

The complaint

Mr E complains about the outcome of the review carried out by Merlin Financial Services Limited (“Merlin”) 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”.

Mr E is represented in this complaint by a law firm (which I shall refer to as the “representative”).

What happened

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

Mr E had built up 23 years and 10 months’ pensionable service in the BSPS between September 1978 and July 2002. The BSPS was a defined benefits (“DB”) pension scheme that provided a guaranteed lifetime income to members. At the date of leaving the BSPS, his annual pension was £7,633.51. In January 2018, the BSPS issued a transfer value of £300,489.41 to Mr E in respect of his DB pension. By that point, his annual pension had been revalued to £11,686.92 – it would continue to be revalued annually until the scheme normal retirement age of 65.

Mr E was introduced to Merlin to get advice on his options. In January 2018, Merlin recorded the following information about Mr E and his wife:

- He and his wife were both aged 55 and in good health. They had three adult children who weren’t financially dependent on them;
- He was a self-employed taxi driver and made a net profit of around £7,200 per year. His pension provision comprised the following: (1) entitlement to a full state pension from age 67 and (2) his preserved DB pension in the BSPS;
- His wife was employed by the NHS and paid gross annual income of around £22,000. Her pension provision comprised the following: (1) entitlement to a full state pension from age 67 and (2) entitlement to a DB pension paid by the NHS pension scheme – a handwritten note in the fact find document stated this would provide an annual pension of around £7,000 and a tax-free lump sum of around £25,000;
- Their joint assets comprised the main residence valued at £150,000. They didn’t have any savings or investments;
- Their liabilities totalled around £17,500, made up of a personal loan of £3,500 and outstanding finance of £14,000 on a caravan. Details about the monthly repayment amounts, remaining terms and interest rates weren’t recorded;

- Their monthly outgoings were around £1,600 (or £19,200 per year). After paying for bills and essentials, they had surplus disposable income of around £450 available every month;
- Their anticipated joint income need in retirement was £15,000 gross per year. It was noted that this need was to be met by both their state pensions and his wife's NHS DB pension which were anticipated to provide total income of around £23,000 gross per year. While it wasn't explicitly recorded when they wanted to retire, the retirement income need and projections for both Mr E and his wife were from age 67;
- On a scale of 1 to 10, with 1 being lowest risk and 10 being highest risk, he had a risk profile of 3 or 'Low' specifically in connection with his BSPS DB pension. It was noted that he wanted to be "cautious" with the investment of this; and
- He was interested in transferring his BSPS DB pension to a private pension arrangement so that he could immediately access a tax-free lump sum of around £40,000 to repay the existing debt of around £17,500, create an emergency fund and gift the balance to their three adult children. Beyond his immediate lump sum need, he wanted the ability to take flexible income when needed and to maximise the death benefits available to his beneficiaries. It was noted that after taking the tax-free lump sum, he planned to continue working full-time as a taxi driver for the foreseeable future.

In January 2018, Merlin advised Mr E to transfer the value of DB pension to a PPP provided by Prudential to enable him to meet his recorded objectives. Mr E accepted the recommendation. The transfer to the PPP was completed shortly afterwards and invested in the 'Prufund Cautious' fund to align with Mr E's risk profile. Merlin's role in the transaction was simply to facilitate the pension transfer for which it was paid a fee of £3,000. It was noted that Mr E would receive ongoing advice from a different advisory firm.

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 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 are required to 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.

Merlin's review of the advice it gave Mr E

In August 2023, Merlin completed its review of the advice it gave Mr E to transfer out of the BPS. The DBAAT generated a suggested suitability rating of “potentially suitable” based on Merlin’s answers. It finalised the rating as “suitable” and closed Mr E’s case.

Merlin confirmed the review outcome to Mr E and told him that it wouldn’t be taking any further action.

FOS’s assessment

Mr E disagreed with Merlin’s assessment of his case. So he referred the matter to FOS.

One of our investigators recommended that this complaint be upheld because he had concerns Merlin hadn’t followed the FCA’s redress scheme rules. He explained the reasons why in his assessment. To put things right, our investigator recommended that Merlin amend the review outcome on Mr E’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.

The representative, on behalf of Mr E, accepted our investigator’s view. However, Merlin didn’t accept it and provided substantial comments in response. In summary, it stated that Mr E knew exactly what he wanted to do and believed he would be better off using the value of his DB pension to repay his debt at that time. It said that he understood and accepted the risks in transferring and that its adviser was content he understood the risks and, as a financial adviser, wanted to help him achieve his immediate and long-term goals for a better life. Overall, it remained satisfied that it had provided a suitable recommendation to transfer. It also thought its answers on the DBAAT were correct and supported its view that the advice was suitable.

Our investigator considered Merlin’s additional comments but wasn’t persuaded to change his mind. Since agreement 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 E has specifically complained about the outcome of Merlin’s assessment of his case under the redress scheme. Therefore the scope of this final decision is limited to evaluating the adequacy of Merlin’s assessment of Mr E’s case under the redress scheme.

I’ve considered all the evidence afresh including Mr E’s and Merlin’s comments in response to our investigator’s assessment. I’d like to clarify that the purpose of this decision isn’t to repeat or address every single point raised by the parties to this complaint. So if I haven’t commented on any specific point, it’s because I don’t believe it’s affected what I think is the right outcome.

The FCA’s BPS DBAAT

As noted above, the redress scheme rules require firms to use the FCA’s BPS 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.

Merlin’s review of the advice it gave Mr E

In its role as assessor, Merlin answered that none of the 12 examples of unsuitability applied to Mr E’s case. This generated a suggested rating of “potentially suitable”. Merlin finalised the advice rating as “suitable” based on the following rationale:

“[Mr E] and his wife will have enough secure income to cover their outgoings in retirement with two satte [sic] pensions and his wife’s final salary scheme. The risk of transferring and the investment risk were thoroughly discussed and [Mr E] was fully aware that he was giving away a secure income in exchange for helping with his current financial situation in wishing to clear all debt and help with early retirement. He requires access now to help repay debt and give him and his family an immediate better standard of living. He is concerned about his wife’s health as he feels she is stressed at work.”

I’ve reviewed the answers on the completed DBAAT. For largely the same reasons, I agree with our investigator’s view that Merlin didn’t follow the redress scheme rules when it assessed Mr E’s case. In particular, based on the contemporaneous evidence and the redress scheme instructions in CONRED 4 Annex 21, I think Merlin, in its role as assessor, should’ve answered “yes” to the following examples of unsuitability:

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 E’s case, as I will explain.

Mr E and his wife were both then aged 55. His DB pension, accounting for 23 years and 10 months’ pensionable service, represented his main private retirement provision built up by that time. Other than his state pension, he didn’t have any other pension provision. He was a self-employed taxi driver and made a net profit of around £7,200 per year. It was noted that he expected to continue in this role until he retired. Merlin didn’t record when Mr E wanted to retire. But the retirement income need and projections were from age 67. So I’m going to proceed on the basis that Mr E didn’t plan to retire earlier than his state pension age of 67.

Given Mr E’s age and income at that time, I think it’s fair to say that he had limited ability to build up any other meaningful retirement provision before he retired. He didn’t have any other savings or investments he could rely upon. In my view, one way or the other, Mr E who

was a 'Low' risk investor was going to be heavily reliant on the value of his DB pension to support his standard of living in retirement. This increased the need to ensure that his DB pension wasn't exposed to unnecessary risks.

Merlin recorded that Mr E and his wife's anticipated joint income need in retirement was £15,000 gross per year. This figure appears to be a notional figure suggested by Mr E based on his own analysis. This concerns me. As the professional party in the transaction, I'd have expected Merlin to have adopted a thorough approach in establishing Mr E's target retirement age and income needs taking into account his expected basic cost of living, lifestyle expenditure, discretionary expenditure, saving and inflation. But it doesn't appear to have done this and instead relied on Mr E's own analysis of the situation without scrutinising the notional target income figure. I think there's some gaps in the evidence. For example:

- There's no contemporaneous evidence about whether the target income figure was required to increase in payment to mitigate the impact of inflation and, if not, why not;
- Their outgoings at that time were £19,200 per year but it's unclear by how much this would reduce once the debt of £17,500 was repaid with the tax-free cash (and therefore if the target income figure of £15,000 would be sufficient) – as noted above, Merlin didn't record details about the nature of the debt including the monthly repayments, remaining terms and interest rates;
- The basis of Merlin's advice was that Mr E and his wife intended to retire from age 67 but there's conflicting contemporaneous evidence that they may have retired earlier due to his wife's stressful work – so it seems that there was some uncertainty regarding exactly when Mr E and his wife would retire and, therefore, the point at which they would need the retirement income to start; and
- It was noted that the income need was to be met through a combination of Mr E's state pension, and his wife's state pension and NHS DB pension. While there's a handwritten note in the fact find about the NHS DB pension, there's no paperwork to support this that confirms the accrued pension to date and the projected pension at the scheme normal retirement age. Rather, it appears rough estimates provided by Mr E were relied upon with no supporting evidence.

So it's my view that Merlin failed to record sufficient information at the time to demonstrate that Mr E could bear the risks of relinquishing his DB pension. This wasn't addressed by the assessor when it completed the DBAAT.

One final point I'd like to make here is that the estimated benefits payable by the BPS at age 65 was a DB pension of £14,901 per year or tax-free lump sum of £68,776 plus a reduced DB pension of £10,316 per year. So if it's the case that the joint income need in retirement was £15,000 gross per year from age 67, it's clear this would've been comfortably met by a combination of Mr E's DB pension and state pension without any reliance on his wife's pension income. Any excess income could've been saved or reinvested for future use.

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 E'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 E's objectives, "...*you would also like more suitable death benefits applicable to your circumstances*". So it's not disputed that passing on the value of his DB pension upon his death was important to Mr E. However, the question here is whether the pension transfer was required to achieve the objective.

The primary purpose of a pension is to meet the income needs of an individual during retirement. While I understand that death benefits are important to consumers, the priority here, in my opinion, was to advise Mr E about what was best for his own retirement provision.

In the suitability report, Merlin stated in reference to Mr E's death benefit objective, "*We did look at the cost of life cover to offer you death benefits in order to leave money to your estate however you did not wish to commit to the premium on a whole of life basis*". The cost wasn't stated in the suitability report. In its research notes I can see that Merlin obtained whole of life quotes with a sum assured mirroring the transfer value of £300,489. The monthly cost ranged between £172.93 and £572.79. It's unclear how the alternative whole of life cover was presented and considered in discussions with Mr E. In any event, I'm concerned that Merlin limited its research to whole of life cover.

There's no contemporaneous evidence that any or a combination of the following ways to meet the death benefit objective were adequately considered and discounted by Merlin as an alternative way to meet the objective:

- using some of Mr E's surplus disposable income of around £450 available every month to obtain level or decreasing term assurance which may have been more appropriate than whole of life cover. That surplus disposable income would be available until he retired. Level or decreasing term life cover is cheaper than whole of life cover where Mr E 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 E's personal contributions of £31,984.15 paid into the BPS which would be refunded plus interest by the BPS/BPS2 to any nominated beneficiary on his death including his wife;

This wasn't addressed by the assessor when completing the DBAAT. Another relevant point here is Mr E's reliance on his wife's pension income. The basis of Merlin's advice was that Mr E and his wife would be reliant on the *combined* income provided by their state pensions and her NHS pension – and that since this total guaranteed income was higher than the stated income need, he could relinquish his BPS pension. But if she died before Mr E, the only guaranteed income he'd be in receipt of would be his state pension and 50% of the NHS DB pension, the total value of which is below the stated income need. Merlin didn't address this key point at the time of the advice.

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 E's

death benefit objective but it's my view that Merlin failed to adequately consider these, as noted above.

Since Mr E was aged 55 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 PPP and for the period until Mr E 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 PPP 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 Merlin and explained to Mr E.

As noted above, the age at which Mr E wanted to retire wasn't recorded. Shortly after the pension transfer was completed Mr E, at age 55, planned to withdraw a tax-free lump sum of around £40,000 and leave the residual fund invested in line with his recorded objective. The TVAS report showed the critical yield at age 65 was 6.3% or 8.4% depending on how he took benefits. In my view, taking the tax-free cash earlier than age 65 increased the risk that the PPP fund value would be depleted during Mr E's lifetime bearing in mind the critical yield figures. The TVAS also showed that the PPP fund value would be depleted at around age 87 assuming Mr E took the maximum tax-free lump sum and reduced pension from age 65 and based on a low rate of return (which is the most relevant given Mr E was identified as a 'Low' risk investor and advised to invest in a cautious risk-rated fund).

Overall, given Mr E's level of reliance on these benefits, I think it's unclear what level of death benefits, if any, would likely be available from the PPP, particularly if he lived beyond average life expectancy which of course is a possibility.

Taking into account the above, it's my view that Merlin didn't have a reasonable basis for believing that the recommendation to transfer in order to pass the value of the pension to beneficiaries on Mr E's death met his objective.

Under reference 10.6E (1), (2) and (3), the assessor is directed to answer "yes" to Example 2 when the available evidence demonstrates that:

- a lower risk suitable alternative was available to achieve this objective; and/or
- it was likely that the consumer would exhaust their pension savings during their lifetime and so there will be minimal death benefits available.

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

Example 3: The aim of the transfer is to access income-related benefits flexibly 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 reference 10.9E, the assessor is required to answer "yes" to this question where the following apply:

- (2) there is an alternative way for the consumer to meet their objectives using other assets instead of transferring their BPS scheme.

It was recorded that Mr E wanted to transfer so that he could have flexibility regarding how and when he withdrew his pension benefits. It was noted that he wanted an immediate tax-

free lump sum of around £40,000 and, when he retired, a joint annual income of around £15,000 from all sources.

Flexibility of income might sound attractive, but I cannot see that Mr E had any concrete need for it specifically in connection with his DB pension. There's no real evidence that Mr E required the flexibility of irregular or variable income during retirement from this money. Rather, the evidence indicates that he required a steady and reliable source of income when he retired to achieve his stated income need when he retired. If he did require flexibility, there were alternative, lower risk options available:

- saving some of Mr E's surplus disposable income of around £450 available every month while he was still working in either a pension, investment or savings account to provide flexible income or lump sums rather than transferring and losing benefit guarantees; and/or
- using the surplus disposable income to repay the debt sooner rather than relinquishing valuable benefit guarantees; and/or
- restructuring or refinancing the debt of £17,500 to make it more affordable / obtain a lower interest rate to reduce the monthly cost rather than relinquishing valuable benefit guarantees.

This wasn't addressed by the assessor when completing the DBAAT.

Merlin stated in the suitability report in reference to the BSPS, "*The current scheme allows for early retirement but has penalties however it does not offer the flexibility and death benefits you require*". In my view, Merlin inappropriately described the reduction applied to the DB pension 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 Merlin stated, it's likely Mr E incorrectly believed he would be treated unfairly if he took benefits early under the BSPS.

Merlin also portrayed the PPP option as allowing for early retirement earlier than age 65 without penalty. I think this was misleading. The reality was of course that the PPP 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 E 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.

The transfer to the PPP exposed Mr E who was a 'Low' risk investor to a higher level of risk – the transfer led to the investment, inflation and longevity risks associated with providing the pension income transferring from the BSPS to Mr E for no clearly defined benefit. Overall, it's my view that Merlin failed to adequately consider and discount alternative, lower risk options to achieve any flexible needs rather than relinquishing a guaranteed lifetime income under the BSPS.

Given the above points, it's my opinion that the assessor should've answered "yes" to Example 3.

Example 4: the aim of the transfer is to maximise PCLS 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 reference 10.13E (1), (2) and (4), the assessor is directed to answer “yes” to Example 4 when the available evidence demonstrates that:

- the consumer didn’t have the requisite capacity for loss because they were unable to forego scheme benefits to achieve this objective; and/or
- there was an alternative way for the consumer to access income-related benefits flexibly without transferring their pension benefits; and or
- the firm hasn’t collected the necessary information regarding the consumer’s estimated expenditure and financial situation.

As noted above, Mr E wanted to take an immediate tax-free lump sum of £40,000 to repay existing debt of around £17,500, create an emergency fund and gift the balance to his three adult children.

As I’ve concluded in Example 1, I don’t think Merlin obtained the necessary information to demonstrate it had a reasonable basis for believing Mr E was able to bear the risk of the pension transfer to achieve his objectives. Furthermore, while Merlin recorded that Mr E wanted the tax-free lump sum to achieve those objectives, it didn’t record further details such as the monthly cost of the debt and why it was deemed suitable to repay it, the level of emergency fund required and why, and how much he wanted to gift to his adult children who weren’t financially dependent on him. I think this information was critical to support the case for a pension transfer and to demonstrate suitability. Without this information it’s my view that it wasn’t possible to advise whether transferring was the most suitable option to achieve these lump sum objectives.

In any event, I think it’s fair to say that the debt repayments appeared to be affordable given that Mr E and his wife had excess disposable income available every month, implying that they could afford the repayments. Lower risk and alternative options were available but Merlin appears not to have considered and discounted these. For example, Mr E may have been able to restructure or refinance his debt and not gift money to his children at that time rather than relinquish his DB pension. There’s inadequate analysis of those alternative options to support the recommendation to transfer.

Given the above points, it’s my opinion that the assessor should’ve answered “yes” to Example 4.

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.

In Mr E’s case, I cannot see that Merlin recorded the age at which he wanted to retire. But other evidence indicates that the basis of its advice was that Mr E planned to retire at age 67.

The critical yield figures at age 65 were 8.4% on the basis of a full pension or 6.3% on the basis of taking the maximum tax-free cash and reduced pension. Merlin recommended that

Mr E invest the value of his PPP into a cautious risk-rated fund that aligned with his 'Low' risk profile. The key features illustration for the PPP showed that the assumed growth rates were 5.12% for the upper projection rate, 2.20% for the middle projection rate and -0.73% for the lower projection rate. Those figures took into account assumed annual future inflation of 2.5%. And in the suitability report Merlin stated that the expected annual growth rate for the recommended fund was 5.5% before charges.

It's my view that the critical yield figures of 8.4% or 6.3% (depending on how Mr E accessed his benefits at age 65) were likely to be unobtainable based on the rates of return shown on the illustration and Mr E's 'Low' risk profile.

It's my view that the transfer analysis showed it was likely Mr E would be financially worse off as a result of the pension transfer. And so I don't agree that the transfer analysis supported Merlin's recommendation to transfer.

Given the above points, it's my opinion that the assessor should've answered "yes" to Example 9, particularly given my view (Example 1) that Mr E was reliant on the income and unable to bear the risks associated with the pension transfer.

Conclusion

Based on the above considerations, it's my opinion that Merlin failed to follow the FCA's redress scheme rules when it assessed Mr E'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, 3, 4 and 9 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 Merlin's non-compliant conduct was the effective cause of Mr E's decision to transfer. This was a complex transaction involving many factors. In my view, Mr E was reliant on Merlin, as the professional party in the transaction, to take those factors into account and provide balanced and suitable advice regardless of his own views about what was right for him.

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

Putting things right

Merlin must do the following:

1. Calculate and pay any redress due in line with the redress scheme rules; and
2. Ensure that any relevant records and reporting to the FCA are updated accordingly to reflect the change in outcome on Mr E's case.

My final decision

I uphold this complaint. I direct Merlin Financial Services Limited to follow the steps set out

above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr E to accept or reject my decision before 18 July 2024.

Clint Penfold
Ombudsman