DRN-4671679

The complaint

Mr B complains that Premier Benefit Solutions Limited, trading as Premier Wealth Planning ("PWP"), inappropriately recommended, under an 'abridged advice' process, that he remain in his former employer's defined benefit (DB) pension scheme.

He argues that he is now destitute - after having been through a very expensive divorce, unfortunately making some regrettable investment decisions with his other (non-DB) pension, using up all his savings and sources of borrowing, and being unable to find work. Whereas if PWP had correctly advised him to transfer his DB pension to a SIPP, he would have been enjoying £3,000pm income and appreciation of his pension pot by £25,000pa.

Mr B says that it should have been apparent to PWP in 2022 that interest rates (leading to the high cost of buying a pension, and therefore the high DB transfer values at that time) were about to rise, and would reduce any future transfer value available. And he thinks that PWP should have carried out scenario modelling of how his cash flow demands could be met by transferring.

He disagrees with PWP's assessment that he was attracted to the security of the DB scheme, and thinks his need for more tax-free cash upfront meant it was better advice to transfer out of that scheme.

What happened

Until December 2016, Mr B held a senior position at his former employer, which operated a DB pension scheme. He'd subsequently set up his own limited consultancy company. His former employer wrote to him between February and April 2022, explaining that he'd be able to take advantage of free advice (at the employer's cost) offered by PWP, regarding his benefits in that scheme.

The scheme was offering a transfer value of £464,461 for Mr B's 10½ years' service, guaranteed until 30 June 2022. Under statutory legislation under the Pension Schemes Act 2015, Mr B was required to take independent advice on any transfer, because his transfer value was more than £30,000. (For reference, Mr B was also aware that a previous, expired, transfer value the scheme had granted in August 2021 had been £492,494 – PWP notes him as being unhappy about the £30,000 fall.)

Alternatively, Mr B's preserved pension in the scheme was £19,676pa at the date of leaving. This would result in a pension of £20,986pa by the date of the quotation, which would otherwise continue to revalue to £23,751pa if not taken until the retirement age of 65. The benefits would attract inflationary increases (up to a maximum of 2.5%pa) in payment, and part of them could be exchanged for a tax-free cash sum.

Mr B arranged a meeting with PWP on 10 May 2022 for it to provide 'abridged advice'. This was a new process introduced by the regulator, the Financial Conduct Authority, from October 2020. It comprised the initial stages of a full advice process including a full fact find, attitude to risk assessment and confirmation of the existing scheme benefits. Advisers were allowed to consider the risks of staying in the DB scheme compared to the risks (in general) of transferring and giving up the guaranteed benefits.

However under this process, advisers were prohibited from considering a proposed receiving scheme, or investments. As a result, they were also unable to carry out pension transfer analysis or cashflow analysis, as this would take into account how the receiving scheme might perform. As a result, abridged advice could only result in two outcomes: either that the client shouldn't transfer from the DB pension (because the comparison of the risks was in favour of remaining); or that it was unclear whether or not they would benefit from a transfer.

After either outcome, the client could say that they wanted to proceed to full advice. It was only after *full* advice that the client could seek the adviser's confirmation that advice had been given for the Pension Schemes Act 2015, if they wanted to instruct the DB scheme to make a transfer (and whether that advice was in favour of transferring or not). The regulator drafted the rules this way in order to give the client (who in most cases would be paying for the advice) an initial indication of whether it was worthwhile proceeding to full advice.

I note that when the scheme had written to Mr B in August 2021, it explained that *"The Trustee(s) must be provided with confirmation that this advice has been provided by a FCA registered IFA to ensure that it only transfers benefits for members who have complied with the relevant legislation….Please note: the Trustee(s) or their advisors do not need to see the advice given and will not review any advice provided by your IFA."* There is no suggestion in the letter that the advice has to be in favour of transferring, providing it is given.

Ahead of the meeting, Mr B emailed PWP a completed risk questionnaire and attached a list of points he wanted to address. In his complaint Mr B specifically draws attention to the following aspects of what he said:

- He was seeking confirmation that the transfer value was safe and would grow over time. The quote from his email itself reads, *"I was given a* [transfer value] *around 6 months ago (around £495K)...given that my projected pension is c.£23k, then am I safe to assume that the MINIMUM* [transfer value] *at age 65 will be £495k + (2 1/2 years at £23k plus around 20% for inflation) = £564k or thereabouts?".*
- He was concerned that as he was single, the spouse's benefits if he remained in the scheme would be lost on his death. His email notes that he had been challenging the scheme's position on this.
- He wanted to draw on his pension flexibly rather than being restricted to a fixed annual pension from the DB scheme.
- He had alarmingly dwindling liquid assets and didn't have too much hope of securing any significant forward earnings.

Mr B argues that the fourth point is an important reason why PWP gave him the wrong advice. So I should note that the email he sent to PWP at the time didn't express his financial position in such strident terms: it merely noted *"I do not have any other significant savings (although I have around £45k of funds to draw down from my consultancy company)".*

At the meeting PWP completed a fact find. This noted that:
- Mr B was approaching age 63.
- His two children were financially independent.
- Whilst he was a smoker he was otherwise in good health.
- His business was providing him with a variable income which he estimated could be about £20,000pa. In previous years he had earned between £40-75,000. He was looking for other part-time employment to supplement this.

- Mr B owned his home outright, valued at £450,000.
- He had £45,000 in cash savings yet to be drawn out of his company, £40,000 (Mr B says this should read £4,000) in an ISA and £15,000 in premium bonds (Mr B says these were an inheritance for him to pass on to his children).
- His other pension provision was a SIPP with Hargreaves Lansdown (HL) valued at around £35,000. (Mr B thinks an accurate value for this at the time would have been £20,000, but he also had a Scottish Equitable pension of £12,000.)
- He wanted to retire within 3-5 years and planned to travel and lead a comfortable lifestyle.
- He desired a net income of £4,125 per month to cover all expenditure. However £2,500 per month would cover his essential expenditure. He had been forced to lower his expenditure following an expensive divorce.
- He had a 'moderate' attitude to risk.

In their discussions, PWP noted that Mr B would prefer the peace of mind of having a regular secure income for life, but he was motivated to transfer the DB pension in order to obtain maximum value from it. PWP's abridged advice on 23 June 2022 was for Mr B *not* to transfer the DB pension. Its recommendation explained:

- There was uncertainty about Mr B's financial position in retirement, because he was hoping to obtain further part time work and was also waiting for his HL investments (which had fallen dramatically in value) to recover.
- Whilst his desired net monthly income was unlikely to be met in full using his existing pensions, more of it would likely be secured by remaining in the DB scheme.
- He was attracted to having security of income in retirement which had an element of inflation-proofing in payment.
- He didn't have an underlying health condition that would indicate a transfer out was advisable.
- Without an imminent need to access benefits flexibly at the time advice was given, it was preferable to revisit the advice process closer to retirement.

The adviser noted at the bottom of his report that Mr B was entitled to take full pension transfer advice (again at no charge), but managed his expectations that the outcome of this may still be that the adviser recommended that he remain in the DB scheme.

Mr B signed a form on 18 July 2022, confirming that he intended to follow the adviser's recommendation. He says he did so because the adviser assured him in the meeting that his transfer value was not at risk, and would grow the nearer he got to retirement. He wrote onto the form*, "But I will probably be wanting the* [transfer value] *(net of the 25% cash) moved into my HL SIPP on reaching* [retirement date]."

Although it was not reflected in the annual pension figure provided in the report (or on the form Mr B signed), the report itself noted that *"As you are not married, you will qualify for a 'single persons uplift' to your pension income in retirement. The uplift is 15% and is applied to the full pension calculated at date of retirement."*

Mr B subsequently changed his mind about PWP's recommendation after seeing his transfer value decline to £347,392 in March 2023. On 4 May 2023 he complained to PWP.

PWP didn't uphold Mr B's complaint. Its view was that although he was assessed as a moderate risk investor overall, this was a result of a psychometric questionnaire that took into account Mr B's past investment decisions with his HL SIPP. These had been risky and Mr B now regretted them. (PWP's notes say that in 2016 the HL pension had been worth

£450,000 – Mr B says it was £250,000 – but it seems to be in agreement that he suffered a 90% loss of value on the two shares it was used to invest in.)

As a result, PWP said that Mr B had come across as wanting to take a more cautious approach with his pension, having seen the value of his HL SIPP decimated immediately prior to the advice. It said, *"This is important in considering whether a transfer might be an appropriate and the taking on the investment risk associated with a transfer. In terms of your capacity for loss, due to the impact of previous investment losses and your divorce, you need to ensure you get the most out of your pensions to generate sufficient income in retirement. A loss to any of your current pensions would have an impact on your standard of living in retirement."*

PWP also noted that the Financial Conduct Authority's guidance prevented it from taking generic objectives such as 'flexibility' into account in the advice (even when giving full advice), unless these were quantifiable in relation to specific retirement plans. Nevertheless, once those plans were clear it said Mr B could check whether the transfer value available at that time could be used to buy an enhanced annuity (for a smoker) on the open market that *might* exceed the DB scheme income. That was because the transfer value included the value of spouse's benefits Mr B wouldn't be using.

Mr B referred his complaint to our service. One of our investigators looked into it but didn't think it should be upheld. In summary, she said:

- The objective to take the maximum amount of tax-free cash wasn't necessarily unusual where someone was seeking a transfer. Whilst this would certainly seem a factor in favour of transferring, it wasn't the only factor to be considered.
- It was agreed that due to the impact of previous investment losses and his divorce, a loss to Mr B's pensions would have an impact on his standard of living in retirement.
- Mr B's cash-poor situation at the time only further highlighted that he had less funds to turn to if he transferred his DB pension and experienced investment losses,
- The advice recognised that the death benefits provided by the scheme didn't meet all of Mr B's requirements. But the main priority was to consider whether a transfer was in Mr B's best interests for retirement planning, as opposed to death benefits.
- Mr B's minimum desired monthly income in retirement of £2,500 was close to being met by his state pension alongside the income from the DB scheme – without the need to take on the added investment risk.
- Mr B had also been free to proceed down a full (rather than abridged) advice process and press ahead with looking to transfer – that would have been his own choice.

Mr B didn't agree with the investigator. In addition to the arguments previously raised, his other points which I consider to be relevant to the outcome are as follows:

- He wasn't able to secure further work and was quickly in a perilous financial position after the advice. This was one of the main reasons he needed to transfer.
- He was advised that he would receive a single person's uplift to his DB pension, but that won't be the case as his employer has refused this.
- A large part of the meeting was focused on the fact that using the transfer value would mean he could draw down a flexible income under the personal tax allowance for at least ten years.
- The advice was appalling - he felt like the adviser was going through a process and didn't specialise in the area he was advising on.
- The only reason he signed to agree was because the adviser said that his transfer value would grow in a similar way to what he'd get in a savings account.
- Suggesting that he didn't need to do anything right now as he could revisit matters

closer to retirement, was tantamount to saying that his transfer value was safe.

- He has a deep knowledge of pensions, but didn't understand *"the highly leveraged and adverse impact on* [transfer] *valuations caused by relatively small increases in base rate."*
- Some cashflow calculations Mr B has since produced show there is a huge advantage to making a transfer – why hadn't the adviser done this at the time?
- There was no conversation at the time about how he could proceed to take full pension transfer advice.

PWP also commented,*"… the advice to* [Mr B] *not to transfer was in the context of the FCA rules which stipulate that the default position is that a transfer of a DB scheme is unsuitable. The consultants at the time did not feel that there was sufficient grounds to warrant a recommendation to transfer … At no stage did the consultants advise* [Mr B] *that the* [transfer value] *would grow closer to retirement and I suggest that* [Mr B] *is confusing the benefits from scheme i.e. the pension payment which will increase, and the* [transfer value] *which is subject to annuity rates etc."*

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 know this will be disappointing for Mr B, but I've reached the same outcome as our investigator, and for very similar reasons.

<u>Suitability of abridged advice</u>
At the outset I should explain that the starting point required by the regulator for abridged advice is the same as for full advice, and involves the so-called presumption of unsuitability. For abridged advice, this is set out at COBS 19.1A.11G in the FCA's handbook as follows:

"(2) A firm should start by assuming that a pension transfer or pension conversion will not be suitable.
(3) For the purposes of the provision of abridged advice, the factors a firm should take into account include:
(a) the retail client's intentions for accessing pension benefits;
(b) the retail client's attitude to, and understanding of the risk of, giving up safeguarded benefits for flexible benefits, taking into account the following factors:
(i) the risks and benefits of staying in the ceding arrangement;
(ii) the risks and benefits of transferring from the ceding arrangement into an arrangement with flexible benefits;
(iii) the retail client's attitude to certainty of income in retirement;
(iv) whether the retail client would be likely to access funds in an arrangement with flexible benefits in an unplanned way;
(v) the likely impact of (iv) on the sustainability of the funds over time;
(vi) the retail client's attitude to, and experience of, managing investments or paying for advice on investments so long as the funds last; and
(vii) the retail client's attitude to any restrictions on their ability to access funds in the ceding arrangement;
(c) the retail client's realistic retirement income needs including:
(i) how they can be achieved;
(ii) the role played by safeguarded benefits in achieving them; and
(iii) the consequent impact on those needs of a pension transfer or pension conversion, including any trade-offs in broad terms;
(d) alternative ways to achieve the retail client's objectives instead of the pension transfer or pension conversion;
(e) the retail client's attitude to, and understanding of, investment risk; …"

In order for a firm to reach a conclusion under abridged advice that that the outcome is unclear (rather than not to transfer), the regulator's Finalised Guidance 21/3 states that the adviser should have a reasonable basis for such a conclusion. As I've noted above, reaching such an outcome also wouldn't have been enough for PWP to sign off (for his DB trustees' benefit) that Mr B had received advice on whether he should transfer. For that, he would have needed to proceed to take full advice.

Having considered the range of factors above that PWP was expected to take into account, I'm not in a position to fairly conclude that PWP didn't have a reasonable basis for concluding that Mr B should remain in the DB scheme. I'll explain why.

The reason why the regulator believes that transfers from DB schemes will tend to be unsuitable for most consumers, is due to risk of funds running out in their lifetime being entirely transferred from the DB scheme to the consumer themselves. So PWP, essentially, needed to consider whether there were good grounds for Mr B being unlike many consumers (who, like him, had a DB pension as the bulk of their pension provision) in being able to accept that transfer of risk.

I'm satisfied that PWP did consider what Mr B's intentions were for accessing benefits. He's referred to a discussion in the meeting about accessing more tax-free cash up-front and using the variability of income from a drawdown arrangement as a tax-planning tool. That would come under the 'risks and benefits of transferring'. PWP acknowledged in its report that the tax-free cash would likely be higher by transferring. But it doesn't mean that PWP was expected to set those attractions of a transfer above all other considerations, as there were also risks it needed to take into account – as set out above.

Amongst the regulator's principles and rules, PWP was also required to comply with 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)."* And it isn't always the case that what the client *wants* to do is aligned with what the advising firm considers, in their professional judgement, it is in the client's best long-term interests to do.

A crucial aspect was Mr B's attitude to risk, and more specifically his willingness to accept this transfer of risk from the DB scheme trustees. On PWP's pension transfer questionnaire Mr B selected the answer, *"I do not mind a reasonable degree of risk in exchange for the ability to flexibly access my pension benefits, and I accept that this does not necessarily mean I will receive a higher pension in retirement."* The no risk and minimal risk – but also 'larger degree of risk' options were rejected. Mr B also added *"I require flexibility in my annual income whilst understanding that it needs to last my lifetime".*

Mr B rated the ability to access benefits flexibly most highly, more than having a secure and regular income or gaining lump sum death benefits. However he also confirmed that *"This is a major proportion of my pension funding which should be protected as far as is reasonably possible".* There was a free-format box where he could have disagreed with the premise of the question he was being asked here – for example, that whilst it was a major proportion of his funding he *didn't* see it as important to protect it. But he did not, and I'm not surprised that he did not.

I don't find it surprising that when weighing up these issues in his discussion with the adviser, Mr B came round to agreeing that the security of the income the DB pension provided was actually important to him. I think most people who had a DB scheme as the major source of their income, and without health problems seriously affecting their life expectancy, would come to that conclusion – even those in Mr B's position of being divorced without financial dependants.

In fact, once the answers on Mr B's attitude to risk questionnaire that refer to his riskier (but regretted) investment decisions in the past are put to one side, some notable answers favouring more caution remain. To the question *"Imagine that you have some money to invest and a choice of two investment products, which option would you choose?"* Mr B answered: *"A product with a low average annual return but almost no risk of loss of the initial investment".* He also agreed *"I would prefer small certain gains to large uncertain ones";* and *"I want my investment money to be safe even if it means lower returns".*

This is consistent with the adviser's notes that the situation with Mr B's HL pension *"… has impacted* [his] *attitude to risk and he now sees himself more cautious in his approach".* It was summarised in the abridged advice report: *"Due to the impact of previous investment losses and your divorce, you need to ensure you get the most out of your pensions to generate you sufficient income in retirement. A loss to any of your current pensions would have an impact on your standard of living in retirement resulting in a low capacity for loss."* So whilst I don't disagree with Mr B that *some* of his answers suggested he was more interested in flexibility, it's PWP's overall impression of his priorities at the conclusion of their discussions that matters, in terms of whether its recommendation was suitable for him.

<u>Mr B's financial position being worse than PWP recorded</u>
Mr B suggests that the dire financial position he is in now (having been unable to secure further employment) should have been foreseeable to the adviser at the time. Looking at the situation from a neutral standpoint, I think the adviser gave a reasonable summary of what assets were available to Mr B and what his plans were for securing further employment. Mr B's consultancy work had previously been more lucrative and I can't reasonably expect the adviser to have predicted that Mr B wouldn't be able to leverage the skills and experience he had from his past career in further ways up to retirement age. Obviously it's very disappointing for Mr B that this hasn't happened. But in any event, I think Mr B's argument on this point is flawed.

Even if the adviser had been able to foresee that Mr B would have a very imminent need to take benefits (which I'm not persuaded he did), I don't think this would have altered the reasonable basis he had for believing Mr B should remain in his DB scheme at that time. This was the best way to protect Mr B against not only running out of income in his lifetime but protecting that income against future inflation. And the need to recommend that this was in the client's best interest would have only got stronger, the fewer other assets outside the pension Mr B actually had to cushion himself against a fall in investment values.

For the avoidance of doubt, all the while Mr B hoped to remain employed and was actively seeking further work, I also don't think PWP acted wrongly in not suggesting he drew on the DB pension immediately. Mr B has himself said he was keen to draw his income tax-efficiently, and taking the full DB pension when it might prove to not (yet) be needed wouldn't have been suitable advice.

The regulator's reference to Mr B's *"attitude to, and experience of, managing investments or paying for advice on investments so long as the funds last"* would have been particularly concerning for PWP. I say this as Mr B had made some past investment decisions with his HL SIPP (investing hundreds of thousands of pounds in just two shares) that differed significantly from what an adviser acting in his best interests would recommend. This approach to constructing a portfolio would be highly risky and lacked diversification.

I'm not saying Mr B hadn't realised he'd made a mistake on that occasion – he clearly had. It had lowered his attitude to taking risk in future. But having been through this experience, PWP would need to be confident that Mr B still had the temperament to take the investment risk that is usually needed for a DB transfer to 'pay off' and provide him with comparable benefits to the DB scheme over his lifetime. That typically involves investing a significant fraction of the transfer value in shares. Mr B would have needed ongoing advice, at further cost, in order to do this, and this in turn increased the returns he would need to seek. But over periods where there were short-term falls in value, as there inevitably would be, I think PWP was entitled to draw the conclusion that Mr B would likely become concerned again.

What I'm saying is that I think Mr B's previous investment losses, resulting in a low value of assets outside his DB scheme, meant he'd lost a lot of his capacity to accept the risks of a DB transfer. Instead I think PWP was right to take into account the regulator's expectations that it should look at how Mr B's "*realistic retirement income needs…can be achieved"* using the safeguarded benefits (which is the regulator's term for the DB pension).

As Mr B was looking to make core expenditure in retirement of £30,000pa net, most of this would be provided by the DB pension (reduced at the outset for any tax-free cash taken) plus his state pension. His existing HL SIPP, after it had been given time to recover, was the vehicle more suited to him taking risks with in future in order to fund his extra discretionary expenditure in retirement.

Potential rise in interest rates

Mr B says that the suitability, or otherwise, of a DB transfer shouldn't be viewed in this conventional way because it should have been apparent to PWP in 2022 that interest rates were about to rise. The timing and severity of the interest rate rise took a lot of people by surprise, but I don't think this fundamentally affects PWP's advice. The reason Mr B's transfer value fell was because the cost of buying a pension became cheaper. As the conclusion of PWP's advice was that Mr B's circumstances were most suited to a guaranteed income for life, that meant that even if he did transfer, an annuity would be the most appropriate way of providing that income.

PWP mentioned this in its report, where it noted that it might still be possible for Mr B to look at whether the DB transfer value, when applied to an enhanced life annuity for a single-life smoker on the open market, would produce more income than the DB pension. As the abridged advice doesn't allow PWP to obtain actual annuity quotations, PWP wasn't able to quantify any benefit (or otherwise) of doing this at the time of advice, but it was right to make this point.

Even if it turned out Mr B couldn't better the DB pension with an enhanced annuity, it wouldn't be surprising to find he could get quotes in broadly in the same range, particularly as he would be using the value of the spouse's pension to buy extra income for himself. I say this to point out that this premise hasn't necessarily changed just because the transfer value Mr B is now being offered has decreased. If Mr B transferred now and looked at annuity quotes, he would get a higher annuity rate (and that's essentially why the transfer value has decreased).

Mr B is effectively asking me to conclude that PWP should have advised him to take the transfer value from the DB scheme whilst interest (and therefore annuity) rates were low, wait for interest rates to rise, and then cash in on the difference. That would amount to a recommendation to transfer from the DB scheme, which wasn't permitted by the regulator through abridged advice. But even if Mr B had sought full advice, I don't think PWP would reasonably have been in a position to recommend this as a suitable course of action.

He would need to accept the risk of investing the proceeds of the transfer whilst he was waiting for interest rates to rise, and these were risks PWP had already established he couldn't afford to take. Yet at the same time PWP (or any adviser) couldn't accurately predict if, when or by how much annuity rates would rise. In the shorter term there could well, foreseeably, have been downward fluctuations too. In the meantime Mr B could suffer investment losses waiting for annuity rates to rise.

This would essentially mean timing the government bond markets, on which annuity rates depend. No adviser has a crystal ball to be able to do this with enough accuracy to avoid the potential losses to a client's pension in getting it wrong. As PWP didn't think Mr B had the attitude or capacity to take the risks inherent in exchanging a guaranteed for a flexible income, I'm satisfied it gave the appropriate advice for him to remain in his DB scheme. And as Mr B hasn't transferred and realised the lower transfer value, the benefits he can receive from that scheme remain those on which PWP's advice was based – except for one aspect.

<u>The 15% enhancement</u>
I agree with Mr B that there's been some confusion over whether he qualifies for a 15% enhancement as a single member. The confusion seems to relate to the fact that he was at one time married whilst being a member of the scheme, rather than never being married. I have to say that this 15% enhancement is a very unusual feature for a scheme to offer in the first place. And whilst this confusion is regrettable and frustrating for Mr B, I'm not satisfied that it has actually affected what course of action he took. I say this for several reasons.

Firstly, under the regulator's rules for abridged advice PWP wasn't able to undertake transfer analysis (that is compare the level of pension under the DB scheme with a planned series of withdrawals over his lifetime from an SIPP). So the actual level of DB pension payable won't directly have influenced its recommendations. (This also answers Mr B's point about why PWP didn't do cashflow modelling of the sort he has since done to support his complaint.) Even without the 15% enhancement, the point that the DB (and state) pension met most of Mr B's basic income needs remains the same.

Secondly, Mr B's dissatisfaction with what the scheme offered to unmarried members wasn't just with the level of the pension, but with the whole premise that the pension would end on his death. Despite accepting PWP's recommendation to remain in the scheme at the time of advice, Mr B suggested he would still look to move out of the scheme at age 65 so that the funds wouldn't die with him.

I don't think that would have been a course of action PWP could support, even when giving full advice – because Mr B didn't have any financial dependants to give death benefits a high enough priority. Nevertheless, Mr B would have been entitled to act against full advice not to transfer, had it been given. But at the same time it doesn't suggest to me that he was motivated to stay in the scheme specifically because of the prospect of this 15% increase to his pension, that turned out to be misunderstood.

<u>The transfer value being 'safe'</u>
What Mr B actually says encouraged him to stay in the scheme, rather than seeking to go ahead with a transfer, was the assurance he said he took from the adviser that the transfer value was 'safe' and would grow over time. Having looked back through the exchanges Mr B had with PWP, I can't fairly conclude that the adviser said that in these terms.

Mr B's belief here seems to be largely based on PWP *not* contradicting his suggestion at the outset of the process that his transfer value would be £564,000 by age 65. And because they didn't suggest in their advice there was a downside to him waiting until age 65 and reviewing the position then. This is somewhat different to PWP giving Mr B a categoric assurance that the transfer value *would* continue to rise.

All things being equal (which principally means the outlook for interest rates remaining the same), transfer values have traditionally risen over time. That's because the longer the period over which the DB scheme has to allocate reserves to cover the liability of paying the pension, the more the value of those reserves will rise. But in reality, the outlook for interest rates varies in both the short and long term and thus the value of the DB scheme's liability can go both up as well as down. Mr B had already seen this happen for himself when his transfer value had fallen by £30,000 since August 2021.

I would expect an adviser conversant with DB transfer values to know that they vary, so I find it unlikely on the balance of probabilities that they confirmed verbally what Mr B had been asking them to do in his initial list of questions. It would in any case go against Mr B's own experience of a transfer value reducing for them to have said so, and PWP knew he was concerned about that already. I also don't think Mr B could reasonably have inferred from PWP's recommendation to review the position at age 65, that the transfer value was guaranteed not to fall (or was guaranteed to increase).

<u>Awareness of full advice option</u>
Mr B says that there was insufficient explanation about how he could proceed to full advice. However I think it's unlikely that this would have been at the forefront of the conversation if Mr B was actually accepting PWP's recommendation not to transfer. That's consistent with what the regulator would expect: the abridged advice process is intended to deter investors who are best advised to remain in the DB scheme from the inconvenience (and cost, which applies in most cases) of seeking full advice to likely obtain the same outcome.

That said, I think there were enough indications in the paperwork overall that Mr B was entitled to seek full advice (whether it was at that time, or nearer retirement). And that if he wanted to transfer, the DB scheme didn't need to see what that advice had actually said.

<u>Conclusion</u>
It therefore follows from everything I've said above that I'm not in a position to support Mr B's complaint, either that PWP wrongly advised him or misled him as to what might happen to his transfer value in future. I've kept Mr B's impact statement about the effect of PWP's advice on his health and remaining lifetime in mind as I've reached this conclusion, and I appreciate it will be very disappointing for him.

Fundamentally, however, his complaint is borne out of a disagreement as to what would have been suitable advice. I've set out above why I can't reasonably say that PWP gave him the wrong advice or failed to manage his expectations. With the benefit of hindsight, Mr B can identify a course of action that would have made him much better off, and I think that is the source of his immense frustration. That isn't something for which it would be fair or reasonable for me to make an award against PWP.

My final decision

I do not uphold Mr B's complaint. Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 25 April 2024.

Gideon Moore
Ombudsman