The complaint

Mr L complains about the advice he received from Origen Financial Services Limited ('Origen') when he was considering transferring his pension benefits from his defined-benefit ('DB') occupational pension scheme. Mr L says the information he was provided was incomplete and the advice wasn't to a standard he'd expect. As a result, Mr L says he didn't have all of the information he would have wanted in order to decide what to do with his pension.

What happened

Mr L held pension benefits in a DB scheme. On 25 February 2021, the administrators of the DB scheme wrote to him providing two separate personalised statements. The covering letter for each statement explained that the trustees of the scheme were offering the opportunity for members to receive financial advice in connection with their pension. It explained that the trustees would pay for advice once, which could be used at that time or in the future. And if Mr L was interested in taking advice, it provided an email address for him to contact. The two statements set out a personalised retirement options for Mr L, under the DB scheme, at age 60 and 65.

Mr L took up the offer of receiving advice, paid for by the DB scheme, and was put in touch with Origen, the appointed independent advisory firm. I understand Origen arranged to complete a fact find with Mr L. It has also provided a copy of a terms of business and personalised charges document that it produced for Mr L.

Origen recorded in the fact find that Mr L was 55, married with one financially dependent child. He was employed, owned his own home outright with no other debts or liabilities, held investments of around £10,000 and in addition to his DB scheme benefits, Mr L also held pension benefits totalling approximately £189,000 across three other personal pensions. It said that Mr L was looking to retire at age 60 with an income of £15,000 per year from his combined pension benefits, but noted he considered his health to be average and had ongoing medical conditions. It also recorded he'd consider downsizing his home in retirement to free up funds.

A transfer pack seems to have been provided by the trustees of the DB scheme on 23 April 2021. This included an outline of what benefits would be available if Mr L took immediate retirement under the DB scheme. And it confirmed that the cash equivalent transfer value ('CETV') of his benefits was £111,057.25.

On 5 July 2021, Origen issued its recommendation to Mr L. It recommended that Mr L remain in the DB scheme and not transfer his benefits. Origen explained its recommendation was because it thought the current scheme was a good match for Mr L's objectives because, while it would not provide all of the income Mr L wanted in retirement, it would provide a secure amount towards his target income. It also afforded him the option of taking a tax-free lump sum at retirement. Achieving the level of growth needed to match the benefits the DB scheme guaranteed via a different pension was unlikely. As he wasn't intending to retire immediately, Mr L could remain in the scheme and review his options again at a later time. And Origen also explained that if he accessed his pension at that time, at age 55, he'd incur an 'early retirement charge' but the scheme wouldn't apply one from age 60.

The letter went on to explain some of the risks of the recommendation. These included that there was *"no guarantee that a transfer value you receive in the future will be greater than or equal to the value being offered at present. Depending on market conditions, it could be significantly lower."* And Origen also explained that to consider transferring in the future, Mr L would need to take financial advice. And while the DB was paying for this once, Mr L was likely to have to meet the cost of advice in the future.

Mr L confirmed he'd received the recommendation by email. He went on to say *"Since we last spoke, I have decided to take a career break due to my ongoing health issues. Your advice is very sensible and well considered, however, I have decided that life is too short to be excessively sensible!! For that reason, I will be transferring the pension and self managing it. Many thanks for your help and advice."*

The next day Mr L emailed Origen again saying he'd encountered an issue. He explained he'd emailed forms to one of the providers of his existing personal pensions, with the intention of transferring his DB scheme benefits to his SIPP. But the provider said it could not accept the transfer as it was against Origen's advice. Mr L said he was under the impression, while he had to take advice, it was his decision whether to go against that advice or not and didn't know providers could refuse to accept a transfer. So, he asked Origen if it could contact his SIPP provider.

Origen responded saying it could only confirm that Mr L had gone through the advice process and could provide a transfer advice certificate. But it was then an individual providers decision whether to accept a transfer. It went on to say *"If you are still looking to transfer away from the scheme we can look to see if we can help you via our insistent process? We would need to discuss this option in more detail and I can look to call you later this afternoon if you wish to consider this? Alternatively you would need to source a different provider who would be willing to accept the transfer on this basis."*

Mr L replied on the same day saying his decision on whether to transfer had been finely balanced and having spoken to his SIPP provider, he'd been told its policy on not accepting transfers against advice was non-negotiable. He acknowledged this was likely to protect people from making a bad decision and said *"I am now wiser and understand things better than before my financial advice, so for now I have decided to stay in the* [DB Scheme] *and review it again in the future."*

Mr L complained to Origen in 2024. He said, shortly after the recommendation, he'd chosen to retire due to his health problems but had chosen to wait to draw his DB scheme benefits until age 60, when he understood there would be no reduction. The DB Scheme had since been the subject of a buy-in by a large pension business. And Mr L says he'd been informed that retiring at 60 with no reduction to his pension had always only been possible at the trustee's discretion. Mr L therefore felt he'd been misled by Origen. He also said Origen had failed to give him information about how the CETV was calculated and make it clear that this was at an all time high when he sought advice, hadn't provided enough information about the insistent client process and had failed to tell him that there were no pension providers that would accept a transfer against advice.

Origen didn't uphold the complaint. It maintained that its advice to remain in the DB scheme was suitable based on an assessment of Mr L's circumstances. It said that it was dependent on the information provided to it as part of the advice process. At no stage had the DB scheme given any indication that whether benefits would be reduced for retirement at age 60 was discretionary. And Origen said it couldn't reasonably have foreseen, or reasonably be responsible for, any changes to the policy following the buy-in which took place several years after the advice. It was also satisfied that it had made Mr L aware of the option of potentially proceeding as an insistent client, after he'd indicated he still wanted to transfer. But he'd not chosen to explore that option.

Mr L also complained to the DB scheme that it hadn't been made clear that retiring at age 60 with no reduction of benefits was discretionary and subject to trustee agreement and he thought this was a right under the pension agreement. The trustees said that the rules of the scheme were clear that electing to access benefits before the normal retirement age of 65 was always dependent on the consent of the trustees. They said that, before the buy-in, if the trustees agreed to retirement at 60 no reduction would be applied. But following the buy-in, if the trustees accepted a request to retire early *"the appropriate reduction is applied"*. The trustees explained though that the pension was subject to a "statutory underpin" and that was unaffected by the removal of discretion to pay an unreduced pension from age 60. And in Mr L's case, this underpin meant that he'd receive broadly the same pension from age 60, even with a reduction applied.

Mr L has since told us that, in November 2024, he has accepted a quotation from the DB scheme and begun drawing benefits (at age 58). The guaranteed regular pension was broadly in line with what he'd been told he'd receive from age 60 at the time of the advice. But he noted the tax-free lump sum he'd been able to draw was smaller.

The complaint was considered by one of our Investigators. They didn't recommend that it be upheld. The Investigator thought the advice given by Origen to remain in the DB scheme was suitable. And Origen would not have been aware that the DB scheme may be subject to a buy-in and the conditions changed. They also thought the insistent client process had been appropriately explained to Mr L.

Mr L asked for an Ombudsman to review his complaint. He said he thought Origen advising him not to transfer wasn't necessarily reflective of his circumstances but rather the lowest risk option based on the regulations around this. But regardless he still considered that Origen had provided misleading information about the discretionary nature of retirement options at age 60, which had impacted his decision to transfer. And he also felt the adviser ought to have commented on the CETV being at a high level, annuity rates at the time and that further advice would be required in the future if he sought to transfer.

As an agreement could not be reached, the complaint has been referred to me to decide.

What I've decided – and why

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

I've taken into account relevant law and regulations, regulator's rules, guidance and standards and codes of practice, and what I consider to have been good industry practice at the time. And where the evidence is incomplete, inconclusive or contradictory, I reach my conclusions on the balance of probabilities – that is, what I think is more likely than not to have happened based on the available evidence and the wider surrounding circumstances. I'd also like to be clear that I'm considering the circumstances at the time of the advice when establishing whether Origen has acted fairly.

I'd add that, because of the informal nature of our service, I've summarised what has happened. If I don't comment on or refer to everything I've been sent or that has been said this isn't meant as a discourtesy to either party or because I haven't thought about it. Rather it is because my decision will address what I consider to be the key issues in deciding what is fair and reasonable.

Advice to transfer guaranteed pension benefits from a DB scheme is subject to a high level of regulatory scrutiny. The Principles for Businesses ('PRIN') and the Conduct of Business Sourcebook ('COBS') set out principles and rules that relate to a business advising a consumer in general. These include that a firm must pay due regard to the interests of its customers, and the provisions in COBS 9 which deal with the obligations when giving a personal recommendation and assessing suitability. In addition, there is a specific section in the COBS relating to this type of transfer (COBS 19). The Financial Conduct Authority ('FCA') states in COBS 19.1.6G that the starting assumption for a transfer from a DB scheme is that it is unsuitable. So, a business should only consider recommending a transfer if it can clearly demonstrate, on contemporary evidence, that the transfer was in a consumer's best interests.

Mr L says he was keen to transfer away from his DB scheme. But Origen's role wasn't just to put in place what Mr L might have thought he wanted. It had to give him suitable financial advice.

Origen's analysis of the transfer calculated the cost of replicating the benefits the DB scheme would provide at age 60 on the open market was £225,671. Whereas the CETV was £111,057. So, between the point of the analysis (when Mr L was 55) and age 60, Mr L would've needed to achieve extra growth, on top of the risk-free rate of return, that would increase his pension pot value by over £114,600 in order to purchase benefits equivalent to those being given up. Origen's fact-finding determined that Mr L's attitude to risk was moderate. Which in my view means, over a period of approximately 5 years, the returns that would have been required appeared unlikely.

And the unlikeliness of this is further supported by the critical yield in the analysis – the critical yield being the level of annual growth required to provide equivalent benefits to those being given up. Origen estimated that the critical yield required to match Mr L's benefits at age 60 was 12.2%. Whereas Origen believed a gross annual return of 5.3% was what Mr L could likely expect. And the regulators standard industry projection rates at the time were an upper projection rate of 8%, the middle projection rate 5%, and the lower projection rate 2%.

So, taking all of this into account, I think it was reasonable for Origen to believe that in terms of the financial viability - looking at the level of benefits that Mr L would receive from his pension arrangement - a transfer was unlikely to be in his best interests.

Financial viability isn't the only consideration when looking at whether a transfer is in someone's best interests. There may be other considerations which mean a transfer is suitable, despite providing lower overall benefits.

Origen recorded that, when discussing his objectives at the time of the advice, Mr L thought he'd retire at age 60 and would ideally like to have an income of £15,000 from his pensions. This was repeated in the suitability report. And in response Mr L stated the advice was *"very sensible and well considered"*. So, he didn't dispute the aims that were referenced. It was also noted that Mr L would potentially like flexibility around his pension benefits.

The personalised statement from the DB scheme indicated that at age 60, Mr L would be able to take either a full annual pension starting at £4,220 per year or tax-free cash ('TFC') of just over £21,000 and a reduced annual pension starting at £3,158 per year. Origen's transfer analysis produced broadly comparable figures (a starting full pension of £4,434 or TFC of £22,118 and a reduced starting pension of £3,318). It has said that the reason for the discrepancy was the revaluation rate used for some of the pension benefits. Which I think is a reasonable explanation.

It is worth noting that the personalised statement from the DB scheme didn't refer to this being subject to the trustees discretion around whether or not to apply a reduction. So, I think it was reasonable for Origen to consider these figures broadly accurate – although it seems to have considered one of the revaluation rates may have been quoted incorrectly. The annual pension under the DB scheme was guaranteed for the rest of Mr L's life and would escalate in payment.

The DB pension wouldn't have met Mr L's income needs on its own. But it provided a guaranteed amount towards that objective. And Mr L had other personal pension holdings that already gave him flexibility, which could be used in conjunction with his DB pension to meet his income objective in the early years of retirement. Then, when he began receiving state pension, that and the DB scheme would both be guaranteed and would meet the majority of his expected income need, with his remaining personal pension benefits available to meet any excess needs flexibly. And that is before accounting for any additional funds released through downsizing – which Mr L referred to as something he'd consider.

In addition, at the time of the advice, Origen noted that Mr L didn't intend to retire until age 60. Mr L has suggested the situation was different and this was the latest he would work to, and he may have retired earlier. But that wasn't what the information at the time, which again Mr L didn't dispute, recorded.

Taking all of this into account, I think it was reasonable for Origen to conclude that Mr L didn't *need* flexibility in respect of his DB benefits at the time. And so, transferring for this reason, particularly when he was likely to be worse off, wasn't in his best interests.

The DB scheme would also provide a spouse's pension, in the event Mr L passed away before his wife. This guaranteed income could have proved useful. And his personal pensions already provided a potential legacy in an alternative form.

Having considered this information, Origen concluded that a transfer wasn't in Mr L's best interests at the time. Its recommendation explained it had thought about several alternatives – taking benefits now, purchasing an annuity and transferring to a personal pension. But had concluded that, because Mr L wasn't looking to take an income at that time and didn't need flexibility at that stage, these weren't suitable for him.

The FCA's starting position was that a transfer was unlikely to be in a consumer's best interests. And I think the recommendation took account of this. But while I know Mr L disagrees, I don't think Origen's advice was only based on this. Rather, based on the information recorded at the time, I think Origen's recommendation was suitable based on his specific circumstances.

Mr L says Origen did not explain that whether an early retirement reduction would be applied at age 60 was down to the discretion of the trustees. But having looked at the response from the DB scheme to Mr L's complaint, the discretion referred to wasn't around whether a reduction would be applied, it was around whether early retirement (prior to the normal retirement age of 65) would be permitted at all. The DB scheme said, before the buy-in, if the trustees permitted early retirement at or beyond age 60 no reduction would be applied. And it referenced the scheme rules that referred to no reduction being applied if early retirement was requested after age 60. Rather it was whether the trustees would allow early retirement which was discretionary. So, I'm satisfied Origen didn't make a mistake when it explained no reduction would be applied if retiring after age 60 under the scheme.

The response from the DB scheme indicates the position has potentially been impacted by the subsequent buy-in. But I'm satisfied Origen could not have reasonably foreseen the buy-in occurring at the time of the advice. And I can't hold it responsible for any subsequent changes to how the scheme has been operated.

In any event, I note Mr L has begun drawing benefits from the DB scheme that were broadly in line with what was projected. He has said that he was able to take less tax-free cash. But I understand he has taken those benefits before age 60. So, what has happened isn't directly comparable to what the advice discussed. So, I don't think this means Origen made a mistake in its advice.

Mr L is also unhappy that the adviser didn't discuss the CETV – specifically that it was at a high level which might not have been reached again. And that they didn't explain to him the mechanics of how a CETV was calculated.

The calculation of a CETV is complex and I wouldn't expect an adviser, as part of making a recommendation about a potential transfer, to set out how such a calculation is made. And even more so given the recommendation here was that a transfer was not in Mr L's interests. In terms of discussing the level of the CETV again I wouldn't expect an adviser, acting in a consumer's best interests, to discuss this and speculate about any potential fluctuations. The adviser could not know what would happen to a CETV moving forward. And speculating about this or promoting the current CETV could be seen as undermining their advice not to transfer.

Origen did say, in its recommendation that there was *"no guarantee that a transfer value you receive in the future will be greater than or equal to the value being offered at present. Depending on market conditions, it could be significantly lower."* So, it did make Mr L aware that this could fluctuate. But I don't think it needed to go beyond this.

Mr L has also raised concerns about the presentation of the insistent client process and that he wasn't given more information about this sooner. But I wouldn't have expected Origen to provide or discuss the option of moving ahead and disregarding advice not to transfer either before any advice was given or at the same time as it had recommended he not go ahead. Again, to do so, would undermine the advice itself, that a transfer was not suitable. So, I don't think Origen was wrong not to mention this potential option before it did so.

And I don't think there was anything wrong with the information Origen did provide about this. When Mr L indicated he was thinking of transferring against Origen's advice it told him that it could potentially help through its insistent process but would need to discuss this further. Which I think is appropriate as Origen would have been required to ensure and document that Mr L fully understood this process. But in reply, Mr L indicated he'd now decided, at that time, not to proceed with the transfer, so I don't think Origen needed to provide any further information on that subject.

Mr L has also said one of his personal pension providers said that they would not accept a transfer without a positive recommendation from an adviser, so wouldn't accept him as an insistent client. And Mr L says Origen should have been aware of this and informed him providers were unlikely to accept a transfer. But whether or not a pension provider is willing to accept a transfer is down to their discretion. I don't agree with Mr L that this is a blanket approach as I've seen a number of complaints involving pension transfers that were accepted on an insistent client basis. And I wouldn't have expected Origen to be aware, keep a record, or inform every customer when it provided advice of which providers procedures were not to accept a transfer against advice.

Taking everything into account, while I know this will come as a disappointment to Mr L, I think Origen has acted fairly and reasonably when it provided him with advice. And I think that advice was suitable based on his circumstances at the time. So, I don't require it to take any action here.

My final decision

For the reasons I've explained, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 30 May 2025.

Ben Stoker
Ombudsman