DRN-5070363

The complaint

Mr M has complained about a transfer of his group personal pension plan (GPPP) with Scottish Widows Limited to a Qualifying Recognised Overseas Pension Scheme (QROPS) in October 2017. Mr M's QROPS was subsequently used to invest via an investment platform managed by Gravitas Finance LLC. Mr M says the investments selected were unregulated, high risk and illiquid and now appear to have lost value. Mr M says he's lost out financially as a result.

Mr M says Scottish Widows failed in its responsibilities when dealing with the transfer request. He says that Scottish Widows should've done more to warn him of the potential dangers of transferring, and undertaken greater due diligence on the transfer, in line with the guidance he says was required of transferring schemes at the time. Mr M says he wouldn't have transferred, and therefore wouldn't have put his pension savings at risk, if Scottish Widows had acted as it should have done.

What happened

According to Scottish Widows' records, Mr M telephoned Scottish Widows in April and June 2017 asking for fund valuations for his GPPP. He made a further request on 3 July 2017 before requesting transfer paperwork on 6 July 2017. On the same date Scottish Widows sent Mr M by email and post a transfer value quotation and a claim discharge form for completion and return if he wanted to transfer to another pension provider. It appears Mr M didn't receive that as there's a note of a telephone call from him on 11 July 2017 asking for the information be re-sent as he'd been unable to access the secure email. There's an email from Mr M on 2 August 2017 from which it appears he hadn't received the re-sent information which was sent again.

Elmo Pensions Limited (EPL) also emailed Scottish Widows on 22 August 2017 asking that transfer paperwork be sent. EPL were the administrator and trustee of the Elmo International Retirement Plan (the Plan), a QROPS registered in Malta.

Scottish Widows received the transfer request on 18 September 2017. The documentation included HMRC's QROPS member information for pension scheme administrators form completed by Mr M on 24 August 2017. In it he said he hadn't been told he could access some or all of the transfer value either directly or indirectly before age 55 and that he was aware that in some circumstances a transfer or future payment might be treated as an unauthorised payment, giving rise to a liability to pay tax in the UK. There was also a certified copy of a letter from HMRC dated 24 July 2015 confirming the Plan had been registered with HMRC and a reference number allocated and saying the scheme name would be published on HMRC's website.

Scottish Widows wrote to Mr M on 19 September 2017. In summary, the letter said:

- Routine due diligence checks had identified that Mr M still appeared to be resident in the UK whereas the pension scheme to which he was transferring was a QROPS, which was usually only suitable for customers who were already resident, or intended to be by the time they retired, outside the UK.

- If a customer was still resident in the UK and got a payment from their QROPS a tax charge might apply.
- Such schemes weren't covered by the Financial Services Compensation Scheme (FSCS) so if the scheme got into financial difficulties Mr M might not have the same level of financial protection as he'd get with a UK pension scheme.
- Scottish Widows wasn't aware of Mr M's financial circumstances or future intentions and he had the right to transfer. But it appeared he was a UK resident and he hadn't had advice from a regulated UK financial adviser. Should he have any doubts at all about whether the scheme was suitable Scottish Widows strongly advised he take financial advice from an independent financial adviser authorised to give pensions advice by the FCA (Financial Conduct Authority). Details of how to find an adviser were given.
- TPR (The Pensions Regulator) had stated that it must educate members about the risks when transferring their pensions and TPR's 'guidance booklet' was enclosed.
- If Mr M was satisfied the new scheme met his financial needs and requirements and was suitable for his personal circumstances he should contact Scottish Widows to confirm he still wanted his transfer to be completed. If Scottish Widows didn't receive his confirmation within four weeks it would assume he no longer wished to transfer to the QROPS and his transfer request would be cancelled.

There's a note to say that Mr M called Scottish Widows on 22 September 2017 to confirm he still wished to proceed with the transfer. Scottish Widows realised there were missing forms which it requested. EPL sent them back to Scottish Widows who received them on 18 October 2017.

Mr M's GPPP fund was transferred on 20 October 2017. He was then aged 40. A transfer value of £95,833.66 was paid to EPL. Scottish Widows wrote to EPL and direct to Mr M to confirm.

I'm not entirely sure when Mr M began to think that the transfer may not have been in his best interest. I understand he got information from the Plan for the first couple of years after the transfer but he then didn't hear anything and he became concerned about what had happened to his pension fund.

In November 2021, through his then representative, Mr M complained to Scottish Widows. He said the onus was on Scottish Widows to warn members about potential scams. Scottish Widows had failed to carry out adequate due diligence prior to transferring his fund and should've warned about any 'red flags' identified in respect of the transfer. Mr M referred to several decisions issued by the Pensions Ombudsman. Mr M set out Scottish Widows' alleged failures, including not completing a risk assessment in respect of the transfer; not investigating the new scheme provider; not engaging with him directly; not ascertaining why he wanted to transfer to an overseas pension scheme when he was a UK resident; not sending leaflets, guides or letters advising of potential frauds, scams or pension liberation; and not advising him to seek independent financial advice as to whether the transfer was suitable.

Scottish Widows didn't uphold the complaint. It said EPL weren't regulated by the FCA but they were regulated by the Malta Financial Services Authority. Scottish Widows had checked HMRC's list of Registered Overseas Pension Schemes (ROPs) which confirmed the Plan was registered in Malta. At the time Scottish Widows held a list provided by TPR and/or the National Fraud Intelligence Bureau (NFIB) of specific administrators/schemes that were under investigation, transfers to which weren't allowed. The list was regularly updated and the Plan wasn't on it when Mr M's transfer request was received. Mr M had a statutory right to transfer and so his request couldn't be blocked. But Scottish Widows did write to Mr M on 19 September 2017 setting out some warnings. Scottish Widows maintained it had conducted the necessary due diligence and provided Mr M with sufficient information and warnings about the transfer.

Our investigator was unable to resolve the dispute informally, so the matter was passed to me to decide. In doing so I've taken into account Mr M's comments in response to the investigator's view. Including that he'd entrusted Scottish Widows with his pension savings and had expected a high standard of due diligence and checks; he couldn't be expected to understand the full risks of the transfer while he was being guided and influenced by scammers who were very good at what they do. Further, Scottish Widows was operating a business and had the greater knowledge and should've done more to protect him – by stepping in and stopping the transfer even if he'd given permission for it to proceed.

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.

<u>The relevant rules and guidance</u>

Personal pension providers are regulated by the FCA. Prior to that they were regulated by the FCA's predecessor, the Financial Services Authority (FSA). As such Scottish Widows was subject to the FSA/FCA Handbook, and under that to the Principles for Businesses (PRIN) and to the Conduct of Business Sourcebook (COBS). There have never been any specific FSA/FCA rules governing how personal pension providers deal with pension transfer requests, but the following have particular relevance here:

- Principle 2 – A firm must conduct its business with due skill, care and diligence;
- Principle 6 – A firm must pay due regard to the interests of its customers and treat them fairly;
- Principle 7 – A firm must pay due regard to the information needs of its clients, and communicate information to them in a way which is clear, fair and not misleading; and
- COBS 2.1.1R (the client's best interests rule), which states that a firm must act honestly, fairly and professionally in accordance with the best interests of its client.

In February 2013, TPR issued its Scorpion guidance to help tackle the increasing problem of pension liberation, the process by which unauthorised payments are made from a pension (such as accessing a pension below minimum retirement age). In brief, the guidance provided a due diligence framework for ceding schemes dealing with pension transfer requests and some consumer-facing warning materials designed to allow members decide for themselves the risks they were running when considering a transfer.

The Scorpion guidance was described as a cross-government initiative by Action Fraud, The City of London Police, HMRC, the Pensions Advisory Service (TPAS), TPR, the SFO, and the FSA/FCA, all of which endorsed the guidance, allowing their names and logos to appear in Scorpion materials.

The FSA's endorsement of the Scorpion guidance was relatively informal: it didn't take the form of Handbook Guidance, because it was not issued under s.139A of the Financial Services and Markets Act (FSMA), which enabled the FSA to issue guidance provided it underwent a consultation process first. Nor did it constitute "confirmed industry guidance", as can be seen by consulting the list of all such FSA/FCA guidance on its website. So the content of the Scorpion guidance was essentially informational and advisory in nature.

Deviating from it doesn't therefore mean a firm has necessarily broken the Principles or COBS rules. Firms were able to take a proportionate approach to transfer requests, balancing consumer protection with the need to also execute a transfer promptly and in line with a member's right to transfer.

That said, the launch of the Scorpion guidance in 2013 was an important moment in so far it provided, for the first time, guidance for personal pension providers dealing with transfer requests – guidance that prompted providers to take a more active role in assessing those requests. The guidance was launched in response to widespread abuses that were causing pension scheme members to suffer significant losses. And the guidance's specific purpose was to inform and help ceding firms when they dealt with transfer requests in order to prevent these abuses and save their customers from falling victim to them.

In those circumstances, I consider firms which received pension transfer requests needed to pay regard to the contents of the Scorpion guidance as a matter of good industry practice. It means February 2013 marks an inflection point in terms of what was expected of personal pension providers dealing with transfer requests as a matter of fulfilling their duties under the regulator's Principles and COBS 2.1.1R.

The materials in the Scorpion campaign comprised an insert to be included in transfer packs providing warnings to readers about the dangers of pension scams and some of the warning signs to look out for, a longer booklet giving more information and example scenarios and an 'action pack' for scheme administrators to help them structure their due diligence on a transfer where appropriate.

The Scorpion guidance was updated several times between it being introduced in 2013 and Mr M's transfer from Scottish Widows.

- In July 2014 the update widened the focus from pension liberation specifically, to pension scams more generally – which included situations where someone transferred in order to benefit from "too good to be true" investment opportunities such as overseas property developments. An example of this was given in one of the action pack's case studies.

- The guidance in March 2015 referenced the potential dangers posed by "pension freedoms" (which was about to give people greater flexibility in relation to taking pension benefits) and explained that pension scams were evolving. In particular, it highlighted that single member occupational schemes were being used by scammers. The action pack also began suggesting businesses use the checklist within it whenever they received a transfer request. At the same time, a broader piece of guidance was initiated by an industry working group covering both TPR and FCA regulated firms: the Pension Scams Industry Group (PSIG) Code of Good Practice. The intention of the PSIG Code was to help firms achieve the aims of the Scorpion campaign in a streamlined way which balanced the need to process transfers promptly with the need to identify those customers at material risk of scams.

- In March 2016, the guidance for businesses said to signpost consumers to the government's Pension Wise website. It reiterated the recommendation for businesses to use TPR's checklist and carry out due diligence on all transfer requests. And it said business should communicate any suspicions to consumers, record these and direct consumers to TPAS to discuss the implications of a transfer. The leaflet and booklet for consumers were restructured setting out ten steps to protect their pensions and avoid being the next victim of a scam. Amongst these steps were to check the FCA register, to make sure advisers were registered, and the FCA's list of known scams.

- And, in March 2017, the shorter insert for consumers was restructured again, into five tips to protect yourself from scammers and a separate section on what to look out for. By July of that year, TPR's longer booklet appears to have fallen out of use and the shorter insert leaflet was now referred to as a 'booklet'. The contents of TPR's action pack were now hosted online. The content covered was largely the same as in the March 2016 version.

The PSIG Code of Good Practice

The PSIG Code was voluntary. But, in its own words, it set a standard for dealing with transfer requests from UK registered pension schemes. It was "welcomed" by the FCA and the Association of British Insurers (amongst others). And several FCA regulated pension providers were part of the PSIG and co-authored the Code. So much of the observations I've made about the status of the Scorpion guidance would, by extension, apply to the PSIG Code. In other words, personal pension providers didn't necessarily have to follow it in its entirety in every transfer request and failure to do so wouldn't necessarily be a breach of the regulator's Principles or COBS. Nevertheless, the Code sets an additional benchmark of good industry practice in addition to the Scorpion guidance.

In brief, the PSIG Code asked schemes to send the Scorpion "materials" in transfer packs and statements, and make them available on websites where applicable. The PSIG Code goes on to say those materials should be sent to scheme members directly, rather than just to their advisers.

Like the Scorpion guidance, the PSIG Code also outlined a due diligence process for ceding schemes to follow. However, whilst there is considerable overlap between the Scorpion guidance and the PSIG Code, there are several differences worth highlighting here, such as:

- The PSIG Code includes an observation that: "*A strong first signal of [a scam] would be a letter of authority requesting a company not authorised by FCA to obtain the required pension information; e.g. a transfer value, etc*." This is a departure from the Scorpion guidance (including the 2015 guidance) which was silent on whether anything could be read into the entity seeking information on a person's pension.

- The Code makes explicit reference to the need for scheme administrators to keep up to date with the latest pension scams and to use that knowledge to inform due diligence processes. Attention is drawn to FCA alerts in this area.

- Under the PSIG Code, an 'initial analysis' stage allows transferring schemes to fast-track a transfer request without the need for further detailed due diligence, providing certain conditions are met. No such triage process exists in the 2015 Scorpion guidance – following the three-part due diligence checklist was expected whenever a transfer was requested.

- The PSIG Code splits its later due diligence process by receiving scheme type: larger occupational pension schemes, SIPPs, SSASs and QROPS. The 2015 Scorpion guidance doesn't distinguish between receiving scheme in this way – there's just the one due diligence checklist which is largely (apart from a few questions) the same whatever the destination scheme.

TPR began referring to the Code as soon as it was published, in the March 2015 version of the Scorpion action pack. Likewise, the PSIG Code referenced the Scorpion guidance and indicated staff dealing with scheme members needed to be aware of the Scorpion materials.

Therefore, in order to act in the consumer's best interest and to play an active part in trying to protect customers from scams, I think it's fair and reasonable to expect ceding schemes to have paid due regard to both the Scorpion guidance and the PSIG Code when processing transfer requests. Where one differed from the other, they needed to consider carefully how to assess a transfer request taking into account the interests of the transferring member. Typically, I'd consider the Code to have been a reasonable starting point for most ceding schemes because it provided more detailed guidance on how to go about further due diligence, including steps to potentially fast-track some transfers which – where appropriate – would be in the interest of both parties.

The considerations of regulated firms didn't start and end with the Scorpion guidance and the PSIG Code. If a personal pension provider had good reason to think the transferring member was being scammed – even if the suspected scam didn't involve anything specifically referred to in either the Scorpion guidance or the Code – then its general duties to its customer as an authorised financial services provider would come into play and it would have needed to act. Ignoring clear signs of a scam, if they came to a firm's attention, or should have done so, would almost certainly breach the regulator's principles and COBS 2.1.1R.

<u>The circumstances surrounding the transfer: what does the evidence suggest happened?</u>

In his complaint to Scottish Widows, Mr M says he was cold called by Vanguard Marketing Consultants LLP (VMC), who weren't regulated or authorised by the FCA. VMC said they introduced customers to third parties who can provide pension scheme services and investment opportunities and help customers with the process of transferring their existing pension funds and investing those funds into their chosen investment opportunities.

Mr M wasn't an experienced or sophisticated investor. His GPPP with Scottish Widows had a fund value of £94,786.63. VMC's representative sent promotional material to Mr M. There was then a discussion. Mr M said he anticipated retiring at age 65. He doesn't recall saying what his attitude to risk was. After establishing Mr M's existing pension arrangement VMC's representative informed Mr M that he'd get a higher rate of return if he transferred his fund to a QROPS. He'd then be able to invest in lucrative investment opportunities which would provide a guaranteed high rate of return.

Mr M was taken with the information he was given and was under the impression that any investments made through the QROPS would be well balanced, diverse and safe. He was unaware of the risks associated with the pension vehicle and the investments. The representative produced a pre-populated application form for Mr M to sign. Mr M also signed a letter of authority (LOA) authorising EPL to contact Scottish Widows. EPL then sent a transfer request to Scottish Widows.

Our investigator also spoke to Mr M about what had happened. Mr M confirmed VMC's representative had said the pension would perform much better if it went overseas. Mr M thought 'he'd been sold a good story'. He believed it was all above board and that Scottish Widows wouldn't transfer his pension unless everything was ok. He'd got statements for the first two years. But he was now unable to find out where his funds were. He didn't recall getting Scottish Widows' letter of 19 September 2017. He thought if he had received it, it would've made him a bit more aware. He mentioned his difficult personal circumstances in May 2017.

Having considered what we've been told, I accept that the catalyst for the transfer was a cold call from VMC. But exactly what VMC did isn't entirely clear. It seems Mr M was told their role was essentially introductory. That could mean VMC just provided information about possible pension options to Mr M for him to then make his own decision and, if it involved transferring, VMC would assist him in the process. But, from what Mr M has said, in discussions with him, VMC may have gone further. If VMC's representative told Mr M he'd get a higher rate of return so he'd be better off if he transferred to a QROPS, that would amount to a personal recommendation, or advice, to transfer. I take into account that Mr M wasn't an experienced investor and he didn't know much about pensions. I can't see he'd have decided to transfer to a QROPS – an unusual pension vehicle for someone in Mr M's circumstances – unless he'd been told that's what he should do. So I think it's likely he was advised (explicitly or implicitly) to transfer.

But I'm conscious I've only seen limited documentation. For example, I haven't seen any terms of business given to Mr M by VCM and which would set out VCM's role in detail. Nor have I seen the QROPS application form and which might've shown how Mr M had been introduced to the Plan and any advisers who'd been involved. And I haven't seen any of the documents completed for the investment platform provider, Gravitas Finance LLC (who I understand is based in Mauritius) and which might've mentioned an adviser. But Mr M hasn't referred to any other party having been involved and such documents as I have seen don't mention any other adviser or firm. So, based on what Mr M has said, it seems VCM, an unregulated firm, advised him to transfer to the QROPS.

<u>What did Scottish Widows do and was it enough?</u>

The Scorpion insert:

For the reasons given above, my view is that personal pension providers should, as a matter of course, have sent transferring members the Scorpion insert or given them substantially the same information.

Scottish Widows' letter of 19 September 2017 said TPR's 'guidance booklet' was enclosed. I think that's a reference to the Scorpion insert or longer booklet. When we asked Scottish Widows what version that would've been, Scottish Widows said its practice was to download direct from TPR's website in each case, thus ensuring the most up to date version was always issued to the member. Scottish Widows was unable to confirm if it would've been the insert or the longer Scorpion booklet. In the absence of anything to show that it was the latter, I assume it was the insert and I'm satisfied it was enclosed with Scottish Widows' letter. Although Mr M doesn't recall getting that letter it appears to have been correctly addressed so I'm satisfied he did receive it. And it asked Mr M to confirm if he still wanted to go ahead with the transfer. It seems that he did that by telephoning Scottish Widows on 22 September 2017, which indicates that he did get, and read, the letter.

Due diligence:

As explained above, I consider the PSIG Code to have been a reasonable starting point for most ceding schemes. I've therefore considered Mr M's transfer in that light. But I don't think it would make a difference to the outcome of the complaint if I had considered Scottish Widows' actions using the Scorpion guidance as a benchmark instead.

Scottish Widows' due diligence seems to have consisted of checking that the Plan was on HMRC's list of ROPs and that neither the Plan nor its administrators appeared on TPR's and/or NFIB's list of schemes under investigation and to which transfers shouldn't be permitted.

I think Scottish Widows should've done further due diligence as per the PSIG Code. The initial triage process should've led to Scottish Widows asking Mr M further questions about the transfer as per Section 6.2.2 ("Initial analysis – member questions"). I won't repeat the list of suggested questions in full. Suffice to say, at least three of them would've been answered "yes":

- Did receiving scheme/adviser or sales agents/representatives for the receiving scheme make the first contact (e.g. a cold call)?

- Have you been promised a specific/guaranteed rate of return?

- Have you been informed of an overseas investment opportunity?

Under the Code, further investigation should follow a “yes” to any question. The nature of that investigation depends on the type of scheme being transferred to. The QROPS section of the Code (Section 6.4.4) has the following statement:

“The key items to consider are the rationale for moving funds offshore, and the likelihood that the receiving scheme is a bona fide pension scheme, as if HMRC determine retrospectively that it is not, there may be a scheme sanction charge liability regardless of whether the receiving scheme was included on the list or not.”

In order to address those two items – the rationale for moving funds offshore and the legitimacy of the QROPS – the Code suggests the transferring scheme should broadly follow the same due diligence process as for a SSAS, which outlined four areas of concern under the following headings: employment link, geographical link, marketing methods and provenance of the receiving scheme. Underneath each area of concern, the Code set out a series of example questions to help scheme administrators assess the potential risk facing a transferring member.

Not every question would need to be addressed under the Code. Indeed, the Code makes the point that it is for scheme administrators to choose the most relevant questions to ask (including asking questions *not* on the list if appropriate). But the Code makes the point that a transferring scheme would typically need to conduct investigations into a “wide range” of issues to establish whether a scam was a realistic threat. With that in mind, I think in this case Scottish Widows should have addressed all four areas of concern and contacted Mr M in order to help with this.

<u>What should Scottish Widows have found out – and would it have made a difference?</u>

As I’ve said, Scottish Widows did establish the legitimacy of the QROPS by checking HMRC’s website and the published list of ROPs. But the Code makes it clear that Mr M’s rationale for transferring should be addressed. If Mr M had been asked about that – which he should’ve been, using the framework outlined above – Scottish Widows would’ve found out that he was transferring his pension following an unsolicited approach and that he was transferring to a type of arrangement more commonly used by people living overseas even though he wasn’t intending to do that.

But, even though Scottish Widows didn’t contact Mr M directly, Scottish Widows did note that as a concern. In its letter of 19 September 2017 to Mr M Scottish Widows set out that Mr M appeared to be residing in the UK and that the type of scheme to which he was transferring – a QROPS – was usually only suitable for customers already living outside the UK or who intended to do so. And in consequence Mr M could face additional tax charges and lose UK regulatory protections if something went wrong. Scottish Widows also noted that Mr M didn’t seem to have received advice from a regulated UK financial adviser which Scottish Widows recommended Mr M obtain, with details of how he could find an adviser set out.

Warnings were also given in the Scorpion insert enclosed with Scottish Widows’ letter. As I’ve set out above, the Scorpion campaign was refreshed several times. When Scottish Widows wrote to Mr M on 22 September 2017, the March 2017 edition of the insert was in use. It was headed ‘Thinking of doing something with your pension pot?’ and said, before going any further, a consumer should read the five tips set out to protect themselves from scammers. One of those tips was, if a consumer received a cold call about their pension, they should hang up – as unsolicited phone calls, text or emails about their pension were nearly always scams. As might be an offer of guaranteed returns or 'overseas ventures. And that scammers might pose as a financial adviser. So, if using an adviser, a consumer should make sure they're registered with the FCA with the website address for the FCA's register given. The 'What do you need to look out for?' section set out a number of questions a consumer should ask themselves, including if they'd been cold called, if the firm or individual was FCA registered, if guaranteed returns were being offered, if the investment was regulated by the FCA and what the tax implications were.

I think Mr M would've recognised some features which were present in his case. In particular he'd been cold called, it seems guaranteed returns had been mentioned (although Mr M hasn't said exactly what those were) and his pension was being transferred overseas to a QROPS. The insert echoed the need, set out in Scottish Widows' letter, to check whether any adviser was registered with the FCA. If Mr M had accessed the website, he'd have found out that VCM didn't appear and so he'd have known that he'd been dealing with an unregulated person/firm.

I know Mr M may have been asked to sign a lot of documents in relation to the transfer. And that some of them may have already been completed (in full or in part) by VCM's representative and just put before Mr M for signature. And he may have been given little opportunity to read everything properly and consider everything he was being asked to sign. But Scottish Widow's letter was sent direct to him and he'd have had the chance to read and consider it without the adviser being there. It was a direct response from Scottish Widows to his transfer request so it was clearly relevant to what he was planning to do. It was only a couple of pages long and so I think Mr M would've read the letter and the enclosed Scorpion insert. The latter was also relatively short, clear and easy to read.

Mr M has said that he was all the time under the influence of the unregulated representative. I accept that the person he was dealing with would've been persuasive and would've come across as professional, knowledgeable and trustworthy. And I further note what Mr M has said about his difficult personal circumstances at the time. But Scottish Widows was Mr M's existing – and presumably trusted – provider and a major player in the pensions field. I'd have thought any reservations expressed by Scottish Widows would've carried weight with Mr M. I think it was clear that Scottish Widows had concerns about the transfer request and which centred on a key factor – that a QROPS was an overseas pension scheme which was unlikely to be appropriate for Mr M if he was, and intended to remain, in the UK. Scottish Widows' concerns went wider and included the loss of regulatory protections, potential tax consequences and the lack of regulated advice.

But Mr M wasn't put off by what Scottish Widows was saying. Instead he confirmed to Scottish Widows that he wanted to proceed with the transfer. So it seems he remained persuaded by and preferred what he'd been told by the unregulated introducer over and above what Scottish Widows was saying about why he may want to think again about the transfer. Given the trust Mr M had placed in the unregulated introducer (and even if, with hindsight, that trust was misplaced), I can't see that further warnings from Scottish Widows and which would've been along more or less the same lines as those already expressed, would've changed Mr M's mind.

Mr M has suggested that Scottish Widows should've blocked the transfer. But Mr M had a legal right to transfer to another provider. I don't think Scottish Widows could've just assumed the transfer wouldn't be in Mr M's best interest and so refused to process it. As I've said above, firms had to balance the obligation to process transfers promptly in line with someone's legal rights against the need to warn consumers about the potential risks they were facing.

In reaching my findings I take into account that Scottish Widows was the professional party here, operating a regulated pensions business in which dealing with transfer requests was an everyday occurrence and in respect of which Scottish Widows had responsibilities as I've outlined above. And I do have sympathy for Mr M and the position he's now in. But, for Scottish Widows to be responsible for the losses Mr M has suffered, I'd need to be convinced that, but for Scottish Widows' failings, Mr M wouldn't have transferred. As I've explained above, he was given warnings which he failed to heed and I'm unable to say that further warnings from Scottish Widows would've changed the outcome.

My final decision

I'm not upholding the complaint and I'm not making any award.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 16 January 2025.

Lesley Stead
Ombudsman