index, the mix and diversification provided within the index is close enough to allow me to use it as a reasonable measure of comparison given Mr L's circumstances and risk attitude.

My final decision

Where I uphold a complaint, I can make a money award requiring a financial business to pay compensation of up to £160,000, plus any interest and/or costs that I consider appropriate. If I consider that fair compensation exceeds £160,000, I may recommend the business to pay the balance.

Insight Financial Associates Limited should provide details of its calculation to Mr L in a clear, simple format.

Determination and award: I uphold the complaint. I consider that fair compensation should be calculated as set out above. My decision is that Insight Financial Associates Limited should pay Mr L the amount produced by that calculation – up to a maximum of £160,000 (including distress or inconvenience but excluding costs) plus any interest on the amount set out above.

Recommendation: If the amount produced by the calculation of fair compensation exceeds £160,000, I recommend that Insight Financial Associates Limited pays Mr L the balance plus any interest on the amount as set out above.

This recommendation is not part of my determination or award. It does not bind Insight Financial Associates Limited. It is unlikely that Mr L can accept my decision and go to court to ask for the balance. Mr L may want to consider getting independent legal advice before deciding whether to accept this decision.

If Insight Financial Associates Limited does not pay the recommended amount, then any portfolio currently illiquid should be retained by Mr L. This is until any future benefit that he may receive from the portfolio together with the compensation paid by Insight Financial Associates Limited (excluding any interest) equates to the full fair compensation as set out above.

Insight Financial Associates Limited may request an undertaking from Mr L that either he repays to it any amount Mr L may receive from the portfolio thereafter or if possible, transfers the portfolio to Insight at that point.

Mr L should be aware that any such amount would be paid into his pension plan so he may have to realise other assets in order to meet the undertaking.

My final decision

I uphold this complaint. And I now direct Insight Financial Associates Limited to put things right as I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 12 July 2022.

Amanda Scott
Ombudsman