

The complaint

Mr S has complained, with the help of a professional third party, about the transfer of his personal pension to a Qualifying Recognised Overseas Pension Scheme ('QROPS') in September 2014. The QROPS was subsequently used to invest in a managed portfolio and Dolphin Capital Loan Notes. Mr S believes these investments are now likely to have little value and so he has lost out financially as a result.

At the time of the transfer his personal pension was held with Friends Life. Friends Life has since been acquired by Aviva Life & Pensions UK Limited which is responsible for answering this complaint. So, for simplicity, I'll just refer to Aviva, throughout my decision.

Mr S says Aviva failed in its responsibilities when dealing with the transfer request. He says that it should have 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 S says he wouldn't have transferred, and therefore wouldn't have put his pension savings at risk, if Aviva had acted as it should have done.

Mr S also transferred pension benefits he held with another business, which I'll call Firm S, to the QROPS at around the same time. That transfer is the subject of a separate complaint with our service. But as some of the circumstances are relevant to Mr S's complaint about Aviva, I'll refer to them below.

What happened

On 28 November 2013, Mr S signed a letter of authority ('LOA') giving Aviva permission to provide information about his pension to Moneywise Retirement Solutions ('MRS'). The LOA also said Mr S appointed MRS as his advisers in respect of his pension plan. The LOA and covering sheet, subsequently sent to Aviva, referred to MRS as a 'trading style' of Moneywise Financial Advisors Ltd ('MFAL'), a business that was authorised and regulated by the Financial Conduct Authority ('FCA') at the time.

On 22 January 2014, Aviva wrote to MRS acknowledging the LOA and providing a transfer pack, including discharge forms.

A company called Servatus Ltd then wrote to Mr S. The letter began by thanking him for his meeting with a business called 'Jackson Francis'. The letter went on to explain that Servatus was writing to provide a recommendation. The enclosed report recommended that Mr S transfer his pensions to the Harbour Retirement Scheme ('HRS'), a QROPS based in Malta, and invest in Dolphin Capital and a managed portfolio with JP Morgan. The recommendation noted that Servatus was an appointed introducer for the HRS. Mr S signed a copy of this recommendation on 15 May 2014.

On 29 May 2014, Harbour Pensions Limited ('Harbour') wrote to Aviva enclosing an application to transfer Mr S's pension benefits to the HRS. Harbour was authorised by the Maltese Financial Services Authority to act as a retirement scheme administrator and was the administrator of the HRS.

Amongst the documents provided was an LOA authorising Aviva to correspond with Harbour, signed transfer discharge and HMRC forms and confirmation from HMRC that the HRS was entered onto its recognised list in April 2013. The transfer discharge forms used were the ones that Aviva had sent to MRS - the covering letter that it originally sent with the forms was included in the documents sent by Harbour. The discharge form contained a section asking for details of Mr S' financial adviser, if he was using one. This was left blank.

A similar application was submitted to Firm S at the same time, to transfer the pension benefits Mr S held with it to the HRS.

Aviva wrote to Mr S on 17 June 2014. It acknowledged his request to move his pension overseas and provided specific overseas transfer forms and a further HMRC form that it said it needed for the transfer to proceed. Aviva's letter also noted that a transfer to a QROPS could result in tax penalties so it was important that Mr S understood the implications of transferring and said he should speak to his financial adviser.

Harbour wrote to Aviva again on 22 August 2014, providing completed overseas transfer forms.

Aviva confirmed to Mr S on 1 September 2014 that it had transferred the pension benefits he held with it to the HRS. The amount transferred was £19,605.94. Mr S was 42 at the time. Firm S transferred the pension benefits he held with it to the HRS on 19 September 2014.

The money Aviva transferred was combined with the amount transferred from Firm S. After payment of fees, including to Servatus, this was used to invest through an asset management bond, the platform provider for which was SEB Life International ('SEB') – a business regulated in Ireland and able to offer certain products and services in the UK. A statement for the bond from SEB in 2017 indicates approximately 39% of the money was invested in Loan Notes with Dolphin Capital, 36% in a portfolio (with SEB rather than JP Morgan) and 25% was held in cash.

Dolphin (now called German Property Group) was a German business which offered high yielding Loan Note investments offering over 10% investment returns per year. Its underlying business was described as the renovation of derelict properties to provide residential accommodation. Dolphin is now in insolvency proceedings in Germany having collapsed in 2020 owing significant amounts to investors. There has been a total loss on all non-matured Loan Notes.

In August 2020, Mr S complained to Aviva. Briefly, he said Aviva ought to have spotted, and told him about, a number of warning signs in relation to the transfer. These included that he'd been cold called, there were a number of unregulated introducers and advisors involved, Mr S hadn't received regulated advice, the transfer involved investment overseas, this was in an unregulated, high-risk area and he'd been told he could expect unrealistic returns on his investment.

Aviva didn't uphold the complaint. It said the HRS was recognised by HMRC and so not deemed suspicious. As a result, Aviva didn't believe it needed to ask about advice Mr S had received, although it had suggested he take advice, or issue warnings to Mr S and thought it had done appropriate due diligence.

The complaint was referred to the Financial Ombudsman Service. Our Investigator didn't think it should be upheld. Mr S disagreed and as agreement could not be reached, the complaint has been passed 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.

The relevant rules and guidance

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 Aviva 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 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.

An overseas pension scheme is defined in HMRC regulations as being one which is subject to specified regulatory and taxation restrictions in the country of establishment. To become a QROPS it must also be:

- Recognised, meaning in short that it meets specified tests applied by HMRC, including on minimum retirement age and the application of tax relief.
- Qualifying, meaning it must notify HMRC that it is a recognised overseas pension scheme; provide appropriate evidence of this; undertake to adhere to HMRC's requirements; and not be otherwise excluded by HMRC from being a QROPS.

Overseas schemes that have notified HMRC that they qualify to be a QROPS are included in a published list on HMRC's website.

The Pensions Schemes Act 1993 gives a member of a personal pension scheme the right to transfer the cash equivalent value of their accrued benefits to another personal or occupational pension scheme, which is either registered with HMRC for tax purposes or is a QROPS. And indeed, they may also have a right to transfer under the terms of the contract.

This right came to be exploited, with people encouraged to transfer to fraudulent schemes in the expectation of receiving payments from their pension that they weren't entitled to – for instance, because they were below minimum retirement age. At various points, regulators issued bulletins warning of the dangers of taking such action. But it was only from 14 February 2013 that transferring schemes had guidance to follow that was aimed at tackling pension liberation – the "Scorpion" guidance.

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

Scorpion materials. The guidance comprised the following:

- An insert to be included in transfer packs (the 'Scorpion insert'). The insert warns readers about the dangers of agreeing to cash in a pension early and identifies a number of warning signs to look out for.
- A longer booklet issued by TPAS which gives more information, including example scenarios, about pension liberation. Guidance provided by TPR on its website at the time said this longer leaflet was intended to be sent to members who had queries about pension liberation fraud.
- An 'action pack' for scheme administrators that highlighted the warning signs present in a number of transfer examples. It suggested transferring schemes should "look out for" various warning signs of liberation. If any of the warning signs applied, the action pack provided a check list that schemes could use to help find out more about the receiving scheme and how the member came to make the transfer request. Where transferring schemes still had concerns, they were encouraged to write to members to warn them of the potential tax consequences of their actions; to consider delaying the transfer; to seek legal advice; and to direct the member to TPAS, TPR or Action Fraud.

TPR issued the guidance under the powers at s.12 of the Pension Act 2004. Thus, for the bodies regulated by TPR, the status of the guidance was that it provided them with information, education and/or assistance, as opposed to creating any new binding rule or legal duty. Correspondingly, the communications about the launch of the guidance were predominantly expressed in terms that made its non-obligatory status clear. So, the tenor of the guidance is essentially a set of prompts and suggestions, not requirements.

The FSA / FCA'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.

I take from the above that the contents of the Scorpion guidance was essentially informational and advisory in nature and that deviating from it doesn't necessarily mean a firm has 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 legal rights.

That said, the launch of the Scorpion guidance was an important moment in so far as 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.

What did personal pension providers need to do?

When it was first launched in February 2013, the aim of the campaign was to raise awareness of pension liberation activity and to provide guidance to scheme administrators on dealing with transfer requests in order to help prevent liberation activity happening. TPR talked about this being a transfer to a fund that allowed members to gain access to pension funds in an unauthorised manner. Unauthorised payments weren't just confined to a scenario where someone was offered a loan or cash incentive to transfer before age 55. But these scenarios were the focus of the literature at the time. And at the point Aviva was first asked for information about Mr S' pension, transferring schemes were being directed to the threat posed by pension liberation.

The Scorpion guidance was updated on 24 July 2014 and widened the focus from pension liberation specifically, to pension scams – which it said were on the increase. This updated guidance came into place after Harbour had first written to Aviva about a potential transfer. But the update was in place before all of the relevant forms had been completed and returned to Aviva – as the overseas transfer form wasn't returned until August 2014.

As I've explained, I don't think personal pension providers necessarily had to follow all aspects of the Scorpion guidance in every transfer request. However, I do think they should have paid heed to the information it contained. In deciding how to apply the guidance, they needed to consider the guidance as a whole, including the various warning signs to which it drew attention, the case studies that highlighted different types of scam, and the checklist and various suggested actions ceding schemes might take. And where the recommendations in the guidance applied, absent a good reason to the contrary, it would normally have been reasonable, and in my view good industry practice, for pension providers at least to follow the substance of those recommendations. With that in mind, I take the view that personal pension providers dealing with transfer requests needed to heed the following:

1. When TPR first launched the Scorpion guidance, its press release said the Scorpion insert should be provided in the information sent to members requesting a transfer. It said on its website that it wanted the inclusion of the Scorpion insert in transfer packs to "become best practice". The Scorpion insert provided an important safeguard for transferring members, allowing them to consider *for themselves* the scam threat they were facing. Sending it to customers asking to transfer their pensions was also a simple and inexpensive step for pension firms to take and one that wouldn't have got in the way of efficiently dealing with transfer requests. So, all things considered, I think the Scorpion insert should have been sent as a matter of good industry practice with transfer packs and direct to the transferring member when the request for the transfer pack had come from a different party.
2. I also think it would be fair and reasonable for personal pension providers – operating with the regulator's Principles and COBS 2.1.1R in mind – to ensure the warnings contained in the Scorpion insert were provided in some form to a member before a transfer even if the transfer process *didn't* involve the sending of transfer packs.
3. The Scorpion guidance initially asked firms to look out for the tell-tale signs of pension liberation scams and undertake further due diligence and take appropriate action where it was apparent their client might be at risk. This was expanded to scams more generally before Mr S' application to transfer progressed and was accepted. And it is the updated guidance I think Aviva ought to have considered. The guidance points to the warning signs transferring schemes should have been looking out for and provides a framework for any due diligence and follow-up actions. Therefore, whilst using the action pack wasn't an inflexible requirement, it did represent a reasonable benchmark for the level of care expected of transferring schemes and identified specific steps that would be appropriate for them to take, if

the circumstances demanded.

4. Under the updated Scorpion guidance, ceding schemes also needed to check whether the receiving scheme was validly registered. And part of the requirements of a ceding scheme when processing a QROPS transfer, separate to the Scorpion guidance, was that they would always have needed to check whether the QROPS was on HMRC's published list and ensure the necessary HMRC forms were completed.
5. The considerations of regulated firms didn't start and end with the Scorpion guidance. 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 the Scorpion guidance – 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.

The circumstances surrounding the transfer – what does the evidence suggest happened?

Mr S's representative says he was cold called by Jackson Francis and offered a free pension review. His representative says he was told his current pensions were frozen and much better investments could be recommended to Mr S. He was then referred to Servatus, and Servatus went on to repeat that his existing pensions were not performing well and that better alternatives were available. He was then advised to transfer his Aviva pension, along with his Firm S pension, to the HRS and invest in Dolphin Capital – advice his representative has suggested was from both Jackson Francis and Servatus. His representative said that Mr S thought the adviser was trustworthy and they told him he'd make returns of at least 10% per year, so Mr S agreed to proceed.

Mr S told us he thinks he was a bit naïve when it came to his pensions and they weren't something he thought about a great deal at the time of the transfer, given how far off retirement felt. So, he was generally accepting of what perceived experts said. He confirmed he wasn't offered any incentive to transfer. Mr S doesn't recall receiving any warnings from Aviva about the potential transfer and says he hadn't seen the Scorpion insert prior to the complaint.

I haven't seen anything to dispute that Mr S was an inexperienced investor. Mr S also doesn't appear to have had any prior connection with the QROPS. And he hasn't indicated he intended to move overseas – either to Malta, where the QROPS was registered, or anywhere else. So, I think it is unlikely he'd have sought to transfer his benefits to the QROPS on his own.

Mr S has said he wasn't offered any incentives to transfer and it was what he was told about his existing pensions not performing very well / being frozen, and the promise that the new arrangement would provide better returns, which persuaded him to transfer. And I've seen a written recommendation advising him to transfer. So, I'm satisfied he was advised.

The written recommendation was from Servatus. The covering letter for this also referred to him having spoken to Jackson Francis. So, the parties that Mr S' representatives referred to do appear to have been involved. However, as I mentioned, Mr S also signed an LOA for MRS – which was described as a trading style of an FCA regulated financial adviser, MFAL. This was several months prior to Servatus' written recommendation. But the forms that were sent to MRS when it requested a transfer pack were those submitted by Harbour when the application to transfer began. So, MRS appears to have had some involvement in the

process as well, although the extent of this is unclear. Nevertheless, the written recommendation is clear that Servatus recommended the transfer to the QROPS. And I can see a payment to Servatus from the QROPS on Mr S' account was made after the transfer, which I think is likely to cover the fee for that advice.

I also think Mr S is correct that he has likely incurred losses to his pension savings. As I've said, Dolphin is in insolvency proceedings and I think Mr S' investment in it is likely to have no value. As I've mentioned though, statements for the pension indicate that Mr S also had holdings in cash and investments in another portfolio, suggesting that a portion of his pension holdings continues to have value.

What did Aviva do and was it enough?

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.

Mr S says he had no recollection of seeing or receiving the Scorpion insert at the time of the transfer.

In its response to Mr S about the complaint, Aviva said it didn't issue the Scorpion insert because the HRS wasn't on its list of potential pension liberation schemes. So, a Scorpion warning wouldn't have been sent. However, it indicated to us that the Scorpion insert may have been sent. But it says that these were being added manually to envelopes so it can't evidence this.

None of the correspondence I've seen make reference to the Scorpion insert being included. Nor do they direct Mr S to consider these warning or require him to confirm via a declaration that he has done so. So, taking everything into account, I don't think, based on the available evidence, that I can reasonably conclude Aviva did send Mr S the Scorpion warnings. And I've seen nothing to suggest Firm S sent Mr S a copy of the Scorpion leaflet either.

I would just note that the version of the Scorpion insert that I think ought to have been sent to Mr S was that which was in place when the transfer pack was requested. Which would've been the insert from February 2013, when the Scorpion guidance was first introduced—which was focused on pension liberation. And although the Scorpion insert was updated in July 2014, while the application to transfer was ongoing, I don't think, as a matter of course, Aviva needed to send the updated booklet to all customers, like Mr S, with ongoing transfer requests.

Due diligence:

Harbour first wrote to Aviva with the application to transfer Mr S' pension in May 2014. However not all of the relevant forms had been completed and returned. And it wasn't until August 2014, when the completed overseas discharge forms were provided to Aviva. I think it is reasonable that Aviva's due diligence ought to have been carried out when all of the correct forms were provided. And so, I think it ought to have taken into account the update to the Scorpion guidance in July 2014, been on the look-out for the tell-tale signs of a pension scam and taken appropriate action if it was apparent its customer might be at risk. At the same time though Aviva's approach had to be proportionate, and it needed to balance any caution and due diligence with the fact that consumers were entitled to request a transfer.

Aviva was aware that the transfer was to a QROPS and so involved transferring funds

overseas. This was one of the potential warning signs of a scam that the July 2014 action pack for businesses highlighted. Given this information, I think Aviva should have followed up on it to find out if other signs of a scam were present.

Aviva says it checked that the HRS was recognised by HMRC. And the scheme wasn't "on the pension liberation list" and Malta wasn't deemed a high-risk jurisdiction. So, the scheme wasn't deemed suspicious. It also noted that MRS / MFAL was FCA regulated and it was this business which had requested transfer information. And the forms it had sent to that business were those used to request the transfer. Which led it to assume that Mr S had been advised by an FCA regulated adviser.

While checking the HRS was recognised by HMRC ensured that the transfer payment qualified as an authorised payment for tax purposes, again the updated Scorpion guidance shifted the focus away from just pension liberation to pension scams in general. And the potential for a QROPS to facilitate investments which were at risk of a scam in that wider sense, rather than liberating funds back to the member, was greater. And while Mr S had signed an LOA for an FCA authorised business, which also said he appointed that business as his adviser in respect of the pension, the application to transfer came from Harbour. And MRS was not referred to as having given advice in the initial application – which included a section to provide adviser details – or when the overseas forms were provided in August 2014.

With that in mind, I think it would have been fair and reasonable – and good practice – for Aviva to have looked into the proposed transfer further. And the most reasonable way of going about that would have been to turn to the check list in the July 2014 action pack to structure its due diligence into the transfer.

The check list provided a series of questions to help transferring schemes assess the potential threat by finding out more about the receiving scheme and how the consumer came to make the transfer request. Some items on the check list could have been addressed by checking online resources such as Companies House and HMRC. Others would have required contacting the consumer. The check list is divided into three parts (which I've numbered for ease of reading and not because I think the check list was designed to be followed in a particular order):

1. The nature/status of the receiving scheme

Sample questions: Is the receiving scheme newly registered with HMRC or is the receiving scheme connected to an unregulated investment company?

2. Description/promotion of the scheme

Sample questions: Do descriptions, promotional materials or adverts of the receiving scheme include the words 'loan', 'savings advance', 'cash incentive', 'bonus', 'loophole' or 'preference shares' or allude to overseas investments or unusual, creative or new investment techniques?

3. The scheme member

Sample questions: Has the transferring member been advised by an 'introducer', been advised by a non-regulated adviser or taken no advice? Has the member decided to transfer after receiving cold calls, unsolicited emails or text messages about their pension? Have they applied pressure to transfer as quickly as possible or been told they can access their pension before age 55?

Opposite each question, or group of questions, the check list identified actions that should help the transferring scheme establish the facts.

I don't think it would always have been necessary to follow the check list in its entirety. And I don't think an answer to any one single question on the check list would usually be conclusive in itself. A transferring scheme would therefore typically need to conduct investigations across several parts of the check list to establish whether a scam was a realistic threat. Which I think Aviva ought to have done, given the warning sign that should have been apparent when dealing with Mr S' transfer request.

What would Aviva reasonably have discovered?

From a few simple questions directed to Mr S, I think Aviva would've learned about the proposed investment in Dolphin, given Mr S had a written recommendation referring to it. And this investment was both unregulated and based overseas. I think Mr S would also have told Aviva that he wasn't planning to move abroad – which tended to be uncommon for someone transferring their pension to a QROPS. And I think Mr S would also have explained that that he had been told about high returns he could earn.

I'm satisfied that Mr S would also have told Aviva, if asked, that the prompt for transferring his pension to the QROPS was a cold call. And it was the recommendation that he received which had led him to think about the transfer and investing overseas (through Dolphin) as he didn't have any previous experience of this.

Mr S had signed an LOA for MRS / MFAL, which Aviva says meant it rightly assumed he'd been provided advice by this business. But MRS / MFAL's role isn't clear from the available evidence. The transfer application form that was initially completed provided the opportunity for Mr S to give details of who had advised him., And he left that blank. And he wasn't required to take advice. But if Aviva had learned he'd been cold called and that was what had prompted him to consider the transfer, I think it would've been reasonable for it to reiterate this question, rather than to assume he'd had regulated advice from MRS / MFAL.

I think, if Aviva had asked him about this further, Mr S would've told it that he'd been advised to transfer by Servatus - given that he had received a written recommendation from that business.

The Scorpion checklist recommends that, to establish if a member has been advised by a non-regulated adviser, the transferring scheme should consult the FCA's online register. I think Aviva should reasonably have taken the step of checking Servatus' status, given what I think it would have learned, which is not difficult. Had it done so, on receiving all of the necessary forms and contacting Mr S for further information, it would have discovered that Servatus appeared on the FCA register as a firm that was passported from Ireland to the United Kingdom. This means that for UK purposes Servatus was an authorised person under s.31(1)(b) of the Financial Services and Markets Act (FSMA) 2000.

So, if Aviva had made these inquiries, notwithstanding the additional involvement in some capacity of MRS / MFAL – an FCA regulated business – I think it's reasonable the presence of Servatus, as an authorised person advising Mr S, would have suggested that the transfer was unlikely to be a scam.

As a regulated firm, in its home country, Servatus would have been held to a high standard by its own regulator. And Mr S would enjoy some regulatory protections in the unlikely event the transfer turned out to be a scam – not via the UK's complaints and investor protection institutions, the FOS or the FSCS, but through its own regulator. And the Republic of Ireland also has a complaints system, financial services and pensions ombudsman and a statutory

investor compensation scheme, which EU countries are required to have under the EU's Investor Compensation Directive.

So, in light of this, I think it's reasonable that Aviva could (and would if it had checked up on Servatus' regulatory standing) have been reassured that Servatus was regulated to EU standards that were accepted for the purpose of authorisation under United Kingdom law.

What should Aviva have done and would it have made a difference?

As I've explained, Aviva needed to check for the risk of pension liberation and scams in a way that was proportionate to the warning signs. I think Aviva being aware Mr S was being advised by a properly authorised adviser, in this case, would reasonably have given comfort that the transfer was unlikely to be a scam or unauthorised pension withdrawal. The QROPS had been showing on HMRC's published list without issue for over a year when the application to transfer was considered. So, in my view was even less likely to have been a vehicle for early release pension liberation – otherwise it would most probably have already been removed from the QROPS list. And in the circumstances, with the transfer being made to a scheme recognised on HMRC's list, I think it would have been proportionate for Aviva to undertake no further due diligence, once it had asked Mr S initial questions, as I've set out above. Nor do I think Aviva would've had reason to provide Mr S with explicit warnings or to delay the transfer further.

I don't think, based on what Mr S has told us, that Aviva asking him questions about the transfer would've on its own led to him not going ahead with it. Mr S has acknowledged that his knowledge around pensions was limited, he didn't at the time give a great deal of attention to them and he relied and trusted what he was told by pension professionals. Indeed he's said he was first unsure of the idea of moving his pension overseas, but he was reassured by the adviser about this.

I don't doubt Mr S would've considered Aviva a pension professional. And I think any questions from Aviva would have prompted him to think about the businesses he was dealing with. But if he'd have checked he'd have been aware that MRS / MFAL, the business he'd signed an LOA for initially, was FCA authorised. And Servatus, who had given him a written recommendation, was also registered with the FCA. So, I think he'd have been reassured by this, in the same way Aviva would've been, and believed he could also reasonably rely on what those businesses had told him.

As I've said, I think Aviva should have sent Mr S the Scorpion insert when the transfer packs were requested – which contained general warnings. But again this would've been the 2013 insert. This insert only concerned pension liberation. Mr S told our service that, with the benefit of hindsight, he thought this might have led him to think again about the transfer. But he's also acknowledged, while it *might* have led him to give more thought to the transfer at the time, he can't be sure it would've changed his mind. And while being approached out of the blue was mentioned as something to look out for, the rest of the leaflet focused on being offered incentives to transfer and being told about being able to access pension benefits before age 55. There was no reference to overseas transfers being a concern in that leaflet. Nor for that matter was that referred to in the July 2014 insert. And again, I think he'd have taken reassurance in the businesses he was dealing with being registered with the FCA. So, taking everything into account I don't think, given what Mr S has told us, that the Scorpion insert would've resonated with him or that he'd have thought this relevant to him.

Taking everything into account, even if Aviva had sent Mr S the Scorpion insert when I think it should have and had carried out additional due diligence, I don't think this would have resulted in Mr S being in a different position. So, I don't require Aviva to do anything here.

My final decision

For the reasons given above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 6 March 2025.

Ben Stoker
Ombudsman