DRN-3696441

The complaint

Mr J complains about the advice given by JLT Wealth Management Limited ('JLT') when he transferred the benefits from his defined-benefit ('DB') occupational pension scheme to a personal pension. He says the advice was unsuitable for him and believes this has caused a financial loss.

What happened

Mr J was a deferred member of a DB scheme in which he'd accrued benefits from a previous employer. In 2009 his previous employer made a limited time offer to some members of the DB scheme, where it would offer an enhanced transfer value, which had an additional payment on top of the transfer value of their benefits, if they were interested in transferring. As part of the offer, Mr J's former employer would meet the cost of independent advice to members about a potential transfer. This advice was provided by a business which has since become part of JLT and for which JLT is responsible for answering complaints about. So, to keep things simple, I'll just refer to JLT throughout my decision.

In April 2009, Mr J agreed to receive advice from JLT. He completed a fact-find - providing JLT with information about his circumstances and objectives. This noted that he was 35, in good health, married with two dependent children. He also recorded that he was making contributions to another pension, separate to the DB scheme.

Mr J said that his income in retirement from his pension arrangements was unknown – both in terms of what he'd need and receive. He also said he'd like his pension to increase in line with inflation and that while a high tax-free cash lump sum would be nice, this wasn't a priority for him.

The offer made by his former employer allowed him to add the enhancement to the transfer value and invest the total (£20,140) in a new pension arrangement. Or Mr J could take the enhancement, less tax and national insurance, (£3,109.82) as cash and invest the transfer value (£16,112) in a new pension. Mr J indicated in the fact find that he was interested in taking the enhancement in cash.

There were also questions in the fact-find about Mr J's attitude to risk. He said that he'd like to achieve above average returns but that he had minimal experience of investments and a moderate tolerance for volatility in the value of his pension. Based on this JLT concluded that Mr J had a 'medium' attitude to investment risk and was a 'balanced' investor.

JLT sent Mr J a report outlining its recommendation (often referred to as a 'suitability report'). The report was dated 10 June 2009. But in call recordings I've been provided it was suggested that this wasn't actually sent to Mr J until early July 2009.

The report said JLT based its recommendation on Mr J intending to retire at 65 – the normal retirement age of his DB scheme. It said, if Mr J intended to take the enhancement as cash, JLT recommended that he did not transfer his pension. But if he were going to reinvest the entire value, including the enhancement, in the new pension, JLT recommended that he did transfer. The report said the recommendation was *"based exclusively on whether your*

Critical Yield is achievable on a year-by-year basis". The critical yield being the level of growth required of a new pension each year to allow Mr J to be able to purchase pension benefits at retirement equivalent to those that he was giving up.

JLT said to match the benefits Mr J would be due at 65 under the DB scheme, assuming he took the maximum TFC allowed by the scheme at retirement and a reduced pension, the critical yield was 6.7% - if he invested the entire transfer value, including the enhancement. Which JLT said it felt could be achievable. But if he took the enhancement as cash and invested the remaining value, it said the critical yield was 7.4%, which JLT thought was unlikely to be achieved.

In terms of a new pension provider, JLT recommended Mr J transfer his benefits to a specific pension provider – noting it had negotiated special terms with that provider, in particular reduced management costs, for all members of Mr J's DB scheme that were interested in transferring. So, this was the default provider it recommended to all members of the DB scheme. JLT also recommended an asset mix to Mr J, that it felt was in line with his attitude to risk.

Forms were included for Mr J to complete in the event he wanted to proceed with a transfer. The transfer agreement form gave Mr J the option of taking the whole of the enhancement as cash, taking part as cash and adding some to the transfer value – with Mr J given the option to indicate how much he wanted, or investing the total of the enhancement and transfer value in the new pension. But the form made no further reference to JLT's advice.

Mr J signed the transfer forms on 21 July 2009, indicating he wanted to go ahead with the transfer and take the enhancement as cash.

JLT wrote to Mr J on 30 July 2009. It acknowledged receipt of his forms, noting he'd opted to go against its advice. It said it would accept his instruction but took no responsibility for this. And I understand the transfer went ahead in line with Mr J's instruction.

Mr J complained to JLT in 2021. He said he had not initiated the advice and had been approached by his former employer and JLT and that a transfer had been promoted. He said the risks and how much he potentially stood to lose hadn't been made clear, particularly in comparison to the enhancement that was offered. He didn't think JLT had acted in his best interests when it had given advice. And he said he wouldn't have even considered transferring, but for the advice it gave.

JLT didn't uphold the complaint. It said it had advised Mr J not to transfer if he were taking the enhancement as cash and he had proceeded against its recommendation. JLT believed it had been clear about the risks and felt that Mr J was keen to transfer, as he'd mentioned being interested in transferring his benefits to his new employer's pension scheme. JLT did though say that, while it felt the advice it had provided was suitable, the investment funds into which Mr J ultimately transferred were not appropriate based on his circumstances. Which it felt had caused him a loss. And it offered to make a payment to address that loss.

Mr J asked our service to consider his complaint as he still felt the advice was unsuitable. One of our Investigator's looked into it and said he thought it should be upheld and that JLT should compensate Mr J for any loss the DB transfer had led to. While he acknowledged that JLT had said it didn't recommend transferring if Mr J took the enhancement as cash, the Investigator didn't think the reasons for this were as clear as they should've been or that Mr J was in a position to make an informed decision. He also didn't think the process followed by JLT – giving Mr J the option, by ticking a box on a single form, to disregard its advice – was balanced or fair. And he didn't think Mr J was truly an insistent client – as he felt without that option being given, he wouldn't have asked to transfer. So, if more appropriate advice had been given, the Investigator didn't think Mr J would've transferred.

JLT disagreed. It said that it felt it had given a clear recommendation and that Mr J had been aware of the risks of transferring and had understood he was acting against JLT's advice. JLT said its advice was only about whether to remain in the DB scheme or transfer and it wasn't carrying out a full financial review. So, it would not have explored alternative ways Mr J could raise a cash sum as part of its advice. And it remained of the view that the advice was suitable and the process followed fair.

The investigator wasn't persuaded to change their opinion, so the complaint was referred to me to make a 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.

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 JLT'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 deal with the obligations when giving a personal recommendation and assessing suitability. Including that JLT had to take reasonable steps to make sure its recommendation was suitable for Mr J. And that it had to obtain enough information from Mr J to ensure its recommendation met his objectives, that he could bear the related investment risks consistent with these objectives and that he had the necessary experience and knowledge to understand the risks involved in the transaction.

And the provisions in COBS 19 which specifically relate to a DB pension transfer. These include, but are not limited to:

COBS 19.1.2R

"A firm must:
(1) compare the benefits likely (on reasonable assumptions) to be paid under a defined benefits pension scheme with the benefits afforded by a personal pension scheme or stakeholder pension scheme , before it advises a retail client to transfer out of a defined benefits pension scheme;

(2) ensure that that comparison includes enough information for the client to be able to make an informed decision;
(3) give the client a copy of the comparison, drawing the client's attention to the factors that do and do not support the firm's advice, no later than when the key features document is provided; and
(4) take reasonable steps to ensure that the client understands the firm's comparison and its advice."

And COBS 19.1.6G

"When advising a retail client who is, or is eligible to be, a member of a defined benefits occupational pension scheme whether to transfer or opt-out, a firm should start by assuming that a transfer or opt-out will not be suitable. A firm should only then consider a transfer or opt-out to be suitable if it can clearly demonstrate, on contemporary evidence, that the transfer or opt-out is in the client's best interests."

JLT has said it only provided focused advice – which solely looked at whether JLT would recommend a transfer based on the information Mr J provided in the fact find and the critical yields. So, it hadn't looked into Mr J's wider circumstances, such as other options for raising a cash sum equivalent to the enhancement.

But JLT was giving advice on whether to transfer benefits from a DB scheme to another arrangement. So, all of the rules I've referenced apply. And in short, JLT needed to consider Mr J's specific circumstances and objectives – which I think reasonably include why he might've been thinking of transferring. Which in this case appears to have been motivated by the option to take the enhancement as cash. It needed to assess the options available and look at what was in his best interests – which I think would extend to what alternative ways of meeting his objectives were available. It needed to provide a comparison of what the situation would be if he opted to transfer against what he could expect to receive if he didn't, in a clear and understandable manner, making clear the differences and risks. And it needed to make sure that Mr J understood all of this information so that he could make an informed decision. All while ensuring it acted honestly, fairly and professionally.

Having considered all of this and the evidence in this case, I've decided to uphold the complaint for largely the same reasons given by the investigator.

The advice

JLT was clear in the suitability report that its recommendation was "based exclusively" on the critical yield and whether this was achievable. Again, the critical yield is the rate of growth required for Mr J to have been able to obtain equivalent benefits outside the DB scheme to those he was guaranteed under the scheme itself. But there would be little point in Mr J giving up the guarantees available to him through his DB scheme only to achieve, at best, the same level of benefits outside the scheme. I also don't think this should've been the only consideration when looking at whether a transfer was in Mr J's best interests. And by only focussing on this, I don't think JLT gave Mr J all of the information it should've done, so that he could make an informed decision.

I don't think there were any other reasons that meant Mr J needed to transfer his benefits or that it was in his interests to do so. Mr J indicated he would like a pension that increased with inflation. And the DB scheme benefits would continue to escalate until retirement and when in payment, so met this objective. Mr J was 35 at the time of the advice – a long time from needing or being able to access his pension benefits. His needs in retirement were unknown – as noted in the fact find. He didn't anticipate needing to take benefits early – although that may've been possible under the DB scheme anyway. And he acknowledged that maximising tax-free cash was not a priority. So, he didn't need flexibility in his pension arrangements at the time. Mr J was also married with two children. So, the spouse's and dependent's pension provided by the scheme would've been a valuable benefit in the event he predeceased them, and I don't think transferring to achieve alternative death benefits was in his interests. And Mr J indicated he had little investment experience. So, I don't think he had the knowledge or experience to have direct control over the investment of his pension and I don't think this is something that he wanted.

The only reason that seems to have been indicated for potentially wanting to transfer was so that Mr J could receive the enhancement as cash. But there was no investigation by JLT into why Mr J wanted to take this sum. The fact-find said he was interested in taking this sum for "investment" but there was no further context sought about this or whether this was truly needed. And there was nothing recorded about what alternative – other than making an irreversible change to his retirement provisions – was available to achieve this. JLT didn't ask for any information about Mr J's income and expenditure, or his financial position at all, to see if there were other means to obtain this sum. And without having done so, I don't think JLT could realistically assess whether accessing this sum was needed or if transferring to enable this was in Mr J's interest.

And without all of these things being explored in the suitability report, with JLT explaining how they impacted its recommendation, I think the advice given to Mr J was incomplete. JLT says it made Mr J aware of the risks involved with a transfer. But disclosing risks isn't a substitute for suitable advice or an explanation why taking the relevant risk was appropriate.

I also think the advice itself was not suitable.

JLT says that if Mr J took the enhancement as cash, it didn't recommend a transfer because the critical yield would not be achievable. But if he reinvested the enhancement along with the transfer value, it did recommend a transfer. But I don't think transferring was suitable in either scenario.

The critical yield to match the benefits Mr J would have been entitled to at age 65 under the DB scheme was calculated to be 6.7% if he invested the enhancement and transfer value. Or, 7.4% if he only invested the transfer value and took the enhancement as cash.

JLT said in its final response that it calculated at the time of the advice that the maximum return Mr J could expect to receive based on his attitude to risk and term to retirement was 6.7%. Which supports that the critical yield if he took the enhancement as cash wasn't achievable. The growth JLT deemed achievable was equal to the critical yield if investing the enhancement alongside the transfer value. But again, there would be little point in transferring and taking on significant additional risk only to achieve the same benefits - which is what these figures suggest was the best that Mr J could hope for. It isn't clear how the growth JLT thought was achievable was calculated. But given it said this was the maximum it anticipated Mr J might achieve – and this wasn't guaranteed, and growth could have been substantially lower – it appears he was unlikely in either scenario to improve his retirement benefits.

I think this is further supported by the 'discount rates' our service was publishing on our website at the time, for use in loss assessments where a complaint about a past pension transfer was being upheld. JLT says that referring to the discount rate was not required by the regulator so has suggested our Service is wrong to take this into account. But I think it is a reasonable additional consideration when seeking to determine what level of growth was reasonably achievable at the time of the advice.

Mr J was 35 at the time of the advice and intended to retire at 65. The discount rate at the time the recommendation was provided to Mr J for 29 years to retirement, as would be the case if he retired at 65, was 6.9%. And for further comparison, the regulator's upper projection rate at the time was 9%, the middle projection rate 7%, and the lower projection rate 5%.

I've taken this into account, along with the composition of assets in the discount rate, Mr J's 'balanced' attitude to risk and also the term to retirement. The discount rate was slightly above the return the JLT said it felt was achievable. And so, was slightly above the critical yield if Mr J invested the enhancement and transfer value. But the difference was not substantial. And although JLT said Mr J had a 'balanced' attitude to risk, he said in the fact find he only had a moderate tolerance for volatility in pension value, suggesting he may in fact have been slightly more cautious - meaning that achieving the level of return required consistently was likely more difficult. Taking this into account, I think he was always unlikely to achieve retirement benefits of a greater value at retirement as a result of transferring and investing in line with his attitude to risk, whether investing the enhancement or not.

So, I don't agree with JLT that its recommendation to transfer if the enhancement was re-invested was in Mr J's best interests. And I think he should've been advised against transferring, regardless of what he did with the enhancement.

It follows that I agree that JLT was correct that transferring if Mr J intended to retain the enhancement as cash was unsuitable. But I also don't think the advice provided clear enough information for Mr J to make an informed decision.

It is true that the suitability report said that JLT didn't recommend that Mr J transfer. And the report included the critical yields I've talked about – in percentage terms. But beyond those percentages Mr J was given very little information, particularly in clear, monetary terms, about the consequences of transferring. A pension is primarily to provide for the pension holders income needs in retirement. But despite there being a section in the report summarising the existing scheme benefits, there was nothing in that section about the annual pension Mr J could expect to receive from the DB scheme.

It was noted on page 18 of the suitability report, much later than the summary of existing benefits section, that the DB scheme was expected to provide a tax-free sum of £26,600.90 and an annual pension of £3,990.10 from age 65. But this wasn't given a great deal of prominence – coming after the executive summary of JLT's recommendation, summary of how JLT thought Mr J should invest and the "what to do next section" of the report.

And at no stage during the suitability report was it stated, in clear monetary terms, how much Mr J might receive from a personal pension by transferring – particularly if the critical yields were not achieved – so that he could make a comparison. I think this was important information that JLT should've provided and made sure Mr J understood. It is true that JLT said there was a risk that the benefits available at retirement could be less than would've been available under the scheme. But without some comparison or saying how much less this might be, Mr J wasn't, in my view, given sufficient context to make a decision.

And I think this was even more important considering the only objective that Mr J seems to have thought about was releasing the enhancement as a cash sum.

As this had been indicated by Mr J in the fact find, in my view, JLT ought to have included information that would've allowed Mr J to draw a clear comparison between what he was achieving – the cash he was taking through the enhancement – and the impact of this in the long term in respect of his pension benefits. Some indication of the potential cost in retirement in terms of pension income, and some discussion of the fact that retirement income was potentially payable for a long time, with the loss through lower annual retirement benefits compounding over that period of time, with monetary examples, should, in my view have been included. As without this, I think it was easy for Mr J to think that transferring wouldn't make a big difference to him and the cost may've been equivalent to the benefit – which Mr J has told us he thought was the case.

As a result, while I agree that transferring was not suitable, I don't think the advice and information given by JLT was clear enough for Mr J to make an informed decision about transferring.

Insistent client

JLT says it treated Mr J as an insistent client after he decided to act differently than advised. But I'm not sure Mr J truly was an insistent client.

As I've already summarised, I don't think Mr J was provided with all of the information he needed in order to make an informed decision about the advice. And without that information I also don't think he was in an informed position to decide whether he wanted to be an insistent client – as he didn't truly understand the consequences of this.

And I think the process JLT used made it altogether too easy for Mr J to proceed and for it to treat him as an insistent client.

The suitability report said if, after reading the recommendation, Mr J wanted to move his benefits, he needed to complete the attached forms. Given JLT recommended transferring if Mr J was going to invest his enhancement alongside the transfer value, albeit I don't agree this was suitable, I can somewhat understand the inclusion of such forms. But on the other hand, as he'd indicated a preference to take the enhancement as cash previously, I think there is also an argument for not providing the forms at that stage, based on the other recommendation it made.

Even if the inclusion of a form to confirm agreement with the recommendation was appropriate though, I don't think it was appropriate or necessary to include the option to ignore the advice given.

The form sent to Mr J appears to have been a standard template. But I don't think it was appropriate to his circumstances. I say this because it gave three options in relation to the enhancement – to invest it all, have it all paid in cash or specify how much of the enhancement he'd like to receive as cash. But given JLT said its recommendation was only to proceed if the enhancement was invested, I don't think providing the latter two options was required or appropriate.

Mr J had expressed a preference to take the enhancement as cash in the fact find. But JLT's role was to provide advice on what was in his best interests - not to facilitate what he might've thought he wanted. There was no indication in the information that I've seen to suggest that Mr J had already thought about disregarding the advice before the suitability report was issued. He was an inexperienced investor, seeking financial advice. The option to disregard that advice being presented to him, out of the blue, was likely the first time he'd even thought he could disregard the advice. And the only purpose I think including this served was to prompt him to consider doing so. Which I don't think was in his best interests. And I'm not sure, without this prompting by JLT, that he'd have insisted on transferring.

And Mr J simply had to tick a box on the transfer paperwork to say that he wanted to take the additional cash amount. Mr J didn't need to do or complete anything else. And on the basis of this ticked box, JLT simply sent Mr J what appears to be a templated letter telling him it would process the application and transfer his benefits out of the DB scheme, but that it was against its advice. While I acknowledge it wasn't a requirement at the time, given Mr J's relative lack of experience, I think it would've been important for JLT to ensure he understood what he was getting into. And, aside from having explained the reasons a transfer wasn't suitable in more detail – as would've been appropriate, another good way to have done this would've been to see in his own words that he understood the recommendation being made and why he wanted to proceed. But JLT didn't do this, and it proceeded to facilitate the transfer. And I don't think this was acting in Mr J's best interests.

Overall, I think JLT made it altogether too easy for Mr J to agree to being an 'insistent client' rather than allowing him time to think about the advice not to go ahead with the transfer if he intended to take the enhancement as cash – which appeared to be his preference.

Would Mr J have acted differently?

While I think there were failings in the advice given and the process used by JLT, I have to consider whether Mr J would've gone with a transfer ahead anyway – if clearer advice had been given and he hadn't been prompted to consider acting on an insistent client basis.

I've thought about this carefully. It's clear that the ability to access the enhancement as a cash sum played a part in Mr J's decision. And I've thought about whether he'd have always sought to access this money. But I've seen nothing to suggest there was an urgent need for this sum or that he couldn't have obtained a similar sum through other means – such as a loan – had it actually been needed. So, I don't think his desire to access this amount was so great that he'd have always sought to do so – particularly if he'd better understood the value of the benefits he was giving up.

JLT has made reference to Mr J being interested in transferring his benefits to his employer's new pension scheme. And, in a call recording it has provided this was mentioned. But this seems to have been on the understanding that JLT thought a transfer was suitable. And I don't think this being mentioned means he would always have transferred his pension benefits for this reason. Rather I think this was just potentially a more convenient choice for him if the transfer proceeded.

Overall, as an inexperienced investor, had Mr J been provided with more appropriate and robust advice around why the transfer was not suitable, I don't think he'd have gone ahead. I know JLT maintains that it said the transfer was against its recommendation – which overall was in my view correct. But I think the process JLT used directed Mr J, unnecessarily, to the 'insistent client' route without having given him sufficient information to make an informed decision about this. And I think that swayed him to make a decision – solely based on accessing the enhancement – without fully understanding what he was giving up by doing so. And if JLT had provided clearer information and reasoning, so that he fully understood the long-term implications involved in transferring away from his DB scheme I think he would have acted differently and retained his deferred benefits. As a result, I think Mr J's complaint should be upheld and that JLT should compensate him, using the regulator's defined benefits pension transfer redress methodology.

Putting things right

A fair and reasonable outcome would be for the business to put Mr J, as far as possible, into the position he would now be in but for its failings. I consider Mr J would have most likely remained in his DB scheme if suitable advice had been given.

On 2 August 2022, the FCA launched a consultation on new DB transfer redress guidance and set out its proposals in a consultation document - https://www.fca.org.uk/publication/consultation/cp22-15.pdf

In this consultation, the FCA said that it considers that the current redress methodology in Finalised Guidance (FG) 17/9 (Guidance for firms on how to calculate redress for unsuitable defined benefit pension transfers) remains appropriate and fundamental changes are not necessary. However, its review has identified some areas where the FCA considers it could improve or clarify the methodology to ensure it continues to provide appropriate redress.

A policy statement was published on 28 November 2022 which set out the new rules and guidance-https://www.fca.org.uk/publication/policy/ps22-13.pdf. The new rules will come into effect on 1 April 2023.

The FCA has said that it expects firms to continue to calculate and offer compensation to their customers using the existing guidance in FG 17/9 for the time being. But until changes take effect firms should give customers the option of waiting for their compensation to be calculated in line with the new rules and guidance.

We've previously asked Mr J whether he preferred any redress to be calculated now in line with current guidance or to wait for the new guidance / rules to come into effect. He has chosen not to wait for any new guidance to come into effect to settle his complaint.

I am satisfied that a calculation in line with FG17/9 remains appropriate and, if a loss is identified, will provide fair redress for Mr J.

JLT must therefore undertake a redress calculation in line with the regulator's pension review guidance as updated by the Financial Conduct Authority in its Finalised Guidance 17/9: Guidance for firms on how to calculate redress for unsuitable DB pension transfers.

For clarity, I understand Mr J has not yet retired, and has no plans to do so at present. So, compensation should be based on his normal retirement age of 65, as per the usual assumptions in the FCA's guidance.

This calculation should be carried out as at the date of my final decision and using the most recent financial assumptions at the date of that decision. In accordance with the regulator's expectations, this should be undertaken or submitted to an appropriate provider promptly following receipt of notification of Mr J's acceptance of the decision.

JLT may wish to contact the Department for Work and Pensions (DWP) to obtain Mr J's contribution history to the State Earnings Related Pension Scheme (SERPS or S2P). These details should then be used to include a 'SERPS adjustment' in the calculation, which will take into account the impact of leaving the occupational scheme on Mr J's SERPS/S2P entitlement.

If the redress calculation demonstrates a loss, the compensation should if possible be paid into Mr J's pension plan. The payment should allow for the effect of charges and any available tax relief. The compensation shouldn't be paid into the pension plan if it would conflict with any existing protection or allowance.

If a payment into the pension isn't possible or has protection or allowance implications, it should be paid directly to Mr J as a lump sum after making a notional deduction to allow for income tax that would otherwise have been paid. Typically, 25% of the loss could have been taken as tax-free cash and 75% would have been taxed according to his likely income tax rate in retirement - presumed to be 20%. So, making a notional deduction of 15% overall from the loss adequately reflects this.

The payment resulting from all the steps above is the 'compensation amount'. This amount must where possible be paid to Mr J within 90 days of the date JLT receives notification of his acceptance of my final decision. Further interest must be added to the compensation amount at the rate of 8% per year simple from the date of my final decision to the date of settlement for any time, in excess of 90 days, that it takes JLT to pay Mr J.

It's possible that data gathering for a SERPS adjustment may mean that the actual time taken to settle goes beyond the 90 day period allowed for settlement above - and so any period of time where the only outstanding item required to undertake the calculation is data from DWP may be added to the 90 day period in which interest won't apply.

If the complaint hasn't been settled in full and final settlement by the time any new guidance or rules come into effect, I'd expect JLT to carry out a calculation in line with the updated rules and/or guidance in any event.

Where I uphold a complaint, I can award fair compensation of up to £160,000, plus any interest and/or costs that I consider are appropriate. Where I consider that fair compensation requires payment of an amount that might exceed £160,000, I may recommend that the business pays the balance.

My final decision

Determination and money award: I uphold this complaint and require JLT Wealth Management Limited to pay Mr J the compensation amount as set out in the steps above, up to a maximum of £160,000.

Where the compensation amount does not exceed £160,000, I would additionally require JLT Wealth Management Limited to pay Mr J any interest on that amount in full, as set out above.

Where the compensation amount already exceeds £160,000, I would only require JLT Wealth Management Limited to pay Mr J any interest as set out above on the sum of £160,000.

Recommendation: If the compensation amount exceeds £160,000, I also recommend that JLT Wealth Management Limited pays Mr J the balance. I would additionally recommend any interest calculated as set out above on this balance to be paid to Mr J.

If Mr J accepts this decision, the money award becomes binding on JLT Wealth Management Limited.

My recommendation would not be binding. Further, it's unlikely that Mr J can accept my decision and go to court to ask for the balance. Mr J may want to consider getting independent legal advice before deciding whether to accept any final decision.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr J to accept or reject my decision before 1 March 2023.

Ben Stoker
Ombudsman