

The complaint

Mr W has complained that The Tavistock Partnership Limited (Tavistock) has completed a calculation as part of the Financial Conduct Authority's (FCA) British Steel Pensions Scheme (BSPS) consumer redress scheme and reached the conclusion he isn't owed any compensation, despite Tavistock having previously found that the advice provided to Mr W regarding his BSPS pensions transfer was unsuitable.

What happened

Mr W met with Tavistock in 2018 and was advised to transfer his defined benefit (DB) pension with British Steel into a Self-Invested Personal Pension (SIPP).

In February 2023, following concerns that a significant number of former members of the BSPS may have been wrongly advised, the FCA launched a consumer redress scheme. This required firms to review the advice they had given to consumers to transfer out of the BSPS and, if the advice was found to be unsuitable, to undertake a calculation to determine whether this had resulted in any financial loss. And, if a financial loss was identified, to make a redress payment to consumers to compensate them.

On 12 June 2023 Tavistock contacted Mr W to inform him that the advice he had been given in 2018 had been found to be suitable as part of their review under the BSPS consumer redress scheme. Tavistock subsequently contacted Mr W to inform him that these initial findings were incorrect, and that the advice given in 2018 had now been deemed unsuitable. Tavistock explained that, as such, Mr W's case would be progressed to the next stage of the redress scheme, which was to determine if he had suffered any loss as a result.

Tavistock then wrote again to Mr W to explain that a calculation had been completed using the FCA BSPS Calculator, and that these calculations indicated that Mr W hadn't suffered any financial loss as a result of the unsuitable advice, so no compensation was payable to him under the scheme. Mr W was disappointed with this outcome and sought assurance from this Service that Tavistock had correctly applied the redress scheme rules relating to the loss calculations.

Our investigator established that Tavistock had used the FCA BSPS Calculator to undertake the calculations, as directed under the scheme rules. Having reviewed a copy of these calculations, our investigator noted a small discrepancy but found that this wouldn't have made a difference to the overall outcome for Mr W. As such, our investigator agreed that Tavistock had correctly calculated that Mr W was not due any compensation under the redress scheme rules. Mr W didn't agree. As our investigator was unable to resolve things, the complaint was passed to me for a decision.

The redress scheme rules require that Tavistock provide Mr W with an updated calculation within two weeks of this decision being issued and accepted. The FCA Calculator factors in current economic conditions, which are updated on a quarterly basis. At the time this case was passed to me, we had entered a new quarter since Mr W's calculations were last undertaken by Tavistock. So, rather than Tavistock updating the calculations following my decision, I asked Tavistock to provide updated calculations within this current quarter.

Tavistock's new calculations again indicated that Mr W had not suffered any financial loss and so wasn't due any redress. Having reviewed this, our investigator issued a further view explaining that the updated calculations were in line with the redress scheme rules.

As Mr W had previously requested an ombudsman's decision, the case was then passed back to me. The calculations that will be issued by Tavistock following this decision (if accepted) will, therefore, not differ from the calculations Tavistock has already provided, and on which I have based my findings here. I hope this helps provide assurance to Mr W.

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 rules Tavistock had to follow when calculating and paying redress are set out in the FCA Consumer Redress (CONRED) handbook under CONRED 4.4 "*Consumer redress scheme: calculating and paying redress*". The particular rule that's applicable here is CONRED 4.4.2R, the relevant section of which reads as follows:

"The first step is for a firm to calculate the amount of redress owed to a consumer:

- (1) in accordance with the relevant rules and guidance set out in DISP App 4 and DISP App 4 Annex 1, as modified by CONRED 4;*
- (2) by completing the BSPS calculator in accordance with the instructions set out in CONRED 4 Annex 21R;*
- (3) where requested by a consumer, by calculating the redress sum that would be payable by full or partial augmentation outside of the BSPS calculator in accordance with (1);*

and send the consumer a redress determination in the form of the letter set out in CONRED 4 Annex 13R."

I need to decide whether Tavistock have applied these rules correctly, as directed by the FCA.

The aim of the calculation is to determine what – if any – compensation is required to put Mr W as much as possible back into the financial position he would have been in at retirement, *but for* the unsuitable advice from Tavistock. To do this it is necessary to make some assumptions, using the best information available, about what would've most likely happened if Mr W had not been advised by Tavistock to transfer his BSPS benefits.

In Mr W's case, one assumption is that he would've remained in the BSPS Scheme and thus ended up in the Pension Protection Fund (PPF), as this was more beneficial to him. Mr W has confirmed that he retired in March 2020, so it is reasonable to assume that if Mr W had not transferred his BSPS benefits he would still have taken his pension benefits in March 2020, at age 55. Given what I know of Mr W's circumstances and intentions, I agree these are fair assumptions in this case.

The FCA BSPS Calculator uses these assumptions, in combination with personal data about Mr W's circumstances and wider economic and demographic information, to generate the total sum Mr W would currently need in his personal pension arrangement to secure equivalent retirement benefits to those he would've been entitled to had he remained in the scheme. The generated outcome also includes an automatic allowance for ongoing advice

fees of 0.5% per year and product charges of 0.75% per year (these percentages are set by the FCA and cannot be amended).

The calculation in Mr W's case shows that there is no shortfall to his pension and that he has sufficient funds to be able to replicate or exceed the benefits he would have received had he remained in the scheme and entered the PPF. This is because, based on the assumptions outlined above, Mr W's personal pension value is sufficient to buy an annuity that would provide the same benefits as if Mr W had taken his benefits from the PPF in March 2020. In fact, as our investigator has noted, there actually appears to be a significant excess.

As the calculation shows there is no shortfall, no redress payment is due to Mr W. Put in simple terms, even though the advice was unsuitable at the time, the transfer has not actually led to any losses for Mr W based on current calculations. So, there's nothing to compensate him for.

I have checked the inputs entered into the FCA Calculator. These include Mr W's personal details, such as length of service and marital status, as well as his individual benefits from the BPS at the date he left the scheme, and the current value of his personal pension. So overall, I find that the calculation has been carried out appropriately and in line with the rules.

Mr W may be aware of other former BPS members who have received financial compensation as a result of unsuitable advice to transfer out of the scheme, and so this outcome may be disappointing to him. However, as I've explained, each calculation is based on individual details and circumstances.

To provide Mr W with further assurance, I note that the FCA BPS calculator has been developed by qualified actuaries and is programmed with the relevant scheme information and benefit structures. The relevant economic and demographic data is updated on a quarterly basis. None of this information can be amended by the firms using the calculator.

My final decision

In summary, The Tavistock Partnership Limited, has correctly followed the redress methodology set out in the FCA's BPS consumer redress scheme and that Mr W hasn't suffered a financial loss as a result of the unsuitable advice to transfer.

If Mr W accepts my decision, Tavistock Limited will be required to follow the steps set out in CONRED 4.4.11 R (2). These steps require Tavistock to bring the calculations up-to-date by undertaking recalculations within two weeks of Mr W's acceptance (please see the below extract for full details). As noted earlier in this decision, this decision is based on calculations that Tavistock has provided within the current quarter. As such, the recalculations in this case will not differ from those already provided.

"CONRED 4.4.11 R

(1) A firm must complete the steps at (2) where a consumer makes a complaint to the Financial Ombudsman Service in respect of a redress determination made under CONRED 4.4.2R and either of the following apply:

(a) the firm and the consumer agree pursuant to DISP 3.5.1R that the redress determination was correct; or

(b) the firm receives notification from the Financial Ombudsman Service in accordance with DISP 3.6.6R(5) upholding the redress determination.

(2) Within 2 weeks of the date where either the firm and the consumer reach agreement under (1)(a) or the firm receives notification under (1)(b), the firm must:

(a) recalculate the amount of redress owed to the consumer pursuant to CONRED 4.2.2R in accordance with CONRED 4 Annex 21 13.15R(2); and

(b) make a further redress determination pursuant to CONRED 4.2.2R in the form of the letter set out in CONRED 4 Annex 13R with an adaptation to the letter to explain the circumstances in which the further redress determination is being made.”

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 28 March 2025.

A handwritten signature in blue ink, appearing to read 'E. Clare', with a small blue dot to the left of the first letter.

Ellie Clare
Ombudsman