

The complaint

Mrs C has complained that the advice provided by PPH Limited trading as Principal & Prosper ('PPH') to transfer her occupational defined benefit ('DB') pension to a self-invested personal pension ('SIPP') was unsuitable and has caused financial loss.

What happened

Mrs C was advised by PPH to transfer her occupational DB pension to a Standard Life SIPP in October 2016. This was subsequently transferred to an AJ Bell SIPP in October 2022.

Having become concerned about the suitability of the advice Mrs C raised her complaint with PPH in July 2023.

PPH issued their complaint response on 13 September 2023. This stated they had decided to uphold the complaint and had engaged a third party to complete the required redress calculations. It was explained that the calculation had been completed in line with FCA guidance (PS22/13) which dictated how redress must be completed for non-complaint DB pension transfer advice. The calculation showed Mrs C had suffered no financial loss and was around £189,000 better off because of the advice. As such, whilst the complaint had been upheld, no redress was payable.

Unhappy with this outcome Mrs C referred her complaint to this service in October 2023 stating that whilst the calculation and showed a no loss outcome, there may be a loss in future. In addition, Mrs C felt all fees paid to the adviser / PPH should be returned to her given the advice was unsuitable.

Our investigator looked into things and stated that as PPH had upheld the complaint and completed the redress calculation as we would expect in such circumstances, no further action was required of them.

Mrs C did not agree stating that the Standard Life pension had underperformed, partially down to fees charged by PPH, and as such these should be returned to her.

The investigator was not minded to change their opinion and as such the case has been passed to me for 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.

Firstly, I do not need to consider the suitability of the advice to transfer Mrs C's DB pension into the Standard Life SIPP, as PPH have already accepted that this was unsuitable.

Additionally, I would repeat our investigators point that this service cannot check the accuracy of the redress calculation completed by PPH in this case. I would however note that PPH have confirmed this was outsourced to a reputable provider of such calculations and that the calculation was done in line with the FCA guidance (PS22/13). This is in line

with what I would instruct in similar circumstances.

In cases where a business has made an error, the redress instruction I make are intended to return the consumer to the position they would most likely be in were it not for that error. A comparison must be made between where the customer is, to where they should have been. In this case, the value of the Standard Life / AJ Bell SIPP must be compared with the value of the DB benefits given up.

In cases such as this, where DB benefits have been transferred the FCA PS22/13 guidance dictates how this comparison must be made. I cannot instruct PPH to deviate from that.

I accept that had PPH levied lower fees from 2016 onwards, or if alternative (better performing) investments been recommended, then Mrs C's SIPP could be worth more than it currently is.

However, Mrs C should have been advised to retain the DB scheme and as such any alternative level of adviser fees, or any alternative investment fund, would also have been unsuitable.

The calculation performed shows that Mrs C has made a gain of around £189,000 because of the unsuitable transfer advice, whilst other unsuitable advice may have resulted in a higher gain being made, that is not the comparison which needs to be made.

Mrs C has stated that PPH have levied fees (both initial and ongoing fees) following her 2016 transfer and that given this advice has been deemed unsuitable, these fees should be returned. As stated by our investigator, the PS22/13 calculation does consider the fees levied on the pension, and does make an allowance for ongoing advice costs, with this still resulting in Mrs C making an overall gain.

Whilst PPH have benefitted from fees paid from Mrs C's pension, requiring PPH to return these even though Mrs C has made a gain from their advice, is not something I can do.

Finally, I have considered Mrs C's point that given investment values fluctuate, a no loss outcome now may not be the same in future. Here I would again repeat that the loss calculation completed by PPH is in line with what the FCA require in these circumstances. Neither PPH nor this service can deviate from this.

Overall, whilst I appreciate this is not the outcome Mrs C wanted, I have concluded that PPH have done all that I would expect of them, and as such I am not asking them to take any further action.

My final decision

As per the rationale above I am not upholding this complaint and require no further action from PPH Limited trading as Principal & Prosper.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs C to accept or reject my decision before 17 May 2024.

John Rogowski
Ombudsman