

The complaint

Mr M says Bigmore Associates Limited (Bigmore) was responsible for him receiving a reduced value from his defined benefit (DB) scheme when he decided to transfer his benefits to a Self-invested Personal Pension (SIPP).

What happened

Mr M was a member of a former employer's DB pension scheme in the 1990s. Unfortunately the company ran into difficulties and this affected the scheme. It had to go through the Pension Protection Fund (PPF) assessment process, which was initiated in 2009. This guaranteed a significant proportion of the benefits for the 30,000 existing and deferred members.

In November 2017 the Trustees of Mr M's scheme notified members that having been through the assessment process, the Trustees believed it would be able to leave the PPF. Sufficient assets had been identified to be able to buy pension benefits for scheme members which were in excess of those available through the PPF. These would be secured through a market provider (Legal & General) and the DB scheme would then be wound-up.

On 9 March 2018, Willis Towers Watson (WTW) as administrator of Mr M's DB scheme and acting on behalf of the Trustees, sent members a pack with information about the options they had for taking their pension benefits, including transferring funds to another provider. It gave an estimate of what the benefits would be worth under each option.

The default option was for members to take their benefits as an annual pension – for Mr M this was estimated to be worth around £13,700 a year. About a third of this value would've been increased annually to take account of inflation. And there were death benefits, for example his wife would've received a 50% pension in the event of his passing. The transfer value of his pension was estimated at about £442,000.

WTW made clear the value it had informed members of wasn't guaranteed because these were based on current insurer pricing; the assets the scheme expected to be able to realise by October 2018 to fund the replacement pension; and market conditions as at December 2017.

WTW said that if members opted to transfer their pensions based on the estimated value, they would have the right to change their mind. The scheme was expected to exit the PPF in October 2018. Around this time another valuation would be available for members to consider prior to crystallising their decision.

WTW set out the steps members needed to take to express their preferences, including the forms they needed to complete and the deadlines they had to meet. If Mr M didn't want to draw a pension with the replacement provider arranged by the Trustees, he had to obtain some additional documentation, show that he'd received independent financial advice and have completed and returned the relevant forms by 8 June 2018.

The Trustees made arrangements for scheme members to be able to receive independent financial advice at a reduced cost (a service they could opt for until 8 May 2018). Mr M didn't take this up. However, the Trustees also allowed members to seek support from their own adviser.

On 3 April 2018 Mr M notified WTW that he was interested in transferring his DB funds. He says it was slow to progress matters, he chased the additional information pack again on 20 April 2018. And arranged a meeting with his financial adviser for 1 May 2018. The pack was issued dated 27 April 2018, but Mr M says he didn't receive it until 2 May 2018.

At this point Mr M realised his financial adviser wasn't qualified to provide advice about DB pension transfers, and so it introduced him to Bigmore. It became involved on 4 May 2018, confirming it was happy to take on the work after an initial review of the paperwork Mr M had received from the scheme Trustees.

Bigmore says it sent a letter of authority to act on Mr M's behalf to WTW on 8 May. It also requested certain scheme information. Mr M sent WTW a message on 10 May with his adviser's details and reinforcing that requests from it for information was time critical given the deadlines being worked to.

Over the following few weeks Bigmore chased the scheme administrator for information but its attempts were frustrated. WTW later acknowledged that in hindsight it could've been more helpful.

However, WTW said Bigmore's requests had been unnecessary. That's because it already had access to the information it required from the information packs that had been sent to Mr M on 3 March and 27 April 2018. It also said that given Mr M's scheme was yet to exit the PPF, Bigmore's request for a guaranteed cash equivalent transfer value (CETV) was misguided.

Bigmore says it contacted WTW again on 29 May 2018 and was informed the information it had requested couldn't be provided. And that transfer values were now being calculated by Legal & General and that any requests to transfer would be based on the new values. It says WTW told it that whether the client opted to transfer at that time or in September 2018 would make no difference to the transfer value. WTW says it has no record of such a conversation taking place.

On 30 May Mr M wrote to WTW to complain about the process he'd been through. He said it had caused delays in issuing the appropriate paperwork which meant he had insufficient time to decide on the best course of action. He hadn't received a guaranteed CETV which meant he wasn't able to receive financial advice. And Mr M relayed what Bigmore had been told about new transfer values now being determined by Legal & General, and therefore any rush to complete forms being unnecessary. At the same time as raising his complaint, Mr M notified WTW of his intent to transfer.

WTW failed to respond to Mr M's initial complaint.

Ultimately, Mr M didn't complete and return WTW's paperwork by 8 June 2018 in order to enable him to transfer his scheme funds to an alternative provider. In October 2018 he received a discharge form from his DB pension scheme, notifying him that his benefits had been secured with Legal & General.

Mr M remained interested in transferring his benefits. And on his behalf, Bigmore sought information from Legal & General to start the ball rolling. It wasn't until 7 February that Mr M

was informed of the guaranteed transfer value being offered – this was about £375,000, around £67,000 less than the estimated value WTW had informed him about nearly a year previously.

Bigmore provided Mr M with advice on the basis of the new valuation. In a suitability letter, it recommended he transfer his Legal & General pension to a SIPP with Standard Life, and to make investments in line with his attitude to risk. Mr M accepted its advice and his funds were received into his new arrangement in May 2019.

With Bigmore's assistance, Mr M returned to the matter of his complaint against WTW. Ultimately his case was escalated to The Pension Ombudsman (TPO) service. He's confirmed:

"The TPO's 'Early Resolutions Team' allocated a 'Technical Specialist', who was very helpful in getting clarifications from WTW (and its representatives). It was never handed on to an Ombudsman and as far as I am concerned it reached its conclusion. I can confirm that I am NOT progressing my case with any other bodies, including the TPO i.e. from the clarifications I have received, I clearly feel that Bigmore Associates Limited is the cause of my issues (and much stress!) The TPO's actions led to an admission that WTW had been slow, should have responded to my letter of complaint, which I took as an apology, and clarification of the amount I would have received if Bigmore's had allowed me to submit the forms ahead of the deadline."

Later Mr M began to have concerns about the role Bigmore had played. He raised a complaint against it on 29 October 2020 in the following terms:

"It is clear that you agree with me that the way [the Trustees] (and its representatives Willis Towers Watson) handled the whole process, is far from ideal. You are aware of the tardy, or non-existent, responses, poor communication content etc. However the Pensions Ombudsman has considered all of this as part of my complaint against [the Trustees] that you contributed to. The Pensions Ombudsman has highlighted just one key point: All the other members that transferred out successfully immediately after the Plan exited the PPF in October 2018 were able to submit the required forms before the June 2018 deadline. I have spoken to other members and confirmed that they were able to transfer out in October 2018 and the value was in line with the original estimate..."

"...From our first meeting, you and your staff stated in our meetings and communications that the FCA did not permit advice to be given based on an estimated value.. The Pensions Ombudsman is saying that they are not aware of an FCA rule that would have stopped you completing the forms ahead of the June 2018 deadline...There is not an FCA rule that covers using non-guaranteed values, it is your error that lead to missing the deadline for the forms to be submitted."

Bigmore responded to Mr M on 20 November 2020. It rejected his complaint saying its responsibility was to provide him with suitable advice, irrespective of how much he wanted to move to a different pension arrangement. It said WTW's failures meant that the information it required wasn't available to move things on in a timely manner. It had consulted compliance experts and decided it wasn't prepared to provide him with advice on the basis of an estimated pension transfer value.

Mr M brought his case to this Service to consider. An investigator upheld his case. She thought he'd been led to believe there was an FCA rule that prohibited Bigmore providing advice until he'd received a guaranteed transfer value. This hadn't been the case. She thought Bigmore could've told Mr M at the outset what the firm's position was so that he

could've sought alternative advice. Or it could've advised him, but clearly stating the position would need further review when the transfer value was known.

Bigmore disagreed with the Investigator. It said that WTW didn't confirm that it couldn't provide a guaranteed transfer value for Mr M's pension benefits until two days before the 8 June 2018 deadline for the paperwork to have been completed and returned. It considers WTW's actions are the cause of the problem. It clarified that it hadn't said FCA rules stopped it providing advice, but that it did consider the rules on suitability meant it couldn't provide proper recommendations based on an estimated fund value and without full scheme information.

Bigmore said Mr M wouldn't have been able to find another firm to advise him given the constraints it had identified. And that consideration also had to be given to ensuring Mr M had enough time to properly review any advice before coming to his decision.

As both parties couldn't agree with the Investigator's view, Mr M's complaint was passed to me to review afresh and to provide a decision. I issued my provisional decision in August. Both parties provided further submissions, which I've thought about carefully in arriving at this final decision.

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.

Where there's conflicting information about what happened and gaps in what we know, my role is to weigh the evidence we do have and to decide, on the balance of probabilities, what's most likely to have happened.

I've not provided a detailed response to all the points raised in this case. That's deliberate; ours is an informal service for resolving disputes between financial businesses and their customers. While I've taken into account all submissions, I've concentrated my findings on what I think is relevant and at the heart of this complaint.

I'm upholding Mr M's complaint. I'll explain why.

Before setting out my findings and conclusions, I note Mr M initially involved TPO in his dispute with WTW. He's now confirmed that process is at an end. For the record, Mr M can't benefit from double compensation in respect of the same financial loss he is seeking to recover.

In upholding his complaint I require Mr M to provide an undertaking to Bigmore Associates Limited that should he receive any compensation from another party in respect of the financial loss he claims here, he will pay that compensation to it. Further, he will need to assign any rights to bring a claim in the future against other parties in respect of this matter to Bigmore.

Bigmore has identified other parties as being at least partially responsible for what happened to Mr M. It has identified what it says are substantive failings including in relation to the accuracy of information received and delays in the provision of information.

What Bigmore says in relation to the acts and omissions of other businesses and individuals, including the extent and impact of these and any resulting liabilities it incurs as a result, may

or may not be the case. But I'm not considering a complaint against those parties here. Indeed, I don't have the power to review matters concerning certain businesses where these don't come within the ambit of the Financial Ombudsman Service.

Bigmore may decide to pursue other parties for any losses which it believes it incurred flowing from this complaint, where it feels others are responsible to whatever degree for such costs arising. That's a matter for it to decide.

The first thing I've considered is the extensive regulation around transactions like those performed by Bigmore for Mr M. The FCA Handbook contains eleven Principles for businesses, which it says are fundamental obligations firms must adhere to (PRIN 1.1.2 G in the FCA Handbook). These include:

- Principle 2 - which requires a firm to conduct its business with due skill, care and diligence.
- Principle 3 - which requires a firm to take reasonable care to organise and control its affairs responsibly and effectively, with adequate risk management systems.
- Principle 6 - which requires a firm to pay due regard to the interests of its customers.
- Principle 7 - which requires a firm to 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.

So, the Principles are relevant and form part of the regulatory framework that existed at the relevant time. They must always be complied with by regulated firms like Bigmore. As such, I need to have regard to them in deciding Mr M's case.

In responding to Mr M's complaint, Bigmore said:

"We carried out a comprehensive financial planning review with you looking at all aspects of a potential pension transfer, meeting on a number of occasions to assess and review the suitability of giving up the guaranteed benefits the scheme would have provided you. Whilst you were strongly motivated to transfer away from [your DB scheme] we first ensured that any potential transfer would be suitable for you to consider and subsequently assessed the scheme information to provide you with full advice."

"...the scheme administrators eventually confirmed after multiple efforts to obtain the information that they could not provide a guaranteed transfer figure. We expressed a doubt that any advisor would be prepared to offer advice on such a basis due to the unlimited risk that any such advice could prove to be unsuitable. You made it very clear that your overriding preference was to complete a transfer and we sought further advice from our compliance support firm...on the viability of offering advice on a non-guaranteed transfer figure. They confirmed that whilst it was possible to advise on non-guaranteed transfer values, they strongly recommended against any such action..."

"After we had made our position clear to you, you then instructed [your DB scheme] that you still wished to proceed with the transfer, even with a non-guaranteed transfer value. Whilst we recognised the drivers behind your desire to complete a pension transfer, the onus remains on us as your advisors to ensure the advice we provide is appropriate. As such we acted in your best interests by not running the risk of advising on non-guaranteed figures. Just because we could have made a recommendation based on a non-guaranteed figure does not mean it would have been appropriate for us to do so. It is disappointing that the final transfer value fell from the non-guaranteed figure but unfortunately there was no way of knowing what the revised figure would be, especially as the scheme trustees offered no information at all regarding this at the time."

“Therefore, based on the advice process we carried out for you, that was designed to ensure you received appropriate financial advice relating to a complex and significant financial decision, I do not agree that it would have been appropriate to provide transfer advice based on a non-guaranteed transfer value. Whilst other firms may have been prepared to offer advice on this basis we made it quite clear that after due consideration Bigmore Associates were not willing to do so due to the risks of ultimately offering inappropriate advice to you.”

In responding to my provisional decision Bigmore re-emphasised its arguments including the following points:

- The transfer value quoted by WTW was an estimate – it couldn’t work with the figure to provide advice.
- It says it couldn’t have met regulatory requirements on suitability – it couldn’t have advised Mr M about whether he should transfer or not based on the available information.
- WTW told it that the transfer value would be the same whether he opted to transfer by the deadline or in September 2018, when the final values were known.
- Mr M had expressed serious doubts about the accuracy of the information WTW had provided in its documentations and so it sought to verify details prior to giving advice.
- WTW ignored Mr M’s expressed wish to transfer from the scheme, which he provided prior to the deadline.

There’s merit in some of the arguments Bigmore sets out. It’s important to recognise the strict regulatory context within which it has to operate.

For example, the rules governing the transfer of DB pension benefits in particular set a high bar for firms in how they deal with customers. That’s because these benefits, which are usually accrued over long periods of time, are valuable and costly to replicate with new providers. So, the general assumption is that such transfers are unsuitable, unless given a person’s specific circumstances and objectives there is a telling case to proceed.

It’s a matter for each firm to decide whether or not it’s in a position to advise a client and in doing so be able to work in their best interests. Any advice it provides must be suitable. It’s the case that the Regulator and this Service take a dim view of firms which provide advice that is later shown to be inappropriate. This can be very costly for the businesses involved as well as their clients.

I also note in this case both Bigmore and Mr M had serious concerns about the administrative competence of WTW, which they say was unresponsive and caused significant delays. WTW has itself acknowledged certain shortcomings in how it handled matters in this case.

Further, it’s arguable that Mr M didn’t proceed with matters as quickly as he might have. While he’s provided some helpful context in terms of his family’s circumstances and about issues he experienced with WTW, I’m mindful that having received the initial information pack on 12 March 2018, he failed to proceed to engage an adviser until 1 May 2018, despite knowing the deadline for completing and returning his papers to the pension scheme administrators was 8 June 2018.

Of course, I’m not considering a case against WTW. And although Mr M didn’t act as promptly as he could’ve, I think Bigmore was aware of the situation when it was engaged and its approach more likely than not ultimately caused him a financial loss.

Bigmore was approached by Mr M's financial adviser on 3 May 2018 about whether it could help by providing advice to him about the potential transfer of his DB benefits to an alternative provider. It responded the next day in the following terms:

"...not a problem to look at this case for you too.

"On the face of it I would have been inclined to agree that [the DB scheme] would have been a better option but having read through all the paperwork I am not so sure. The deferred scheme pension of £13.7k only has inflationary increases on about 31% of this meaning it is unlikely to increase much pre or post retirement. The 50% widows pension benefit is average and the early retirement factors are actually quite good but the relatively small amount of increasing pension income means the transfer value figure is arguably very good."

"...The wider circumstances, priorities and risk tolerances will be key as always but just looking at the numbers I would suggest it would be a case potentially worthy of a full review."

In responding to my provisional decision Bigmore said:

"...Mr M did not approach us for advice until there were only a few weeks left to make a decision, we did our very best for him to get the full scheme information to be able to give him that advice but WTW were obstructive and incompetent...finally confirming a few days before the deadline that they could not provide any further information..."

"We made it clear at the first meeting that the timescales would be tight but that we would do our best for him, which is what we did."

It's clear Bigmore had sight of Mr M's paperwork from WTW and that it was aware of the deadline being worked to. And by agreeing to take on the work, by implication it considered there was time enough to be able to deliver its advice and meet WTW's requirements by 8 June 2018. In agreeing to advise him it had a duty to work in his best interests.

Although I don't think there was much slack in the timetable at this point, I remain of the view there was an opportunity to deliver the financial advice Mr M required to safeguard his position. I say this because Bigmore entered knowingly into the engagement. Had there been a significant risk of not being able to deliver it shouldn't have taken on the business.

My view here is strengthened by what we know about the arrangements made by the Trustees for the provision of financial advice to scheme members. People in Mr M's situation had until 8 May 2018 to inform the firm put in place that they wanted it to act for them. This demonstrates at this point there was still sufficient time to get the transfer of Mr M's pension benefits sorted.

Further, I've reviewed the timetable Bigmore worked to when it actually managed to effect the transfer of his benefits from his Legal & General pension. The letter confirming the guaranteed transfer value was issued on 8 February 2019. Off the back of this I can see from Bigmore's case file that it had managed to commission three iterations of the pension transfer analysis in quick time. There's a suitability report dated 25 February 2019 and another dated 1 March 2019.

Even taking the final suitability report, the process had taken around three weeks from notification of the transfer value, including applications being made to Standard Life to establish his new pension and instructions to Legal & General to effect the transfer. I accept this speedy turnaround was possible because Bigmore would've already completed some

groundwork. But as Bigmore acknowledged in a response to the Investigator's view, from its initial engagement until WTW's deadline for receipt of completed forms was six weeks.

So, I think it's more likely than not Bigmore had enough time to have been able to advise on the transfer of Mr M's DB pension funds when it had first been engaged. I'll now turn to other arguments it's made to support its case.

Bigmore has said that it asked WTW for specific scheme information at the outset. It said it didn't respond to its requests for information until it was too late. It says it couldn't deliver a proper suitability assessment without a guaranteed transfer value from Mr M's scheme administrator, or without full scheme information.

Bigmore also says it only got confirmation there wouldn't be a guaranteed transfer value issued before October 2018 two days before the deadline for completion and return of the required transfer forms. It said a different adviser would've encountered the same problems.

I'm mindful Bigmore had access to the documents Mr M had received from WTW in March and April 2018. The information WTW provided scheme members highlighted some important context and information. For example, it was preparing to exit the PPF and so the approach and conditions were different to a situation where, say, Mr M was looking to transfer out of a usual DB arrangement. Bigmore needed to have understood and gripped this important fact, it had important implications for how it needed to proceed.

The information provided by WTW recognised the issue of only providing members with estimated fund values. It explained this was because the pricing of its chosen pension provider wasn't certain; the estimates of fund value were based on the market position in December 2017; and there were uncertainties about the value of the assets it would be able to realise by October 2018, which was when it was expected to leave the PPF.

WTW provided a clear statement about the rationale for providing estimated transfer values. It should've then been clear to Bigmore from the outset that requesting a guaranteed transfer value was futile.

WTW did however provide members with some potentially helpful assurances. For example in relation to managing a situation where the transfer value changed significantly by October 2018, it said:

"If you select this Transfer Value option now then you will have a right to change your mind when we write to you with an updated Transfer Value as we approach the expected date of transfer. If you do change your mind, then you will either receive a Deferred Pension with Annual Increases in Payment OR a Deferred Pension with No Increases in Payment, depending on the selection you make when submitting your Transfer Value Option Form..."

This effectively provided Mr M with insurance for his decision in May 2018. For example, had he received a recommendation to transfer his DB funds, but this had been finely balanced, and then he'd been offered a much lower transfer value in October 2018, he had an opportunity to change his mind.

Bigmore could've reviewed any initial suitability analysis in good time once in possession of a firmer valuation. It also would've meant Mr M would've had plenty of time between receiving advice about the DB transfer in May 2018 and the eventual key decision he had to take in October 2018. He could've taken time to weigh the pros and cons of moving away from the arrangement being put in place by the Trustees.

Bigmore says it received advice from a compliance professional that it shouldn't advise Mr M about the transfer of his DB fund on the basis of an estimated value. That, of course, is an operational matter which it can decide. The problem is that it needed to have informed Mr M if not immediately, then certainly very quickly. That's because he still had an opportunity to line up another adviser, or perhaps in the worst case (given his sentiments) to have made use of the support his Trustees had lined-up by phoning that firm by 8 May 2018.

Further, Bigmore has remained vague about when it sought compliance input about whether it could safely offer advice based on an estimated transfer value. It's not clear how the question was framed, nor how much context it provided about the PPF situation or the assurances being provided by the Trustees.

Instead, Bigmore engaged with Mr M and gave him the impression it could help him. It wasn't until too late in the process it informed him that it couldn't provide him with advice without a guaranteed transfer value. And it did so in such a way as to give him an inexact understanding, that it couldn't proceed because of regulations put in place by the Financial Conduct Authority (FCA). It has since explained more clearly what it had meant i.e. that it could've advised him but chose not to do so because it was worried about being able to produce a suitability report bearing in mind his best interests.

I agree with Bigmore when it says that no other adviser firm would've been able to provide Mr M with advice if it had waited until two days before WTW's deadline for completions and return of the transfer forms. But the telling point is that it shouldn't have waited until this point. It had the information it needed to decide how to proceed, even if that was to inform Mr M it couldn't help him. In this case, I think it's more likely than not he'd have been able to find another firm to advise him.

I understand the arguments Bigmore makes about needing to adhere to regulation. But I don't think it needed to act outside the current regime in order to provide Mr M with the support he needed, even if that had been a quick decision on whether or not it would be able to advise him. I also recognise other parties had significant roles in what happened in 2018. But I'm only considering the acts and omissions of parties to this complaint.

Bigmore has also now provided more details of the information it says it was lacking in order to conduct a full transfer value analysis report (TVAS). It needed confirmation of the start date of Mr M's DB scheme; the policy booklet; joining and leaving dates; the split of guaranteed and other benefits; and early/late retirement factors.

Again, Bigmore's arguments aren't without merit. But as I've already set out, it had an opportunity to provide Mr M with initial and caveated suitability advice, safe in the knowledge there was plenty of time later to review and firm up its position.

Further, it's of note that in March 2019 Bigmore advised Mr M to transfer his DB pension to a SIPP based on a CETV offer from his new provider Legal & General, which it acknowledged was 15% less than the indicative figure provided by his former scheme.

In its suitability report Bigmore said if Mr M was to seek a level of benefits from an insurer comparable to those provided by his DB scheme, this would cost him around £131,000 more than the £375,000 transfer value he was being offered. It stated the annual investment return required from his funds would need to be around 14% to match his then existing benefits.

The point here is that Bigmore's recommendation wasn't driven by a basic financial case for transferring. Its advice, in relation to a smaller transfer value than had been achievable, was based on matters specific to Mr M's circumstances. For example, its suitability report summarised for Mr M in the following terms:

“You have the security of your State Pensions and [your wife’s] Teacher’s Pension, which will provide you with a guaranteed, secured income, which increases with inflation and provides a pension for [you] on [her] death. By transferring the [DB] pension to a Standard Life Wrap SIPP, you can benefit from flexible income now and manage your tax position by using tax free cash, while remaining invested for growth and potentially keep a pot of money available for your beneficiaries on [your] death.”

In responding to my provisional decision, Bigmore raised the fact that Mr M wrote to WTW on 30 May 2018, notifying his intent to transfer his benefits prior to the deadline, subject to certain caveats. WTW failed to respond. While I can see a letter was sent, the problem ultimately was that he was required to have received independent financial advice and certain forms needed to have been completed. This wasn’t the case.

Overall, Bigmore hasn’t done enough to persuade me that it isn’t responsible for the financial loss Mr M has suffered as a result of its engagement and actions.

Putting things right

I’m upholding Mr M’s case. So, he needs to be returned to the position he would’ve been in now - or as close to that as reasonably possible – had it not been for the failures which I hold Bigmore Associates Limited responsible for.

This is subject to the undertakings Mr M needs to provide Bigmore that I’ve already set out. This includes providing it with information about any further sums he’s received from his former DB provider and what these were in relation to. The point being, he’s not able to benefit from double compensation or payment in relation to the matter I’ve considered.

WTW, acting on behalf of the Trustees of Mr M’s former DB scheme, has already confirmed the following:

“The Trustee has made enquiries and is able to give [Mr M] a figure which shows what he would have received had he transferred out in October 2018. This is based on the hypothesis that he completed the advice process for the non-statutory transfer and submitted complete and correct forms by the required deadline. Had that been done, the Trustee would have paid him a transfer value of around £434K at the end of October 2018.”

So, to compensate Mr M, Bigmore Associates Limited should:

- Calculate the notional value of Mr M’s pension now, had he received the higher transfer value in October 2018. Assuming this sum would’ve been invested in the same funds and the same proportions as happened in May 2019 onwards (including allowing for the time it took to make such investments).
- Find the current value of his SIPP, including investments and any cash held. My understanding is that he remains with the same provider. He hasn’t made any further contributions but has started to take benefits from his pension.
- After confirming the detailed position, then the value Bigmore obtains or the calculations it makes should assume these adjustments would still have occurred and on the same dates.
- The adjusted, as appropriate, like for like difference between the notional value of Mr M’s pension and the current value of his SIPP will be his financial loss that Bigmore needs to redress.
- If there is a loss, it should pay into Mr M’s pension plan, to increase its value by the amount of the compensation and any interest. If paying compensation into his SIPP

should conflict with any existing protection or allowance, then Bigmore should pay him compensation as a cash sum. In doing so Bigmore should make a notional deduction to allow for income tax that would otherwise have been paid.

- If Mr M hasn't yet taken any tax-free cash from his plan, 25% of the loss would be tax-free and 75% would've been taxed according to his likely income tax rate in retirement – presumed to be 20%. So, making a notional reduction of 15% overall from the loss adequately reflects this. If he is a higher rate taxpayer, the notional allowance would reduce the amount payable accordingly.
- Bigmore must pay the compensation within 28 days of the date on which this Service informs it that Mr M accepts my final decision, and following receipt of the reasonable undertakings it requires from him. If it pays later than this it must also pay interest on the compensation from the date of my final decision to the date of settlement at 8% simple a year.
- Income tax may be payable on any interest paid. If Bigmore considers it's required by HM Revenue & Customs (HMRC) to deduct income tax, it should tell Mr M how much has been taken off. It should also give him a tax deduction certificate if he asks for one, so he can reclaim the tax from HMRC if appropriate.
- Provide the details of the calculation to Mr M in a clear, simple format.

My final decision

For the reasons I've already set out, I'm upholding Mr M's complaint, and I require Bigmore Associates Limited to put things right in the way I've directed.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 31 October 2022.

Kevin Williamson

Ombudsman