

The complaint

Mr S complains that he was given advice by an Appointed Representative of the Tavistock Partners Limited to transfer his two Aegon Personal Pensions (PP) into a Self-Invested Personal Pension (SIPP) plan. Mr S believes the advice was unsuitable due to the nature of the investments that followed, many of which are now illiquid. He says he's lost out financially because of them and, he would like to be put back into the same position as if the transfer had not taken place.

What happened

In February 2016, Mr S met with an adviser from Tavistock to discuss his retirement planning needs. He held two PP's with Aegon totalling £210,216 along with a final salary pension scheme. In April 2016, Tavistock issued a suitability report (SR) to Mr S recommending he move the two Aegon plans to a Beaufort Securities SIPP. The SIPP was administered by Gaudi. Tavistock recommended Mr S invest in Beaufort's Absolute Return medium risk Discretionary Fund Manager (DFM) portfolio to match his 'Balanced' attitude to risk. The adviser recommended Mr S leave his final salary scheme unchanged.

Mr S signed the Beaufort SIPP application form on 6 May 2016 and on 7 June 2016, the plan received £204,313 from the two Aegon policies. In October 2016, Beaufort informed Tavistock the Portfolio Manager had been changed. It's understood that it was at that point, Tavistock learned the Portfolio Manager had been investing in illiquid investments. In December 2016, Mr S was then advised some of the funds within the Beaufort SIPP had become illiquid.

In January 2017, Mr S was advised the Financial Conduct Authority had identified a number of concerns with Beaufort Securities resulting in them stopping taking further new monies from consumers. Consequently, in February 2017, Mr S met with Tavistock to discuss the issues at Beaufort. Following that meeting, Tavistock issued a SR advising Mr S to switch his SIPP to Novia and invest in the Vanguard Lifestrategy 60% fund.

In March 2017, Mr S signed the application form to switch the Beaufort SIPP to Novia. In September 2017, Novia received a total of £117,008 from Beaufort. Around £83,000 of Mr S's monies remained with Beaufort as a consequence of being invested in illiquid assets. The illiquid investments were subsequently transferred to The Share Centre.

In June 2021, Mr S complained to Tavistock. He was unhappy because Tavistock had advised him to invest in Beaufort's model portfolio. He went on to say that Beaufort didn't invest his funds appropriately, investing monies into investments that were higher risk than the mandate allowed. Those investments subsequently became illiquid and it transpires, they now have zero value.

Tavistock issued its final response letter in July 2021, declining Mr S's complaint. They stated they were satisfied the recommendation was suitable for him. They also went on to say, in summary:

- They didn't believe Mr S was complaining about the original advice to transfer his Aegon pensions. However, after reviewing the records from the time, Tavistock concluded they were of the view the portfolio their adviser recommended, and also the advice to transfer into the Beaufort SIPP, was appropriate.
- They felt the investment decisions taken by Beaufort acting as Mr S's DFM were their decisions, and not that of Tavistock. Tavistock went on to say they couldn't have foreseen the investments made by Beaufort would become illiquid. They explained Tavistock understood Mr S's monies would be placed into a wide range of assets and geographical locations as opposed to single asset classes.
- Tavistock said they undertook due diligence on Beaufort before deciding to invest client monies with them. They accepted their DFM fund didn't have a long track record but were attracted by their low-cost proposition. They explained their decision to use Beaufort at the time of the advice was suitable.

Dissatisfied, Mr S brought his complaint to this service in July 2021.

Tavistock told this service they believed Mr S's case was without merit and reiterated the points they made in their complaint resolution letter.

The complaint was considered by one of our Investigators. He concluded that Tavistock hadn't treated Mr S fairly. He also said, in summary:

- That he'd looked at Beaufort's fund fact sheet to understand what Mr S's monies should've been invested in. He felt the fund matched Mr S's stated ATR and capacity for loss.
- That this service wasn't able to obtain any evidence of how Mr S's monies were originally invested in 2016. However, he concluded given only such a short space of time had elapsed between Mr S investing in June 2016 and the issue being identified in October 2016, it was more likely than not, the monies were originally invested in investments that were illiquid and outside of the stated mandate.
- The Investigator concluded Tavistock should have checked Mr S's funds were allocated to the correct asset classes that were aligned to Beaufort's fund fact sheet at the outset. He also felt that Tavistock should've retained records of the checks it undertook.

Tavistock however, disagreed with our Investigator's findings. They said they stood by their original advice. They also said, in summary, the following:

- They explained their adviser recalls checking Mr S's original asset allocation on Beaufort's online portal at the time. Tavistock went on to explain the adviser was satisfied it looked correct. Tavistock said that just because they don't have evidence of the check, it doesn't mean it wasn't completed.
- Tavistock also said the fund fact sheet doesn't provide a breakdown of the individual funds the manager invests in and as such, a comprehensive cross check couldn't have been completed anyway. In addition, the whole point of a DFM is to allow the manager the freedom to invest in a range of instruments that he believes is appropriate for the fund.
- They went on to state that it was not unreasonable to assume the fund was appropriate in June 2016 and it was only after this date the fund manager switched into illiquid investments. They said they only became aware of just how serious matters were at

Beaufort in January 2017 when they received a letter from Beaufort explaining the fact they were working with the FCA to resolve a number of control issues.

- Tavistock referred the Investigator to a decision this service had made on a similar case where a different view had been reached. They said that showed Tavistock shouldn't be held to account for Beaufort's failings.
- Tavisock reiterated its position that investment decisions are those of the fund manager and as such, it was Beaufort who is responsible for Mr S's losses. They said as Beaufort committed fraud and misappropriated client monies, it wasn't fair they should be accountable for the money Mr S had lost.

Our Investigator was not persuaded to change his view. He felt he'd already considered and, where appropriate, addressed the points Tavistock had raised and the additional information wasn't enough to alter his opinion.

Tavistock asked the Investigator to pass the case to an Ombudsman to review that outcome.

After carefully considering the complaint, I issued a provisional decision explaining that I planned to uphold Mr S's complaint. For completeness, I've set out the findings I made in full below.

My provisional decision

I have considered all the evidence provided and arguments to decide what's fair and reasonable in the circumstances of this complaint.

I've summarised this complaint in far less detail than the respective parties and I've done so using my own words. I'm not going to respond to every single point made by all the parties involved and no discourtesy is intended by this. Instead, I've focussed on what I think are the key issues here; Our rules allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts. If there's something I've not mentioned, it isn't because I've ignored it. I'm satisfied I don't need to comment on every individual argument to be able to reach what I think is the right outcome here.

I've taken into account relevant law and regulations, regulator's rules, guidance and standards and codes of practice, and what I consider to have been good industry practice at the time. This includes the Principles for Business ('PRIN') and the Conduct of Business Sourcebook ('COBS'). And where the evidence is incomplete, inconclusive or contradictory, I reach my conclusions on the balance of probabilities – that is, what I think is more likely than not to have happened based on the available evidence and the wider surrounding circumstances.

The applicable rules, regulations and requirements:

The below is not a comprehensive list of the rules and regulations which applied at the time of the advice but provides useful context for my assessment of Tavistock's actions here.

PRIN 6 : A firm must pay due regard to the interests of its customers and treat them fairly.

PRIN 7: A firm must pay due regard to the information needs of its clients and communicate information to them in a way which is clear, fair and not misleading.

COBS 2.1.1R: A firm must act honestly, fairly and professionally in accordance with the best interests of its client (the client's best interests rule).

The provisions in COBS 9 which deals with the obligations when giving a personal recommendation and assessing suitability.

In addition, the regulator's checklist (published in 2009) for pension switching, which highlighted four key issues it thought should be focussed on:

- Charges (has the consumer been switched to a pension that is more expensive than their existing one(s) or a stakeholder pension, without good reason?);
- Existing benefits (has the consumer lost benefits in the switch without good reason?);
- Risk (has the consumer switched into a pension that doesn't match their recorded ATR and personal circumstances?);
- Ongoing fund management (has the consumer switched into a pension with a need for ongoing investment reviews, but this was not explained, offered or put in place?)

The regulator's pensions related industry alert to firms in 2013 which included the following: *"It has been brought to the FSA's attention that some financial advisers are giving advice to customers on pension transfers or pension switches without assessing the advantages or disadvantages of investments proposed to be held within the new pension."*

- The regulator's further alert in April 2014 which included the following; *"Where a financial adviser recommends a SIPP knowing that the customer will transfer or switch from a current pension arrangement to release funds to invest through a SIPP, then the suitability of the underlying investment must form part of the advice given to the customer. If the underlying investment is not suitable for the customer, then the overall advice is not suitable."*

"If a firm does not fully understand the underlying investment proposition intended to be held within a SIPP, then it should not offer advice on the pension transfer or switch at all as it will not be able to assess suitability of the transaction as a whole."

The regulators guidance above was all issued prior to Tavistock providing advice in 2016.

Before considering whether Beaufort mis-managed Mr S's monies and Tavistock failed in their oversight of them, I've looked at Tavistock's initial advice to transfer his two Aegon plans to the Beaufort SIPP. Whilst I appreciate the focus of Mr S's complaint as well as Tavistock and our Investigators response has been anchored around the actions of the fund manager investing outside of the permitted mandate and Tavistock's actions linked to that at the time, I believe it's important to go back a stage and consider the original pension transfer advice. The inquisitorial remit of our service allows me to do this. In addition, I also believe it's appropriate to do so because in their complaint response to Mr S, Tavistock noted they'd also considered the original transfer advice, and they deemed it as being suitable. However, after carefully considering Tavistock's pension switch advice, I've reached a different conclusion to them and, I don't think they treated Mr S fairly and failed in their obligations under COBs 9. I'll explain why below.

So, when thinking carefully about the guidance the regulator provided, it meant that Tavistock needed to obtain relevant information about Mr S's overall profile and, given that it considered a pension switch for him, it was also obliged to address the 2009 checklist related to his profile, circumstances and objectives at the time. The switch had to be in his best interests. It had to be worth the movement away from the two PP's and it should have had meaningful prospects of being better for him than the existing Aegon plans, otherwise there would arguably have been no point in switching and no justification in incurring the costs associated with the switching process. It follows from this that a comparison should

also have been made between Mr S's Aegon plans and the proposed SIPP in order to illustrate whether or not the latter was in his best interest. Tavistock's SR did this, but, I believe their analysis actually demonstrated the resulting recommendation questionable.

Tavistock provided Mr S with a SR that set out the main themes of their discussions along with their recommendation. His main objectives were noted in the SR, in summary, as:

- Making sure that the funds are somewhere that they are not underperforming and that they are being managed on an active basis.
- Wanting an investment that would give a steady level of growth in an investment that would not be too volatile.
- The ability to access his monies on a flexible basis.
- Look at a proposition that will lower the cost of the current arrangement.

Having thought about this carefully, I'm not convinced the objectives above when considered against the wider evidence within the file, are strong enough catalysts to support the recommendation to switch away from the two Aegon PP's. I'll explain why.

Costs and performance

The SR explained that Mr S was "*concerned around cost and if there is a proposition that will lower the cost of your current proposition and still give you active management of your funds you would be interested in exploring it*". Tavistock's own analysis on the impact of charges on performance, demonstrated that at the high growth rate of 4.4%, the Aegon plans were projected to yield a return of £364,888 at age 65. The Beaufort plan when taking account of the new costs, would yield a return over the same period of £307,000 resulting in the consumer being worse off by approximately £57,888 at age 65. Consequently, I think Tavistock's letter was misleading as it stated "*Based on a projected performance comparison conducted between your existing pension investments and those recommended, there is a good indication that you could receive a greater net return*", when that clearly according to Tavistock's own illustrations at least, showed not to be the case. Whilst I should acknowledge the service Mr S was switching to would result in regular reviews with an adviser, something he wasn't getting with his existing Aegon plans, it meant his costs were more than doubling from 0.72% p.a. to 1.75% p.a. Tavistock stated "*the new scheme will lower your investment and product fees*". Whilst the investment management fees may have been lower in the Beaufort wrapper, it ignored the wider unavoidable costs that Mr S would be faced with such as adviser fees. To make the switch, Tavistock charged Mr S an initial fee of £6,306 representing 3% of the transfer amount and then an ongoing adviser charge of 1%, representing around £2,102 p.a. That meant his new SIPP would need to deliver an outperformance over his old Aegon plans just to 'stand still' with the existing two PPs.

The adviser justified the recommendation by stating the new solution provided a higher growth opportunity. The two existing Aegon PPs were invested in the Scottish Equitable Universal Lifestyle Collection fund. The SR stated the fund had delivered -2.4%, 16.3% and 27.3% over one, three and five years respectively. A review of the Aegon fund fact sheet suggests it's suitable for medium risk investors and is invested in both passive and actively managed funds with an equity content of 40 to 85% shares. Tavistock recommended Beaufort's Absolute Return medium risk portfolio with their factsheet suggesting the equity content would range from 0% to 60%. As it had been running for less than a year, no comparative performance figures were available. With a broadly similar equity content range and no past performance figures (and higher overall costs), I fail to see how Tavistock could conclude the new Beaufort solution would increase Mr S's chances of yielding a higher

return than his existing Aegon funds. In addition, whilst the Beaufort fund factsheet states the Manager can invest up to 60% in equities, it does go on to say a typical equity allocation would be in the range of approximately 19%, with the majority of the portfolio invested in debt and bonds. As Tavistock will be aware, there's a direct correlation between the level of risk a consumer takes versus the potential upside they could expect to see. With a fund invested so heavily in Gilts and Corporate bonds, I fail to see how Tavistock determined it would provide the potential for greater returns than the existing portfolio which already appeared to meet Mr S's stated ATR of medium. I also fail to understand how they determined the transfer would result in Mr S's assets being more actively managed as it seems to me, both the Aegon and Beaufort funds invested in a range of active and passive investments, alternatives, fixed interest securities and cash.

Future needs

The SR stated Mr S wanted a pension that offered the option of being able to access his monies on a flexible basis as he wished to use the monies to repay some or all of his mortgage at around age 65. With around 15 years until retirement, Mr S was still in the accumulation phase of pension planning. Just because a consumer wishes to access their monies at a future date in a flexible format, isn't sufficient justification for moving their monies now. The switch to a suitable drawdown solution could've been made nearer the time if necessary to accommodate Mr S's needs at that particular point.

In addition, the SR suggests that by moving to the new fund, Mr S's shortfall need of £25,000 p.a. (after the existing DB scheme pension of £25,000 p.a.) at age 65 would be met. However, given the anticipated return at age 65 was £307,000, I fail to see how that level of fund would yield a sustainable income of £25,000 p.a. to meet the consumers shortfall. Whilst Mr S's State Pension entitlement may have gone some way to absorb a portion of that shortfall, given Tavistock failed to obtain a BR19 certificate, nor collect the details of any pensions accrued by Mr S's spouse, I fail to be convinced they've drawn a safe conclusion. Given the switch would result in no meaningful prospect of better performance over the existing Aegon plans, that made the Beaufort transfer unsuitable.

Wider considerations

In their submissions to our Investigator, Tavistock highlighted a separate complaint for another consumer which they felt was similar in nature to Mr S's. They felt that was relevant because in that particular case, the Ombudsman reached a different outcome to that of the Investigator on Mr S's complaint despite the issues being similar. Tavistock felt given that decision, the same approach should be applied to Mr S's complaint and the fault for Mr S's failed investments placed with Beaufort. Whilst each case is viewed entirely on its individual merits, I've looked closely at the complaint Tavistock says is the same. In that instance, the consumer complained because Beaufort had made a number of investments outside of their agreed mandate. The Ombudsman in that case found Beaufort to be at fault rather than Tavistock. However, I'm satisfied Mr S's case is different because, in this instance, the original advice to transfer was unsuitable and as such, had it not been for Tavistock's advice to move his two Aegon PPs Mr S wouldn't have found himself in the situation he was. In the other complaint that Tavistock said was the same as Mr S's case, the original advice to transfer the consumer's SIPP was not deemed to be unsuitable.

Had Mr S been unhappy with the existing level of risk within his Aegon plan, he could've switched funds. I don't think the adviser properly explored this option because within the SR, Tavistock discounted that route because "*it is not possible to access the recommended investment strategy*" which of course, is not a reason why that's an unsuitable option. Allied to this, when the adviser met with Mr S in December following the announcement some of his Beaufort funds had become illiquid, Tavistock recommended he switch the liquid funds to

a simple Vanguard fund as 'he wasn't bothered about passive or active management'. I think that further undermined the original recommendation to switch from the Aegon funds to the DFM arrangement because had Mr S not been concerned with having his funds actively managed, that would've further pointed to his existing plan remaining appropriate for his needs.

Ordinarily, I would go on to consider whether or not the underlying investments Beaufort made, and the due diligence Tavistock completed was appropriate. In the present case, I am satisfied the unsuitability of the SIPP switch is enough to uphold Mr S's complaint. In simple terms, he never should have been advised to switch out of the Aegon plans that appear to have been serving him well.

Summary

It's possible that Mr S was attracted by the idea of transferring and having his monies managed in a bespoke style. I don't doubt the flexibility, control and potential for greater returns sounded like attractive features. But Tavistock wasn't there just to transact what Mr S might have thought he wanted. The Adviser's role was to really understand what Mr S needed and recommend what was in his best interest. I think Mr S could've met his objectives by not transferring and just altering funds within his existing wrappers if he wished to take a slightly different level of risk. He would've then benefited from a low cost solution.

With the reasonable performance track record of the existing Scottish Equitable fund, the two Aegon PP's matched the aim of Mr S's retirement planning objectives. In contrast, the recommended SIPP compared less favourably in terms of costs and potential for performance. With regard to the latter, there was a lack of logic in Tavistock recommending Beaufort's Absolute Return fund as a better way to achieve Mr S's objective but doing so without any performance information in support. Furthermore, the comparison was even much less favourable when the overall total charges in the new recommendation were taken into consideration, which made the SIPP switch even more expensive for Mr S than the PP arrangements he had. The new SIPP would have needed to outperform the two PP's just to match the future benefits the Aegon plans would have provided; and the prospect of doing this would have been hindered by the fact the new SIPP DFM had a ceiling of only 60% equity in the Beaufort fund compared to the existing Aegon plans which had a ceiling of 85% equities.

Tavistock have said they shouldn't be accountable for the losses Mr S suffered because of the actions of Beaufort. However, had the transfer not taken place, he wouldn't have been vulnerable to unsuitable investments being made on his behalf. So, I don't think Mr S would've been susceptible to the investment losses but for Tavistock's unsuitable advice to transfer out of the two Aegon schemes. It follows that I think it is fair to hold Tavistock fully responsible for the entirety of Mr S's loss.

Responses to my provisional decision

After reviewing my provisional decision Mr S contacted this service and explained he had nothing further to add. However, Tavistock explained they didn't agree with the provisional decision. They said in summary, they believed the original pension switch advice provided to Mr S was suitable. Tavistock said that meant we could therefore consider the appropriateness of the investment element of Mr S's complaint. Tavistock felt the pension switch advice was appropriate for Mr S because it met his four stated needs:

- Making sure that the funds are somewhere that they are not underperforming and that they are being managed on an active basis.

Tavistock said in summary, that a DFM arrangement added an extra layer of active management and therefore was a potential reason to transfer.

- Wanting an investment that would give a steady level of growth in an investment that would not be too volatile.

In summary, Tavistock felt the asset allocation of the DFM recommendation was likely to be less volatile than the existing Aegon fund breakdown. In their response, Tavistock agreed this could have been met by a fund switch within the existing pension so it didn't represent a reason to transfer.

- The ability to access his monies on a flexible basis.

Tavistock said in summary, they were in agreement that whilst this does represent a benefit to the consumer, it wasn't one that necessitated an immediate switch. They therefore classified this as a complimentary benefit.

- Look at a proposition that will lower the cost of the current arrangement.

In summary, Tavistock said they felt the provisional decision took a selective approach to how costs had been interpreted. They said the SR set out the charges clearly and proved the new proposition was cheaper than the existing arrangement. They also didn't believe proper consideration had been taken of the value that paying for quality advice could add.

- Meeting shortfall in income.

Tavistock explained that whilst this wasn't noted as a primary objective in the SR, they conceded there was no evidence to demonstrate the new plan was more likely to meet the consumer's retirement shortfall than the existing pension and as such, shouldn't be considered a reason to transfer.

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.

I've thought very carefully about Tavistock's subsequent submissions. And, having comprehensively reviewed the file again, I fail to be persuaded the pension switch was in Mr S's best interests.

Tavistock have agreed the advice file failed to demonstrate how the new plan was more likely to meet the consumer's retirement shortfall than the Aegon pensions. They've also conceded having access to flexible drawdown features, isn't a compelling reason to demonstrate a switch whilst the consumer is in the accumulation phase of their retirement planning journey. And, in their response, Tavistock also agreed Mr S's needs could have been met by a fund switch.

In their response to my provisional decision, Tavistock felt the asset allocation of the DFM recommendation was likely to be less volatile than the existing Aegon fund breakdown. And, whilst I don't disagree investing a greater proportion of the consumer's funds in gilts and fixed interest would lessen the volatility, it would at the same time limit its growth prospects too. But, one of Tavistock's foundations for justifying the switch was the potential for better performance that a DFM arrangement provided. Tavistock also said in their response, that a

DFM arrangement added an extra layer of active management and therefore was a potential reason to transfer. However, as I've already explained in my provisional decision, that justification was undermined when less than a year later, Tavistock switched Mr S out of the DFM arrangement and into a low-cost passive tracker fund as he was unconcerned about active management. Allied to this, Tavistock's own illustrations demonstrated Mr S would be better off staying where he was. Particularly given Aegon had a proven performance track record and the DFM arrangement didn't, and, by Tavistock's own admission they could've arranged a fund switch for him.

Finally, Tavistock said the SR set out the charges clearly and proved the new proposition was cheaper than the existing arrangement. They also didn't believe proper consideration had been taken of the value that paying for quality advice could add. I don't believe the provisional decision took anything away from the benefit good quality financial advice can have on a consumer's plans. I acknowledged the service Mr S was switching to would result in regular reviews with an adviser, something he wasn't getting with his existing Aegon plans. And, I'm sure he would've found discussing his pensions plans with an adviser as he neared retirement helpful. However, I think Tavistock's letter was misleading because it stated to the consumer their costs would decrease but the performance would likely improve. And, as I've already explained, their illustrations demonstrated that not to be the case because when the *full* cost of servicing was included, it resulted in the consumer being worse off by approximately £57,888 at age 65. In any event, just because the consumer was advised of what the charges would be, doesn't then make the recommendation suitable.

In summary, the weight of evidence points towards the switch not being in Mr S's best interests. And as Tavistock has not presented any new arguments that I've not already considered, it therefore follows that I uphold his complaint for the reasons set out above.

Putting things right

Fair compensation

My aim is that Mr S should be put as closely as possible into the position he would probably now be in if he had he not switched to a DFM portfolio.

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

What must Tavistock do?

To compensate Mr S fairly, Tavistock must:

- Compare the performance of Mr S's investment with the notional value if it had remained within the same funds. 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.
- If there is a loss, Tavistock should pay into Mr S's pension plan to increase its value by the 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 Tavistock is unable to pay the compensation into Mr S'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 compensation 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 S won't be able to reclaim any of the reduction after compensation is paid.

- The *notional* allowance should be calculated using Mr S's actual or expected marginal rate of tax at his selected retirement age.
- It's reasonable to assume that Mr S is likely to be a basic rate taxpayer at the selected retirement age, so the reduction would equal 20%. However, if Mr S would have been able to take a tax-free lump sum, the reduction should be applied to 75% of the compensation, resulting in an overall reduction of 15%.
- If there's a problem closing the Share Centre SIPP, as can happen, it will be necessary for Tavistock to cover five years of the SIPP's fees, dependent on whether (or not) Mr S chooses to keep it operating.

Income tax may be payable on any interest paid. If Tavistock deducts income tax from the interest, it should tell Mr S how much has been taken off. Tavistock should give Mr S a tax deduction certificate in respect of interest if Mr S 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
Beaufort Absolute Return Medium Risk portfolio	Mixed	Notional value of previous Aegon funds	Date of switch to DFM – 7 June 2016	date of switch to Novia SIPP – March 2017	8% simple per year on any loss from the end date to the date of settlement

Actual value

This means the actual amount payable from the investment at the end date. If at the end date the investment (or any part(s) of it) is illiquid the actual value of the investment (or its illiquid part(s)) should be assumed to be zero. This is provided Mr S agrees to Tavistock taking ownership of the investment (or its illiquid part(s)), if it wishes to. If that is not possible then Tavistock may request an undertaking from Mr S – to be drawn up at Tavistock's expense – that he repays to Tavistock any amount he may receive from the investment (or its illiquid part(s)) in future.

Notional value

This is the value of Mr S's investment had it remained within the original Aegon funds until the end date. Tavistock should calculate this value.

Any withdrawal from the Beaufort SIPP 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 Tavistock totals all those payments and deducts that figure at the end to determine the notional value instead of deducting periodically.

If Tavistock is unable to calculate a notional value, they will need to determine a fair value for Mr S'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.

My final decision

I uphold the complaint for the reasons set out above. My decision is that the Tavistock Partners Limited should pay the amount calculated as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 18 April 2023.

Simon Fox
Ombudsman