SIPP - Advertorial

Have You Been Mis-Sold a Self-Invested Personal Pension (SIPP)?

Thinking about claiming compensation?

Since the scheme was introduced by the government in 1989, many thousands of people were persuaded to invest in a SIPP with promises of above average returns. On the surface, the scheme appeared to offer investors a more flexible approach to managing and controlling their pension investment. However, and despite concerns from the FCA, investor's funds were deposited into non-standard and unregulated fund management companies, some of which have subsequently collapsed.

SIPPs were always considered expensive investment options but with many SIPP providers offering 'expert' advice and unrealistic claims relating to high returns on investment, it's no surprise that many people were taken in. Investors were also led to believe their investment capital would not be at risk. Furthermore, many SIPP advisors wrongly believed they and the companies they represented, would not be held accountable for their members' investment decisions.

Thirty years of negligence and thousands of claims later

Many cases of mis-selling are only just coming to light now after 10 or 20 years or even longer. Over the last few decades, poor financial advice together with a total lack of transparency, relating to risk and investment performance, is finally revealing the full scale of the negligence. It's a scandal that is now being tested through the courts and with several thousand claims awaiting a hearing, the SIPP saga looks to follow on from that of PPI claims.

If you happen to be one of the unlucky 'victims' of a mis-sold SIPP, then you might be interested to know how others are faring in the courts before you decide to take action yourself. According to the Financial Ombudsman Service (FOS), SIPP complaints have risen by 86% to 3,811 over the last financial year.

Who is to blame… consumer or advisor?

OS chief executive Caroline Wayman is quoted as saying, "Investment and pension complaints are at their highest level in five years. While self-invested personal pensions can give consumers more control over how and where their pension funds are invested, consumers and advisers need to ensure this is the right vehicle for them. Decisions about pensions are some of the most difficult choices people make, and it's important that consumers understand the risks involved when investing their pension pot." *(Source: https://www.moneymarketing.co.uk/fos-sipp-complaints-up-86/)*

The question now is whether you are absolutely sure you were mis-sold a SIPP. Advisors maintain that the final investment decision rests firmly with the investor and therefore neither they nor the companies they represent, cannot technically be held liable for any resulting losses. On the other hand, legal parties acting for and on behalf of the consumers claim that ‘due diligence’ was lacking on the part of the advisor and therefore they have failed in their duty to provide an adequate standard of care.

What are exotic or non-standard investments?

As a quick guide in determining whether you were mis-sold a SIPP, first consider the nature of the investment. If it was a non-standard or ‘exotic’ investment then it might fall within the realms of being mis-sold. Consideration must also be focused on the type of non-standard investment. The list below includes some examples of non-standard investments that have surfaced over recent years.

- Overseas holiday resorts
- Forestry schemes
- Burial plots
- Car parking schemes
- Renewable energy
- Farmland
- UK and overseas property

Some particularly high risk investments included:

- Wine
- Australian farmland
- Store pods
- Off plan properties

Were any unethical practices involved in the SIPP selling process?

These may include, high pressure selling tactics and advice about tax avoidance. Also, if the advisor did not fully explain all the risks or received high commission fees then these factors might be deemed as unethical practices.

The government are, understandably, taking measures to clean up the industry but there is evidently some way to go before the whole SIPP mis-selling practice is fully purged. As might be expected, many law firms are showing a keen interest in the pursuant of claims, which positively indicates that more substantial financial settlements could be on the horizon.

However, financial advisory and investment companies, which are currently embroiled in the SIPP turmoil have demonstrated dogged determination in fighting back through the courts, with some degree of success. So, it would appear the floodgates have not yet been fully prised open but serious leaks and cracks are slowly appearing. This means that claims for losses of invested pension funds or a shortfall in expected returns may still be valid in many cases, subject to scrutiny.

Why you should you file a claim for your mis-sold SIPP

If you feel you have been a victim of a mis-sold SIPP then you can simply file a claim directly with the Financial Services Compensation Scheme (FSCS). They have already paid out a staggering £112m in compensation for SIPP related claims during 2017/18, which means many claims have been successful. However, with so much confusion about whether you might be entitled to claim or not, the advice is to begin your claim as soon as possible. The FSCS has set aside £375 million to meet the expected deluge of claims, so don't miss out.

Not everyone, who may be entitled, will want to pursue a claim for various reasons, such as time constraints and other commitments or simply because the process appears too complicated. If any of these reasons apply to you or your particular circumstances then you have the option to appoint a legal or financial representative to further investigate and undertake the claim on your behalf.

What to do now…

Don't hesitate and don't lose out on potentially £1000's in compensation that is rightfully yours. Act now and file your claim or click on the link below for more information about…

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