DRN-4595860

The complaint

Mr P complains that Argentis Financial Planning Limited didn't provide the service and advice it should have provided to him about his pension. The value of his pension has fallen significantly as a result.

What happened

Mr P has a personal pension policy. Argentis provided him with independent financial advice in relation to his pension.

Mr P says he received a statement of his pension in December 2022 and it had decreased in value by around £17,000. He initially thought this fall in value might have been caused because he says Argentis had "talked him into" moving his pension into higher risk investments.

He complained to Argentis. It investigated his complaint. It said that although its adviser had recommended Mr P should switch from lower to medium risk investments in March 2022, he hadn't returned the authorisation form. So the switch hadn't happened. That meant Mr P's pension was still in lower risk investments.

Argentis said Mr P's pension was mainly invested in bonds. Bonds had fallen in value due to market volatility. Argentis said that if Mr P had followed its advice, and returned the form it had sent to him, his pension would have been invested differently – to include more equities. If he'd done that, the value of his pension wouldn't have fallen by as much.

Mr P did not accept what Argentis said. He said he hadn't received the form it referred to. He also said he couldn't understand why his policy would have lost so much money if it had been invested in "low risk" funds. He referred his complaint to our service.

Our investigator looked into his complaint. He said he was satisfied that Mr P's pension had remained invested in lower risk investments throughout the period. He thought, on balance, Mr P had received the letter from Argentis which set out its recommendation that he should switch his pension to moderate risk investments. He hadn't returned the authority form. Our investigator commented that it wasn't possible to guarantee how investments would perform, especially over the short term. He thought the fall in the value of Mr P's pension was down to market factors outside of Argentis's control.

Mr P did not agree. By way of summary he said:

- He'd never received the regular technical bulletins which Argentis was required to send him under the terms of the client service agreement;
- Its value service proposition said it would work with him to create a plan to help him achieve his goals. It hadn't done that;
- It had promised to regularly review his investment strategy, including periodic reviews of the progress of his investments using the research carried out by its in-house investment committee which met quarterly. Mr P said it had failed to carry out these periodic reviews of his investment. If it had done that it would've been in touch with him to alert him to the fact that his investment was falling in value;

- Argentis had categorised him as a cautious investor which meant he was worried about short-term losses; and
- Argentis had told him not to complete the authorisation form.

Our investigator considered what Mr P said but he didn't change his view. He said Mr P had initially told us he hadn't received the form from the adviser. He now accepted he had received the form but he said the adviser told him not to complete it. Argentis's adviser said he had no recollection of telling Mr P not to return the form.

Having considered everything again, our investigator thought Argentis had acted fairly and reasonably when it decided not to switch the funds in his pension to moderate risk investments without a completed authorisation form from Mr P. He didn't think it was responsible for the fall in the value of Mr P's pension.

Mr P remained dissatisfied with what our investigator said. So the complaint has 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.

At the outset I'd just comment that Mr P's initial complaint about Argentis was that he'd been "talked into" switching the underlying investments to moderate risk investments. He thought that was why the value of his pension had experienced a significant decrease in value. However, it is the case that the underlying investments were not switched to moderate risk investments and have remained at lower risk throughout the period. So the decrease in value of his pension was not because his pension had been switched from lower risk to moderate risk investments.

Mr P remains dissatisfied with the decrease in value of his pension. He says that if his pension was invested in lower risk investments the value should not have fallen as much as it did. He also argues that Argentis should have been monitoring his pension to make sure it was performing in line with his attitude to risk. Either it should have switched his pension fund to moderate risk investments in the way that it had recommended or it should have taken action as soon as the pension started to decrease in value. He says he was told he didn't need to complete the authorisation form it sent to him and he doesn't think Argentis did enough to keep him informed about how his policy was performing.

I've thought about what Mr P has said.

<u>Why did Mr P's pension experience such a significant fall in value if it remained invested in "lower risk" funds?</u>

Argentis has explained that Mr P's pension remained invested in lower risk investments throughout the period. Having reviewed the valuation reports for September 2021 and December 2022, I'm satisfied, on balance, there had been no changes to how the pension was invested during this period.

Mr P had two retirement accounts. They were both invested in a fund operated by a firm I'll refer to as V. This was detailed on the valuation statements provided to Mr P. Included with the September 2021 valuation is a fund factsheet. This stated that the fund sought to achieve income and or capital returns through a portfolio comprising approximately 20% stock and 80% bonds. The make-up of the fund was also reflected in the fund name which included the words "20% eq" (referring to 20% equities).

The valuation report included the following wording:

> *"The value of investments, and income from them, will fluctuate. This will cause the fund price to fall as well as rise and you may not get back the original amount you invested."*

So, even though the fund was described as lower risk, the valuation report indicated that the value of investments was subject to fluctuation. There was still a risk that the value of Mr P's pension could fall (as well as rise) and he may not get back the original amount he'd invested.

Argentis has explained that the decrease in the value of Mr P's pension was due to the fact that a large part of the assets in the underlying fund was invested in bonds. It said this was in line with the typical portfolio for a cautious investor. And, it said, 2022 had been the worst year on record for bonds but it could not be held responsible for the performance of a particular asset class.

There are a number of factors which can affect the value of equities and bonds. These include stock market movements, interest rates, volatility and political changes. So, for example, it is the case that the general increase in interest rates during the period after 2021, combined with other market factors, led to a decrease in the value of bonds. These market factors would have negatively impacted the value of the underlying investments in Mr P's pension which was made up of 80% bonds.

Having read the notes of the telephone discussion between Argentis and Mr P on 7 January 2022, I can see that Argentis did alert Mr P to the fact that markets were volatile and that this was likely to continue due to inflation and uncertainty of energy sources. So, I think Mr P was aware that markets were volatile at the time and that was likely to continue.

Although I can understand why Mr P was concerned and disappointed by the decrease in the value of his pension, I'm persuaded, on balance, this was due to market volatility which had caused the value of the underlying investments in his portfolio to decrease in value. Argentis did not have control over the factors causing market volatility and, in these circumstances, I don't think it's fair or reasonable to say it should be responsible for the decrease in value of Mr P's pension during this period.

<u>Did Argentis tell Mr P not to complete the authorisation form for the switch to moderate risk investments?</u>

I've looked at the recommendation letter dated 29 March 2022 and the authorisation form attached. The authorisation form included three recommendations. The first recommendation related to a withdrawal request Mr P had spoken to the adviser about. The second and third recommendations related to switching the underlying investments in the two retirement accounts to moderate risk funds (where the make-up of his investments would include 40% equities).

Although all three recommendations were included on the same authorisation form they were set out as three separate recommendations.

Mr P now accepts he did receive the authorisation form together with the recommendation letter which Argentis sent him on 29 March 2022. He also acknowledges that the authorisation form included an authority to make a withdrawal from his pension as well as an instruction to switch his pension (which was spread across two Retirement Accounts with the provider) to moderate risk investments. He decided not to proceed with the withdrawal. So, he says he spoke to Argentis about this and it told him not to complete the form.

Mr P has provided screen shots of a text message which he says Argentis sent to him about this in February 2022. I'll comment on the date of the text message further below.

I cannot be certain, from the information on the screenshots provided, exactly what the subject matter of the text messages were. Argentis hasn't been able to provide any notes it made at the time. Mr P says it was about making the withdrawal that had been discussed from a different source, and not from his pension.

The text message sent by Argentis said:

> *"I can't read these very well on the phone. Do they give you an option to stay where you are currently invested? If so, I would chose (sic) that option."*

Mr P responded to say

> *"OK.. will do thanks."*

As mentioned above, the date of the text messages was 21 and 22 February 2022 respectively – which was before the date Argentis sent its letter of recommendation and the authorisation form (dated 29 March 2022). So, I'm not persuaded that the text messages support what Mr P says about being told not to sign and return the authorisation form – given that it hadn't been sent to him at that date. There's also nothing included in the text message exchange provided which supports what Mr P says about being told by Argentis not to complete the authorisation form. There's no evidence of further text messages between Mr P and Argentis until December 2022.

Argentis says its adviser has no recollection of telling Mr P not to complete the form. It says it's likely its adviser may have told him to score through that part of the authority form which dealt with the withdrawal if he didn't want to proceed with that - but it says its adviser wouldn't have told him not to complete the authorisation form if he wanted to proceed with switching his pension to moderate risk investments. I've noted that the letter dated 29 March 2022 stated that to proceed with the recommendation Mr P was required to "complete, sign and return" the enclosed action pack which included the authorisation form.

Having thought about what both parties have said, and considered the information set out in the letter dated 29 March 2022 and the enclosed authorisation form, I'm not persuaded, on balance, Argentis told Mr P not to sign and return the authorisation form. I think it's reasonable, in all the circumstances that applied here, to have expected Mr P to score through the recommendation about the withdrawal before signing and returning the form to Argentis – if he wanted to accept the recommendation to switch the underlying investments in his two retirement accounts to moderate risk.

Mr P didn't return the completed authorisation form and, in these circumstances, I don't think it's fair or reasonable to have expected Argentis to have proceeded to switch the underlying investments without his authority.

<u>Did Argentis do everything it should have done to keep Mr P informed about how his pension was performing?</u>

Mr P has referred to the level of service he says Argentis told him it would provide. This was described in its Client Service proposition and various other statements Argentis made about working with its clients to create plans to help them achieve their goals. He says Argentis should have sent him regular technical bulletins. And, it should also have been carrying out regular reviews of how his pension was performing and alerted him to the fact that his pension was falling in value.

Mr P says his responses on the Attitude to Risk questionnaire made clear that if his pension decreased in value by 5% he'd want to move it. He's also referred to the definition of a cautious investor which includes the following description:

> *"{someone who is} worried about short term losses."*

His pension did decrease in value by much more than 5% but Argentis didn't contact him to alert him to that. He says Argentis hasn't been providing the level of service it promised or that he would've expected given that he was a "cautious investor."

I've thought about what Mr P has said here. But, having done so, I'm not persuaded, on balance, Argentis promised to carry out reviews at more regular periods than annually or that it promised it would monitor his pension and alert him if it decreased in value.

In its letter dated 30 March 2022, following the annual review, Argentis described its ongoing service. It said:

> *"Our ongoing service centres on our regular review meetings which should take place at least annually. Periodic reviews are an extremely important element of our working relationship. During these meetings we review the progress made by your various investments together with their suitability in relation to your broader financial planning requirements and obligations and consider any fund switches."*

This reflected the information in the Client Service Agreement which stated that Argentis would carry out a review "at least annually." This was also repeated in its letter dated 29 March 2022, where Argentis said that it had agreed to carry out annual reviews which would focus on the progress of Mr P's investments and their suitability in relation to his broader financial planning requirements and objectives.

Argentis offered different levels of service to its clients. Mr P had availed of its Financial Planning Service. The Client Service Agreement listed the services which were, and were not, included in the Financial Planning Service. I've noted, for example, that the following services were specifically not included:

- six monthly reviews;
- quarterly investment portfolio recommendations;
- quarterly asset allocation rebalancing;
- quarterly investment markets update; and
- monthly market bulletin.

The listing did detail services that were included. So, for example, Mr P was entitled to receive regular technical bulletins, annual financial planning reviews and access to a financial adviser by phone.

Mr P says he didn't receive regular technical bulletins. It's not clear what these bulletins would have included or how regularly they were issued. There's also no indication that Mr P had enquired about not having received them prior to the date when he raised his complaint. But, in any case, even if regular technical bulletins had been issued during the period, I'm not persuaded, on balance, they would have included specific information or advice relating to Mr P's pension or that he would have changed his underlying investments as a result.

Argentis did carry out annual reviews with Mr P. It hadn't carried out more frequent reviews than that in previous years. I've also noted that Argentis had scheduled its annual review of Mr P's pension to take place on 30 September 2021 but Mr P wasn't available to attend on that date. So, the annual review was delayed until an alternative date in January 2022.

Argentis did provide valuations annually. As mentioned above, the valuation statements had warned Mr P that the value of his investments was subject to fluctuation. But its ongoing service arrangement didn't include any agreement to provide daily, monthly, quarterly or six monthly monitoring of how his underlying investments were performing. There's also no indication Mr P had requested more frequent reviews or valuation reports or that he expected these to be provided. The frequency of the reviews was set out in the letter dated 29 March 2022 which stated:

> *"We previously agreed to review your financial affairs on an annual basis."*

Argentis's letter dated 30 March 2022 stated:

> *"We discussed the service that you currently receive ..and you confirmed that you are happy to remain on the Financial Planning service level."*

So I'm not persuaded, on balance, Argentis did anything wrong when it didn't contact Mr P more frequently to alert him to the fact that his underlying investments had decreased in value during the period.

Having considered everything here, I'm satisfied, on balance, Argentis has acted fairly and reasonably. I don't require it to have to do anything more to resolve this complaint.

My final decision

For the reasons given above I do not uphold this complaint about Argentis Financial Planning Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 9 April 2024.

Irene Martin
Ombudsman