DRN-4652474

The complaint

Mr W complains about the outcome of the review carried out by Pi Financial Ltd ("Pi Financial") in connection with the FCA's consumer redress scheme for the British Steel Pension Scheme ("BSPS") – to make my findings easier to follow, I'll refer to this as the "redress scheme".

What happened

The sequence of events isn't in dispute, so I've only set out a brief summary of what happened.

Mr W had built up 30 years and 9 months' pensionable service in the BSPS between August 1985 and May 2016. The BSPS was a defined benefits ("DB") pension scheme that provided a guaranteed lifetime income to members. Mr W's annual pension at the date of leaving the scheme was £18,244. In 2017, the BSPS issued a cash equivalent transfer value of £456,456 to Mr W in respect of his DB pension.

In December 2017, Pi Financial advised Mr W to transfer the value of his DB pension to a self-invested personal pension ("SIPP") provided by Aviva. Mr W's circumstances at the time can be summarised as follows:

- He was aged 49 and in good health. His wife was aged 71 and in average health. They didn't have any children or financial dependants;

- He was employed by British Steel and paid gross annual income of around £34,000. His pension provision comprised the following: (1) entitlement to a full state pension from age 67; (2) his preserved DB pension in the BSPS; (3) a defined contribution ("DC") workplace pension plan valued at about £5,000 – he and his employer were paying total annual contributions of 12% of his annual salary into the plan;

- His wife was retired with no income. She didn't have any private pension provision or receive a state pension due to their age difference;

- Their joint assets comprised the main residence valued at about £165,000 and cash savings of about £85,000;

- They didn't have any debts or liabilities;

- After paying for bills and essentials, they had surplus disposable income of about £800 available every month which was being retained and used to build up their cash savings;

- He had limited investment experience which was based on accumulating their cash savings, his DB pension and DC workplace pension plan;

- Pi Financial determined that he had a *'Medium'* risk profile;

- He anticipated continuing to work for British Steel until age 55. His objectives in connection with his DB pension were to retire early at age 55, use the maximum tax-free lump sum available to buy an investment property to generate rental income and improve the death benefits available to his wife; and

- Once he retired at age 55, he required annual income of around £18,000 to meet all discretionary and non-discretionary spending in retirement.

During 2023, Mr W started taking tax-free cash and taxable withdrawals from his SIPP.

The redress scheme

In November 2022, the FCA announced its final rules (set out in PS22/14) for the redress scheme after it had identified that many former members of the BSPS were given the wrong advice to transfer away from the scheme. The redress scheme started in February 2023. The rules for the redress scheme are set out in CONRED 4 Annex 21. Section 7.6G makes reference to the FCA's starting assumption in COBS 19.1.6G that firms should assume the existing DB pension scheme is suitable and to only recommend a transfer, which converts safeguarded benefits into flexible benefits, if it can clearly demonstrate it's in their client's best interests.

The redress scheme rules require firms to identify scheme cases following certain criteria. Once identified, firms need to review the advice they gave to former BSPS members in these cases – and then tell them if the advice was suitable or not. As part of the review process, firms must use the FCA's BSPS Defined Benefit Advice Assessment Tool ("DBAAT"). The review can lead to one of two outcomes:

- The advice is rated as "suitable" and the case is closed; or

- The advice is rated as "unsuitable" – if so, the case progresses to a calculation and the payment of redress if it's shown the consumer suffered a financial loss

If the consumer disagrees with the outcome, they can ask the Financial Ombudsman Service ("FOS") to look at whether the review was carried out correctly in line with the redress scheme rules.

Mr W's case

Pi Financial completed its review of the advice it gave to Mr W. The DBAAT generated a suggested suitability rating of "potentially suitable" based on Pi Financial's answers. It finalised the rating as "suitable" and closed Mr W's case.

Pi Financial confirmed the review outcome to Mr W and told him that it wouldn't be taking any further action.

FOS's assessment

Mr W disagreed with Pi Financial's assessment of his case. So he referred the matter to FOS.

One of our investigators recommended that this complaint be upheld because she had concerns Pi Financial hadn't followed the FCA's redress scheme rules. She explained the reasons why in her assessment. To put things right, our investigator recommended that Pi Financial amend the review outcome on Mr W's case under the redress scheme to "unsuitable" and then go on to calculate and pay any redress due to him in line with the redress scheme rules.

Pi Financial didn't agree with our investigator's assessment. It provided additional comments in response. It remained satisfied that it had provided a suitable recommendation to transfer. In its view, Mr W's objectives couldn't be met by remaining in the BSPS. It also thought its answers on the DBAAT were correct and supported its view that the advice was suitable. It provided details of a loss assessment it had carried out that showed Mr W hadn't suffered a financial loss.

Our investigator attempted to resolve this complaint but agreement with Pi Financial couldn't be reached. This complaint has now been allocated to me to review and decide. This is the last stage of our process.

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.

Scope of this final decision

Mr W has specifically complained about the outcome of Pi Financial's assessment of his case under the redress scheme. Therefore the scope of this final decision is limited to evaluating the adequacy of Pi Financial's assessment of Mr W's case. I'd like to point out the following for Pi Financial's benefit. If it's shown a consumer hasn't suffered a financial loss it doesn't automatically mean that their complaint is without merit or should be closed.

The redress scheme requires firms to go through steps in a certain order. And in Mr W's case it's necessary for a decision to be made first on whether the advice was suitable or not before any financial loss is calculated.

This means that in deciding this complaint I won't be considering the loss assessment calculation carried out by Pi Financial. If I decide to uphold this complaint and Mr W accepts it, then Pi Financial would then be required to carry out a loss assessment in line with the redress scheme rules.

The FCA's BSPS DBAAT

As noted above, the redress scheme rules require firms to use the FCA's BSPS DBAAT. In summary, the tool helps firms assess the suitability of pension transfer advice by considering whether, based on the evidence on the consumer's file, any of 12 examples of unsuitability are present. For each example, the firm, in its role as assessor, should simply answer "yes" or "no" to indicate whether or not the example is present considering the consumer's circumstances and FCA guidance at the time of the advice.

If an example is present on the consumer's file it may indicate failure to comply with the FCA's suitability requirements for pension transfer advice. Once all 12 suitability questions are answered, the tool suggests a rating. If one or more examples are present, the tool will suggest that the advice is "potentially unsuitable" and the pension transfer isn't likely to be in the consumer's best interests. If no examples are present, the tool will suggest that the advice is "potentially suitable". But the tool only provides a suggested rating. It's for the assessor to make a final judgment, taking account of the available evidence, whether it considers the advice is suitable or not. In all cases the assessor must explain its reasoning for the final judgment.

Pi Financial's review of the advice it gave Mr W

In its role as assessor, Pi Financial answered that none of the 12 examples of unsuitability applied to Mr W's case. This generated a suggested rating of "potentially suitable". Pi Financial finalised the advice rating as "suitable" based on the following rationale:

> *"Of course the client is reliant on an income and would be reliant on some form of income from this plan, but this is evidently clear he could take an income via a felxible* [sic] *arrangement and it be sustainble* [sic] *for his retirement* [sic]*. The client has sufficient savings and will have his state pension to rely on at age 67. The clients spouse is 22 years his senior, and therefore it is likely the spouse will pass before the client. It was clear the client felt strongly about retiring at age 55 so he could retire and spend time with his spouse, at which point would be 76 years of age. The expenditure is modest and calculatiosn* [sic] */ forecasts have been drawn up to show the sustainbility* [sic] *of the fund. This is further demonstrated by the redress calcuation conducted which demonstrates the fund is sufficient to purchase the benefits offered by BSPS should he wish to forfiet* [sic] *his flexibility for a guaranteed income."*

I've reviewed the answers on the completed DBAAT. For largely the same reasons, I agree with our investigator's view that Pi Financial didn't follow the redress scheme rules when it assessed Mr W's case. Before I go into the specific examples of unsuitability which I think are relevant, I think it's necessary to first address the following points regarding Pi Financial's inputs in the DBAAT:

- In line with CONRED 4 Annex 21 9.2R (4) and (5), Pi Financial was required when completing the suitability rationale section to *"conclude, taking into account all of the available evidence and the presence of any examples indicating unsuitable advice, whether the firm complied with the suitability requirements and comment on whether or not the firm complied with the suitability requirements, with reference to the example or examples that support their conclusion".* There's no reference to using the outcome of a loss assessment calculation to demonstrate suitability. However, in its rationale, Pi Financial incorrectly relied upon the outcome of a redress calculation it to support its conclusion that the advice was suitable;

- The advice to transfer was after 12 October 2017. Therefore, in line with CONRED 4 Annex 21 1.3R (7) (c), Pi Financial should've selected the BSPS2 and PPF as the comparator scheme. But it incorrectly used the BSPS; and

- Mr W was married. It was confirmed at the time of the advice that his wife didn't have any retirement provision of her own. CONRED 4 Annex 21 4.3R states that *"Where the consumer is married or has a partner, complete the BSPS DBAAT on a joint life basis unless the consumer has instructed the firm to advise on a single life basis and their spouse or partner has confirmed that they have sufficient retirement provision of their own".* Mr W's wife provided no such confirmation. Therefore, based on the available evidence, Pi Financial should've completed the DBAAT to indicate that it considered a joint life basis was more relevant to Mr W's situation. But it incorrectly used a single life basis.

In addition to the errors identified above, I think Pi Financial, in its role as assessor, should've answered "yes" to the following examples of unsuitability based on the redress scheme instructions in CONRED 4 Annex 21:

Example 1: The client is, or will be, reliant on income from the comparator scheme

Under reference 10.3 E (3) in CONRED 4 Annex 21, the assessor is directed to answer "yes" to Example 1 when the available evidence demonstrates that the firm hasn't obtained the necessary information in all of the Information Areas 5, 6 and 7 of the Information Section. The direction to answer "yes" is because the absence of that necessary information means the firm hasn't demonstrated it has a reasonable basis for believing the consumer is able to bear the risk of the pension transfer to achieve their income objective. I think this question is relevant to Mr W's case, as I will explain.

Mr W was then aged 49. Pi Financial recorded that he and his wife, who was already retired, required joint annual income of around £18,000 from all sources when he retired. His target retirement age was 55. His safeguarded benefits in the BSPS, accounting for 30 years and 9 months' service, represented his main retirement provision built up by that time. Mr W was a member of a DC workplace pension plan into which he and his employer were paying total annual contributions of 12% of his annual salary since June 2016. He anticipated continuing to work for British Steel until age 55 during which the value of his DC pension plan would increase. His only other assets and sources of income in retirement were cash savings, then valued at about £85,000, and his state pension.

I think it's fair to say that by age 55 his DB pension would still represent his main retirement provision and that he would be reliant on the income it provided to support his retirement. He had limited other assets and income sources upon which he could rely and he had limited timeframe to build up additional benefits before he retired at age 55. And it seems that Pi Financial agree because in its rationale in the DBAAT it acknowledged that Mr W would be reliant on the income produced by his DB pension.

It appears that the figure of £18,000 was a notional figure suggested by Mr W based on his then current expenditure rather than a forecast of his expected expenditure in retirement. This concerns me. Firstly, Mr W was at least around six years away from his planned retirement age. Plans and income needs can change over such a period. As the professional party in the transaction, I'd have expected Pi Financial to have adopted a thorough approach in establishing Mr W's target retirement age and income needs taking into account his expected basic cost of living, lifestyle expenditure, discretionary expenditure and saving. But it doesn't appear to have done this and instead relied on Mr W's own analysis of the situation without scrutinising the notional target income figure. So it's my view that Mr W's needs weren't properly scrutinised. This wasn't addressed by the assessor when it completed the DBAAT. In my view, necessary information was missing in this regard.

In addition, one of Mr W's main objectives was to take the maximum tax-free lump sum from the SIPP at age 55 to buy an investment property to generate rental income. But I cannot see that Pi Financial established any further details on this such as the expected cost of the property and the costs associated with buying, maintaining it and the level of rental income it could be expected to generate – and how this fed into the target income figure. Again, it's my view that necessary information was missing in this regard.

As a result, it's my view that Pi Financial didn't obtain the necessary information to demonstrate it had a reasonable basis for believing Mr W was able to bear the risk of the pension transfer to achieve his income and lump sum objectives.

Given the above points, it's my opinion that the assessor should've answered "yes" to Example 1.

Example 2: The aim of the transfer is to pass the value of the pension to beneficiaries on the member's death, but the firm has not demonstrated that the consumer can bear the risk of the transfer that would be needed to achieve this objective

Under this question the assessor is required to consider whether the pension transfer was required to achieve Mr W's death benefit objective and – if so – whether he was able to bear the risk of the transfer. Under reference 10.5R (3), the assessor is required to identify whether there was an alternative way to meet the objective without giving up comparator scheme benefits.

In the suitability report it was stated in reference to Mr W's objectives that he wanted to improve the death benefits available to his wife. So it's not disputed that passing on the value of his DB pension upon his death was important to Mr W. However, the question here is whether the consumer could bear the risk to achieve the objective.

Pi Financial obtained whole of life quotes with a sum assured of £453,456 and cut and paste a screenshot of this into the suitability report. However, no explanation was provided by Pi Financial in the report confirming why this alternative option had been discounted in favour of the pension transfer. It's unclear how the alternative whole of life cover was presented and considered in discussions with Mr W. Notwithstanding this point, I'm concerned that Pi Financial limited its research to whole of life cover.

In my view, there's insufficient contemporaneous evidence that any or a combination of the following ways to meet the death benefit objective were considered and discounted by Pi Financial as an alternative way to meet the objective:

- using some of Mr W's surplus disposable income of around £800 available every month to obtain level or decreasing term assurance which may have been more appropriate than whole of life cover. Level or decreasing term life cover is cheaper than whole of life cover where Mr W would be charged for benefits he might not need, such as a surrender value or longer-term life cover. Furthermore, decreasing term life cover may more closely match the shape of a decreasing fund value, once accessed; and/or

- using Mr W's personal contributions of £61,718 paid into the BSPS which would be refunded plus interest to any nominated beneficiary on his death; and/or

- using the value of any death benefits available under Mr W's existing DC workplace pension plan; and/or

- using the death in service lump sum benefit of £204,000 which was expected to continue to apply until such time as Mr W left the employment of British Steel.

This wasn't addressed by the assessor when completing the DBAAT. With reference to 10.5R (4), the assessor is required to decide whether the firm has a reasonable basis for believing that the recommendation to transfer in order to pass the value of the pension to beneficiaries on death met the consumer's investment objectives.

I think it's clear that lower risk suitable alternative options were available to achieve Mr W's death benefit objective but it's my view that Pi Financial failed to adequately consider these, as noted above.

Notwithstanding the above, since Mr W was aged 49 and in good health at the time, he could reasonably expect to live well into his 80s based on average life expectancy. It's fair to say that immediately following the transfer to the SIPP and for the period until Mr W started to withdraw retirement benefits, the death benefits available would be significant (subject to investment performance) until such time as he accessed and depleted the fund value. But once he started withdrawing money from the SIPP to meet his income and lump sum needs, it would mean that the size of the fund remaining in later years – when death is more likely – could be much smaller than expected. This doesn't appear to have been considered by Pi Financial and explained to Mr W.

Furthermore, Mr W's wife was 22 years older than him. So based on average life expectancy it would've been reasonable to conclude that Mr W would likely outlive his wife. Pi Financial agrees because it stated in the DBAAT, *"The clients spouse is 22 years his senior, and therefore it is likely the spouse will pass before the client".* So it's questionable, given Mr W's level of reliance on his DB pension and limited capacity for loss, why it was deemed suitable to relinquish valuable guaranteed income to provide death benefits in these circumstances when it was more likely than not that his wife would predecease him.

Under reference 10.6E (1), (2) and (4), the assessor is directed to answer "yes" to Example 2 when the available evidence demonstrates that:

- the consumer did not have the requisite capacity for loss because they were not able to forego comparator scheme benefits to achieve this objective; and/or
- a lower risk suitable alternative was available to achieve this objective; and/or
- the firm has not obtained the necessary information in both of the Information Areas 5 and 6 of the Information Section and so it is not possible to complete the assessment in 10.4R because the firm has not demonstrated that it has a reasonable basis for believing that the consumer is able to bear the risk of the pension transfer to achieve this objective.

Given the above points, it's my opinion that the assessor should've answered "yes" to Example 2.

Example 5: an aim of the transfer is to preserve or protect the value of the consumer's pension benefits but the comparator scheme(s) benefits would meet the consumer's needs

Under reference 10.17E, the assessor is required to answer "yes" to this question where the following apply:

- (1) (a) the level of comparator scheme benefits meets the consumer's income needs

Pi Financial recorded that Mr W was concerned about the prospect of transferring to the PPF or a reduction in benefits. So it seems to me that it was important to Mr W that he didn't expose the value of his pension benefits to the risk of receiving a lower level of income than provided by the BSPS. While it's true that a transfer to the PPF would've resulted in a 10% reduction in benefits, there was also a risk that the transfer to the SIPP would expose Mr W to unlimited downside risk where the reduction in benefits could be greater than 10%. The benefits available under the SIPP option would be dependent on the performance of underlying investments and annuity rates available at retirement – in other words, there were no guarantees regarding the level of benefits paid.

Mr W wanted to retire at age 55. According to the TVAS report, at age 55 the BSPS was projected to provide an annual pension of £15,249 and the PPF a projected annual pension £15,346 (in the event the BSPS transferred to the PPF before Mr W retired). This was an annual shortfall of around £3,000 below Mr W's target income figure of £18,000. Bearing in mind Mr W then had access to cash savings of £85,000 and was expected to continue building up benefits in his DC workplace pension plan over the six-year period before age 55, I think it's fair to say that this shortfall would comfortably be met over the 12 year period until he started receiving his state pension at age 67 (£3,000 x 12 years = £36,000 shortfall). The same outcome was also achievable under the BSPS and PPF had Mr W opted for a reduced pension and maximum tax-free lump sum based on the figures in the TVAS report.

Therefore, it's clear that Mr W's stated income need could've been met by retaining his DB pension. And once his state pension started from age 67 he would be in receipt of two sources of guaranteed income that would provide a combined level of income in excess of the stated income need – and on a lower risk basis than compared to the recommended SIPP alternative.

I don't think it was appropriate for an inexperienced investor like Mr W who wanted to protect his pension benefits to expose his main retirement provision to unnecessary risk when it's clear that a combination of his DB pension, cash savings and DC workplace pension plan would meet his stated income need from age 55.

Given the above points, it's my opinion that the assessor should've answered "yes" to Example 5.

Example 6: the consumer wants to retire early but can meet their objective(s) in the comparator scheme(s)

Under reference 10.20E, the assessor is required to answer "yes" to this question where the following apply:

- (3) a lower risk suitable alternative was available to achieve this objective;

In the suitability report, Pi Financial stated in reference to taking benefits early at age 55 from the BSPS, *"You wish to transfer your benefits to a Personal Pension, as you would like the financial flexibility to access benefits without penalty".* Pi Financial portrayed the reduction applied to a DB pension paid earlier than age 65 as a penalty. But it wasn't a penalty. Rather, the reduction was applied to reflect the fact that the scheme would have to support the income for longer than anticipated, and to protect the interests of scheme members generally. And so, based on what Pi Financial stated, it's likely Mr W incorrectly believed he would be treated unfairly if he took benefits early under the BSPS.

Pi Financial also portrayed the SIPP option as allowing for early retirement earlier than age 65 without penalty. I think this was misleading. The reality was of course that the SIPP would've had less time to grow if accessed earlier than age 65 and any resulting income would need to last longer. I cannot see that this was adequately explained to Mr W so that he could understand accessing any of the available options early would likely lead to reduced retirement income during his lifetime compared to taking benefits at age 65. So I think he made the decision to transfer from an uninformed position in this regard.

For the reasons I've explained under Example 5 above, Pi Financial's analysis at the time showed that Mr W's stated annual income need of £18,000 could be met by taking the DB pension early at age 55 (in conjunction with using his cash savings and DC workplace pension plan) . This was a lower risk suitable alternative option to achieve the objective rather than transferring to the SIPP which exposed Mr W to a higher level of risk – the transfer to the SIPP led to the investment, inflation and longevity risks associated with providing the pension income transferring from the BSPS to Mr W. Overall, I cannot see why that was a suitable outcome for Mr W when his income objective could be met by the scheme.

Given the above points, it's my opinion that the assessor should've answered "yes" to Example 6.

Example 9: The firm's transfer analysis does not support a recommendation to transfer

Under reference 10.27E (1) (a), the assessor is required to answer "yes" to this question when the firm hasn't demonstrated that the transfer analysis supports the recommendation to transfer, for example because: (i) the critical yield indicated in the transfer value analysis is likely to be unattainable, factoring in the term to retirement and the consumer's attitude to investment risk.

As noted above, Pi Financial's advice was based on Mr W continuing to work and retiring at age 55.

The critical yield figure at age 55 was 12.95% on the basis Mr W took all benefits as pension only or 8.47% on the basis he took a reduced pension and maximum tax-free lump sum. Pi Financial determined that Mr W's risk profile was *'Medium'* and recommended his SIPP be invested to align with this. The key features illustration for the SIPP showed that the assumed growth rates were 4.4% for the upper projection rate, 1.5% for the middle projection rate and -1.4% for the lower projection rate. Those figures took into account assumed annual future inflation of 2.5%. It's my view that the critical yield figures of 12.95% and 8.47% were likely to be unobtainable based on the rates of return shown on the illustration and Mr W's *'Medium'* risk profile. Pi Financial agrees because in its suitability report it stated in reference to the critical yield figures at age 55, *"This, in my opinion, is not an achievable return, based on the term to retirement. You should be aware that there is no guarantee of future growth and it is possible that your eventual pension may be reduced under this route".*

This analysis showed that it was likely Mr W would be financially worse off as a result of the pension transfer.

Given the above points, it's my opinion that the assessor should've answered "yes" to Example 9, particularly given my view that Mr W was reliant on the income (Example 1), didn't need to transfer to achieve his death benefit objective (Example 2), had a desire to protect the value of his pension benefits (Example 5) and his early retirement income need could be met by the comparator scheme (Example 6).

Example 11: The consumer is under 50 and cannot bear the risks of transfer

Under reference 10.32E, the assessor is directed to answer "yes" to this question where the consumer is under age 50 and the following apply:

- (1) the consumer was unable financially to bear the long-term investment risks associated with an investment in the proposed arrangement; and/or

- (4) the consumer's objectives for the transfer, their intended retirement date, and investments were uncertain or not clearly defined and the firm's recommendation to transfer has exposed the consumer to financial and other risks that they did not need to take with this investment.

For the reasons I explained in Example 1 above, it's my view that Mr W was unable to financially bear the long-term investment risks associated with investment in the recommended SIPP given his level of reliance on this money to support his standard of living in retirement.

Mr W was then aged 49. He didn't have any plans to retire earlier than age 55. He had limited investment experience. Transferring to the SIPP led to the investment, inflation and longevity risks associated with his safeguarded benefits being transferred from the BSPS to Mr W. There's no evidence he had the knowledge and experience to understand those risks.

The further a consumer is from retirement, the less definite their plans for retirement are likely to be. Significant changes to the consumer's circumstances are also more likely to occur such as changes to marital status, financial dependants and financial situation, all of which can impact the reliance the consumer has on the income from the comparator scheme. Under the recommended SIPP, Mr W couldn't access any benefits until age 55 at the earliest. In my view, with such a time frame until pension benefits could be accessed, it made the case for a pension transfer at that time more difficult to justify. Given that Mr W was then age 49 and so at least six years away from when he planned to retire and that I have concerns about how his target income need was established, I think the situation was uncertain and so Pi Financial's recommendation to transfer exposed him to financial and other risks that he didn't need to take with his safeguarded benefits at that time.

Given the above points, it's my opinion that the assessor should've answered "yes" to Example 11.

Conclusion

Based on the above considerations, it's my opinion that Pi Financial failed to follow the FCA's redress scheme rules when it assessed Mr W's case. Specifically, for the reasons explained above, it's my view that had it followed the guidance correctly, it would've answered "yes" to unsuitability examples 1, 2, 5, 6, 9 and 11 in the DBAAT. The tool would've then generated a suggested rating of "potentially unsuitable". Considering the evidence in the round, I cannot see any compelling reason why a suggested rating of "potentially unsuitable" should be overturned to "suitable".

Causation

I've considered the points under reference 11.7G (1) to (9) in the Causation Section under the redress scheme rules to decide whether I think it's more likely than not that Pi Financial's non-compliant conduct was the effective cause of Mr W's decision to transfer. This was a complex transaction involving many factors. In my view, Mr W was reliant on Pi Financial, as the professional party in the transaction, to take those factors into account and provide balanced and suitable advice regardless of his own views.

Overall, it's my view that Pi Financial's conduct is more likely than not to have caused Mr W to transfer to the SIPP when this wasn't in his best interests. Given Mr W's reliance on Pi Financial to provide suitable advice, I think it's unlikely he would've still decided to transfer to the SIPP against its advice had it advised him to retain his benefits in the BSPS instead.

Putting things right

Pi Financial must do the following:

1. Amend the DBAAT so that unsuitability Examples 1, 2, 5, 6, 9 and 11 are marked as 'yes' on the relevant tab and the *'Assessor's suitability rating'* is marked as "unsuitable" – and then update the section covering rationale with appropriate comments to support the conclusion;

2. Calculate and pay any redress due in line with the redress scheme rules; and

3. Ensure that any relevant records and reporting to the FCA are updated accordingly to reflect the change in outcome on Mr W's case.

To be clear, when Pi Financial completes the loss assessment it should send the appropriate redress determination letter to Mr W in line with CONRED 4.4.2R and settle any redress due in line with CONRED 4.4.9R. This is so that his case is formally closed under the redress scheme rather than remaining open-ended as is currently the case.

My final decision

I uphold this complaint. I direct Pi Financial Ltd to follow the steps set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 26 June 2024.
Clint Penfold
Ombudsman