

The complaint

Mr L complains that Sun Life Assurance Company of Canada (U.K.) Limited trading as Sun Life Financial of Canada (Sun Life) failed to inform him properly about the pension options available from his employer during the purchase of a free standing additional voluntary contribution (FSAVC).

What happened

Mr L was a member of his employer's pension scheme to which he was making personal contributions. Around 1995, Mr L had a meeting with a financial adviser. The 'Reason Why' letter attached to the financial profile for Mr L completed following this meeting, detailed that he was unlikely to achieve full benefits due to his wish to retire early and so the adviser recommended an FSAVC from Sun Life. It also said that Mr L was aware of the in-house additional voluntary contribution scheme (AVC) available from his employer but that he had chosen not to investigate it.

It was determined that Mr L would arrange his contributions to pay the maximum amount in to an FSAVC. Mr L completed the application form for the FSAVC with Sun Life and began making payments into this scheme shortly thereafter.

In 1996, Mr L met with the adviser once again to discuss his current situation. Following this meeting, the adviser recommended that Mr L "max fund" his FSAVC. The reason for this recorded in Mr L's Reason Why letter was the flexibility coupled with greater investment control. The letter also mentioned that the generic differences had been highlighted and that a copy of this document, which compared an FSAVC scheme with an in-house AVC, was attached.

Mr L proceeded to maximise his contributions to the FSAVC.

In April 2023, Mr L complained through a representative to Sun Life that he was not made aware of the differences between the scheme offered by Sun Life and the options available from Mr L's employer. Specifically, the representative said that it was not sufficient to state that the employer's in-house scheme may offer lower charges when there may not have been any charges at all with this scheme. In addition, the representative also said that Mr L had never seen the generic differences document and suggested that the tied adviser had not provided this at the time of the sale.

Sun Life responded saying that the differences between the two schemes were discussed and detailed in the Reason Why letter and that Mr L opted for the FSAVC due to the additional flexibility and control it offered.

Mr L then brought his complaint to us.

Our Investigator's view was that:

- The Reason Why letter from the October 1995 recommendation shows that Mr L was aware that his occupational scheme had options available but he had decided against

investing in it

- Sun Life did highlight the generic differences during the second recommendation
- The generic differences document would have given Mr L a good indication of the available in-house options
- Given his actions in 1996, Mr L would have opted to invest into an FSAVC at the original sale in 1995 had he been aware of all of the options

Mr L's representative did not agree and asked that his complaint be reviewed by an Ombudsman.

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.

Having done so, I have reached the same conclusion as the Investigator and will not be upholding Mr L's complaint.

The main questions here appear to be what information Mr L was given during the recommendation by the adviser and what differences between the FSAVC and the in-house AVC were highlighted to him.

I note that the adviser was a tied adviser and so was not able to recommend any products other than those of Sun Life. This is important in understanding the obligations which applied to the adviser at the time the advice was given. It is also relevant that there were two recommendations provided, the first in 1995 and the second in late 1996.

Tied advisers were required to follow certain rules which differed slightly before and after May 1996. These rules tell us that, at the first meeting, the adviser should have known in-house options would be available to Mr L and should mention the generic benefits of these. The generic benefits would include the potentially lower charges compared with an FSAVC, the option of added years or the fact that Mr L's employer may have matched or topped up the amount paid into to an in-house AVC.

At the second meeting, it was enough for the adviser to discuss the generic differences and draw Mr L's attention to the in-house alternative to an FSAVC whilst directing Mr L to his employer for more information on these.

We can see from the Reasons Why letter completed after the 1995 meeting that, whilst there is no specific mention the adviser told Mr L about the in-house options, it does say that Mr L was aware of these and had chosen not to investigate them.

The Reasons Why letter for the 1996 meeting repeats that Mr L was aware of the in-house options and also says that the generic differences between these and the FSAVC had been discussed and that the generic differences document was attached to the profile.

The generic differences document includes information on both an in-house AVC and an FSAVC. Amongst those details given, there is mention of the fact that charges for an in-house AVC are normally reduced or paid by the employer, that the employer may match some or all of the contributions to this and that benefits of an in-house AVC can include added years.

Given this and considering there is clear mention of the generic differences between an FSAVC and the in-house options that may have been available through Mr L's employer, I consider that the adviser fulfilled their duties across the two meetings as far as the matters they were required to make Mr L aware of.

Indeed, even if the adviser did not do enough at the first meeting to make Mr L aware of the in-house options, it is enough that the generic differences were discussed at this second meeting since, if Mr L only became aware of the potential benefits at this time, he would not have continued with the FSAVC. On this basis, I think it is reasonable to conclude that Mr L would have proceeded with the FSAVC had he been given this same information during the first meeting.

In their response to the Investigator's view, Mr L's representative raised two concerns. Firstly, whether or not Mr L had been provided with a copy of the generic differences document and secondly, what Mr L would have done had he received this.

With regard to this first point, given the mention of the generic differences in the financial profile from the second meeting as well as reference to a document outlining these being attached, I see no reason to think that this was not provided to Mr L at this time.

If we are to conclude that Mr L did receive this, it is also fair to conclude that, whilst he was aware of the in-house options and the potential benefits these offered, he chose to proceed with the FSAVC because the relative benefits of this outweighed those offered by an in-house AVC and the financial profile seems to confirm this.

My final decision

For the reasons explained above, I do not uphold Mr L's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 6 August 2024.

Rana Chatterjee
Ombudsman