

The complaint

Mr M complains about the advice given by Corbel Partners Limited ('Corbel') to transfer the benefits from his defined-benefit ('DB') occupational pension scheme to a self-invested personal pension ('SIPP'). He says the advice was unsuitable for him and believes this has caused a financial loss.

What happened

Mr M approached Corbel in early 2015 having been recommended by a work colleague. Mr M wanted to discuss his pension options because his DB scheme was about to close and he was thinking about transferring his benefits so he could purchase business premises for his wife.

Corbel completed a fact-find to gather information about Mr M's circumstances and objectives. It noted the following: -

- Mr M was aged 42 and married with two dependent children. His wife was aged 37.
- He was employed earning just over £29,000 per year. His wife had her own business.
- Mr and Mrs M owned their own home which was valued at £350,000; it had an outstanding mortgage of £228,000 with a remaining term of nineteen years. Mr M also had a personal loan for £10,000 with a monthly repayment of £500.
- Mr M had individual savings of £1,600 and joint savings with Mrs M of £2,000. No other savings, assets or investments were noted.
- In addition to his DB scheme, Mr M had two 'paid-up' personal pension plans. The first had a fund value of £618 and the second £2,322. Mrs M had a paid-up personal pension plan with a fund value of £3,094 and was actively contributing £200 a month to another personal pension plan which had a fund value of £25,000.
- Mr M thought he would need an annual retirement income of £20,000.
- Mr M had 17 years and 10 months of pensionable service in his DB scheme.

Corbel also carried out an assessment of Mr M's attitude to risk ('ATR'), which it deemed to be 'moderately adventurous'.

On 26 March 2015 Corbel sent Mr M its letter of recommendation in which it advised him to transfer his pension benefits into a SIPP with the benefits held entirely in cash within a wrapper until such point as Mr M was in a position to proceed with the purchase of a commercial property. The letter said Mr M's objectives for wanting to transfer were: -

- He wanted to utilise his pension to purchase a commercial property for his wife's business as she was currently leasing her business premises and the landlord had agreed in principle to sell it to her when the current lease expired in the next few months.
- He had a short time frame to achieve the purchase and wanted to hold the funds in cash so they didn't fluctuate before he could proceed with the property purchase.

- He had no other financial means of purchasing the property aside from his DB pension.
- To consider the options available to him as a member of his DB scheme.
- He anticipated being able to make additional contributions to his pension in the future, to reduce his borrowing and to build his fund.

The letter of recommendation also set out Corbel's reasons for recommending the transfer, which were: -

- It would allow him to build his pension benefits within a pensions' wrapper until the point when he was ready to purchase the property.
- That Mr M hold his pension fund in cash as his holding would only be in the short term given that he wanted to purchase a property in the near future.
- He should review his situation if it became apparent that the funds would not be needed for a property purchase.
- Should the purchase take a while to complete, his fund would be exposed to inflation and charges which would impact its future value.

Mr M agreed to Corbel's recommendation and the SIPP application forms were completed on 20 March 2015. A cash equivalent transfer value ('CETV') of £145,913 was transferred to the SIPP shortly after. Corbel charged Mr M £2,688 for advising and arranging the transfer along with a further introductory fee of £750. The SIPP provider gave Mr M a fact sheet explaining the situations where it would need to consider proposed investments (as required by the regulator). The fact sheet explained that certain non-standard investments would likely be refused.

Not long after the transfer, Mrs M's landlord rescinded his offer to sell the business premises.

Mr M then sought out alternative property investments he might make with his pension fund. In all he considered eight different commercial property investment opportunities between 2015-2023. Some were proposals for non-standard investments which weren't pursued by Mr M when the SIPP provider asked for further information, some proposals were forwarded by Mr M to the SIPP provider but ultimately were not pursued by him and some proposals were declined by the provider for being non-standard investments.

After many years of trying to invest his pension fund himself, Mr M was told he may be able to return it to the original ceding scheme. Whilst he was exploring this option, Mr M met with another independent financial adviser ('IFA') who told him that he would be unable to advise him because of the possibility that he could return his funds to his employer's scheme and because he didn't wish to risk advising him in his situation. Shortly after, the administrators of Mr M's occupational pension scheme informed him that he would be able to transfer his funds back. The administrators told Mr M that he would not be able to transfer his funds back to the DB scheme he had left rather he could only join his employer's defined contribution ('DC') scheme.

Mr M complained to Corbel in December 2023. He said the advice he had received had been unsuitable and wasn't in his best interests. Mr M said he had suffered a financial loss as a consequence.

Corbel looked into Mr M's complaint and said that in its view he had made it 'out of time'. It said the complaint had been made more than six years after the events being complained about and more than three years after when Mr M knew, or ought to have known, he had cause to complain. Further, Corbel said the advice it had given Mr M was suitable as the

objective had been to purchase a commercial property not to increase the value of his pension.

Unhappy with the outcome of Corbel's investigation into his complaint, Mr M complained to the Financial Ombudsman Service. As Corbel had raised the issue of this Service's jurisdiction to consider Mr M's complaint, I first considered whether this was a complaint our Service could look into. Having done so I issued my jurisdiction decision in September 2024 where I explained why I thought Mr M's complaint was one our Service had jurisdiction to consider. Having issued my jurisdiction decision, the complaint was returned to one of our Investigators in order for the merits of the complaint to be investigated.

Having looked into Mr M's complaint, our Investigator thought that Corbel hadn't provided Mr M with suitable advice to transfer his DB scheme nor that it had acted in his best interests. Our Investigator recommended that the complaint was upheld and that Corbel compensate Mr M in line with the regulator's guidance for calculating redress where there has been non-complaint pension transfer advice.

Corbel disagreed with our Investigator's findings. It said that it was aware Mr M had remained invested in cash so had made repeated attempts over the years to re-engage with him without success. Corbel said that had Mr M remained in his DB scheme then it had calculated his benefits today would be worth £243,000 whereas his fund had remained invested in cash since the transfer and was now valued at £148,603. Further, Corbel said that had the fund been invested and enjoyed growth of 6% per year it would now be worth £260,000, a sum larger than the estimated value of Mr M's DB benefits had he remained a member of his scheme. It also said that if Mr M had invested in line with his ATR, then his fund would now be worth £300,000. So, Corbel said that the loss Mr M had suffered was not a consequence of the advice it had given him but due to the property purchase not proceeding and his refusal to engage. Corbel said it should not be held accountable for either.

Our Investigator thought about what Corbel had said but wasn't persuaded to change her mind. She said that Mr M's complaint wasn't about what Mr M did or didn't do after the advice to transfer but was about whether the actual advice to transfer was suitable. Our Investigator said that Mr M would not have been in the position he had found himself in in respect of his investment had Corbel provided him with suitable advice.

The complaint was referred to me to make a final decision.

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. This includes the Principles for Businesses ('PRIN') and the Conduct of Business Sourcebook ('COBS'). 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.

The applicable rules, regulations and requirements

What follows below is not a comprehensive list of the rules and regulations which applied at the time of the advice but provides useful context for my assessment of Corbel's actions here.

PRIN 6: A firm must pay due regard to the interests of its customers and treat them fairly.

PRIN 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.

COBS 2.1.1R: A firm must act honestly, fairly and professionally in accordance with the best interests of its client (the client's best interests rule).

The provisions in COBS 9 which deal with the obligations when giving a personal recommendation and assessing suitability. And the provisions in COBS 19 which specifically relate to a DB pension transfer.

Having considered all of this and the evidence in this case, I've decided to uphold the complaint for largely the same reasons given by the investigator.

The regulator, 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, Corbel should have only considered a transfer if it could clearly demonstrate, on contemporary evidence, that the transfer was in Mr M's best interests. And having looked at all the evidence available, I'm not satisfied it was in his best interests.

Introductory issues

I've noted that when defending this complaint, Corbel has mentioned that Mr M's objective in transferring was to purchase business premises, not to grow his pension. I've got no doubt that Mr M probably engaged with Corbel with some preconceived ideas about his DB pension and how he wanted to proceed. So, I do understand the points being made by Corbel which are that Mr M wanted to consider his options, was proceeding against a tight deadline and had no other means of achieving his objective.

However, it's also important to understand that it was Corbel which was the regulated party here and *not* Mr M. Due to the size of the cash equivalent transfer value ('CETV') of Mr M's DB scheme, there was a regulatory requirement that if transferring, he needed to obtain regulated financial advice. Corbel was responsible for providing that regulated advice and was also charging Mr M for doing so. There's also no evidence Mr M was either a sophisticated investor or a pensions expert.

Against this backdrop, the adviser's role was to really understand what Mr M needed and to recommend what was in his best interests, rather than what Mr M herself might have thought was a good idea. Mr M had every right to expect that the information and advice given to him by his adviser was comprehensive, well evidenced and in his best interests; it was Corbel's responsibility to provide suitable advice in accordance with the rules I've set out above.

Financial viability

When looking at whether I thought the advice given by Corbel to transfer was suitable, I considered whether transferring appeared viable from a financial comparison perspective. Put another way, was Mr M's situation – and specifically his benefits in retirement - made better or worse by transferring, compared to the pension benefits he already enjoyed under his DB scheme. When viewed through this lens I don't think transferring from Mr M's DB scheme was in his best interests.

I start from the position that there would seem little point in transferring from a DB scheme if the client was destined to obtain less retirement benefits overall. Indeed, Corbel has conceded as much by stating that Mr M's objective had been to purchase a commercial property not to increase the value of his pension. So, if a client was destined to obtain less retirement benefits overall, other factors would need to make transferring substantially worthwhile.

Mr M was aged 42 at the time of the advice, however, there appears to be no documented record of what his preferred age of retirement; I can see though that the DB scheme's normal retirement date ('NRD') was age 65.

Corbel carried out a transfer value analysis report ('TVAS' - as required by the regulator) showing how much Mr M's pension fund would need to grow by each year in order to provide the same benefits as his DB scheme (known as the critical yield¹). The critical yield Mr M's transferred DB scheme benefits would need to attain in order to match the benefits his DB scheme would provide to him at its NRD was 7.39% if he took all his benefits as a pension, and 6.39% if he took tax-free cash ('TFC') and a reduced pension. Given that taking TFC is a generally a tax-efficient way of drawing benefits, I think it is reasonable to assume that this is what Mr M would do. This compares with the discount rate of 5.1% for 22 years to retirement in this case.²

For further comparison, the regulator's upper projection rate at the time was 8%, the middle projection rate 5%, and the lower projection rate 2%.

I have of course noted that Corbel assessed Mr M's ATR as 'moderately adventurous' or 79 on a scale of 1 to 100. Whilst someone with a moderately adventurous ATR might indeed be willing to take the risks necessary to achieve an average annual investment growth in excess of 6.39% in order to be able to match the DB scheme benefits they were giving up, I don't think that someone in Mr M's circumstances, whose ATR was properly assessed and who had the risks properly explained to them, would be willing to do so.

¹ The critical yield is essentially the average annual investment return that would be required on the transfer value - from the time of advice until retirement - to provide the same annuity benefits as the DB scheme. It is therefore part of a range of different things which help show how likely it is that a personal pension could achieve the necessary investment growth for a transfer-out to become financially viable.

² The advice was given during the period when the Financial Ombudsman Service was publishing 'discount rates' on our website for use in loss assessments where a complaint about a past pension transfer was being upheld. Whilst businesses weren't required to refer to these rates when giving advice on pension transfers, I consider they provide a useful indication of what growth rates would have been considered reasonably achievable when the advice was given in this case.

I would typically expect someone whose ATR is assessed as moderately adventurous to be able to display some evidence of previous investment experience however, there is no evidence that Mr M had any investment experience; indeed, he had only minimal savings and no investments at all. So there was nothing in Mr M's profile that, in my view, could lead to the conclusion that Mr M, someone with no experience of investing in the stock market, should reasonably be classified as someone whose ATR was moderately adventurous such that he was willing to take the investment risks necessary to achieve the returns needed for his SIPP to grow to a point that it was able to match his DB scheme benefits.

I think that Mr M's ATR, given his personal circumstances at the time, should more reasonably have been assessed by Corbel as no more than 'low-medium' (or between 30-40 on Corbel's ATR assessment).

Had Mr M's ATR been more accurately assessed (taking into account his actual circumstances and investment experience), I think that it's unlikely that someone with a low-medium ATR would, if it was fully explained to them, be willing to take the investment risks necessary to achieve an annual investment return in excess of 6.39% just to match the scheme benefits being given up. In any event, there would be little advantage to giving up the guarantees associated with a DB scheme just to be able to match – not even exceed – the benefits being given up.

Nor do I think that the length of time Mr M had to go to retirement means his capacity for loss was significant. I can see that Mr C had minimal savings at the time of the advice. He also had a mortgage which had 19 years left to run. But it can't be assumed that just because Mr M had 22 years to go until he retired that he could afford to 'gamble' by transferring his DB scheme. The income he was forecast to receive at retirement from the scheme (if he remained) is, I think, one he didn't have the capacity to lose.

And whilst Corbel has said it made sure that Mr M understood the risks involved in the investment he was making, transparency on the part of Corbel is not the same as suitability. I think that it's unlikely that someone with a low-medium ATR would, if it was fully explained to them, be willing to take the investment risks necessary to achieve an annual investment return in excess of 6.39% just to match the scheme benefits being given up. In any event, there would be little advantage to giving up the guarantees associated with a DB scheme just to be able to match – not even exceed – the benefits being given up.

And I'm mindful too that in its reasons why letter, Corbel said to Mr M that if he invested in a fund that matched his moderately adventurous ATR he would need to aim for annual returns, before charges, of 8%. Corbel said, *"therefore the full yield is potentially unachievable based on standard growth expectations and charges impacting your fund, although the higher yield may be possible, a high level of risk would [need to] be taken to achieve this"*. Thus, by its own admittance Corbel thought Mr M was unlikely to achieve the investment returns necessary to match the DB scheme benefits he was given up. So given this was the case, that the critical yield was 6.39%, that Mr M's ATR should more reasonably have been assessed at no more than low-medium, that the regulator's middle projection rate was 5% and that Mr M had invested his pension in a cash fund (albeit that was intended to be temporary), I think Mr M was likely to receive benefits of a lower overall value than from his DB scheme at retirement, as a result.

For this reason alone, a transfer out of the DB scheme wasn't in Mr M's best interests. Of course, financial viability isn't the only consideration when giving transfer advice, as Corbel has argued in this case. There might be other considerations which mean a transfer is suitable, despite providing overall lower benefits. I've considered this below.

Other reasons to transfer

Mr M appeared to have had one compelling objective for wanting to transfer his DB scheme, namely, to use his pension to purchase commercial premises for his wife's business. This desire appears to have coincided with the closure of Mr M's DB scheme (thereby making him a deferred member) and him being moved into a new occupational scheme. It appears that this was concerning for Mr M. He said he didn't know what effect the closure would have on his accrued benefits so he was wondering whether it would be better to transfer out to protect what he had.

Corbel's role here was to look into Mr M's concerns about his DB scheme and to truly understand what the situation was so that it could fully advise him. If it was having due regard to Mr M's information needs, it should have explained to him that his concern about transferring his scheme in order to preserve the benefits he had already built up was unfounded. I can see that Corbel referred in its reasons why letter to the index-linked preserved pension of £11,525 per annum that Mr M had been notified about but that it went immediately on to discuss the alternative of transferring to a pension scheme of Mr M's choice.

So, I don't think that Corbel sufficiently highlighted to Mr M the value of the benefit he was about to give up. Nor do I think that Corbel explained to Mr M that there was no need to transfer his DB scheme to protect what he had accrued to date. Its comments about the DB scheme were brief and didn't actually explain in what having a preserved pension meant and how it would be revalued through to his NRD and escalate thereafter. I don't think that Corbel did enough to allay Mr M's unfounded concerns about leaving his DB scheme where it was and that there was nothing to worry about – given the scheme's funding position was fine – that made transferring it the preferable option.

From the notes that Corbel wrote on Mr M's fact-find I can see that it contacted the DB scheme administrator and that it recorded it had been informed that any transfer away needed to be made before the end of the tax year – so by 6 April 2015. But the existence of such a deadline did not, in my view, justify the transfer. Nor, given how Corbel referred to it in the reasons why letter, was it certain. There Corbel referred to a transfer only *possibly* being unfeasible after the 6 April 2015.

Corbel was required to start its advice to Mr M from the perspective that a transfer of a DB scheme is unsuitable and should only proceed if it can be shown to be in a consumer's best interests. I can't agree that transferring in order to *possibly* avoid being unable to transfer in the future was in Mr M's best interests. By transferring, Mr M was giving up his guaranteed, index linked benefits and I don't think that Corbel made it clear enough to him during the advice process exactly what it was that he was surrendering in exchange for taking on an investment he did not possess the experience or risk appetite to manage. Nor do I think that Corbel sufficiently investigated what the actual position was in relation to Mr M's DB scheme or explained to him the full nature of the benefits he was relinquishing. Overall, I don't think Corbel acted in Mr M's best interests in this respect, or that it had full regard to Mr M's information and communication needs such that he was able to make a fully informed decision about what to do.

As to Mr M's objective of transferring his DB scheme in order to purchase commercial premises for his wife's business, I can see that Corbel's recommendation letter confirmed that no other means of finance were available to him. However, I've seen no evidence that alternative options were explored and/or discounted. Nor have I seen any evidence that could account for why premises needed purchasing instead of renting. As I've already set out here, Mr M clearly had no investment experience. Nor can I see that he had any experience as a landlord. Clearly Mr M was not a sophisticated investor and lacked the

experience and knowledge to make his SIPP perform to the level necessary to exceed the benefits he was giving up.

So, whilst using his DB pension may well have been the only financially viable way for Mr M to achieve his objective of buying his wife's business premises, his desire to do didn't make the objective a suitable one for someone in his circumstances. Corbel's role here wasn't one of pure wish fulfilment, rather it needed to really understand what Mr M needed and recommend what was in his best interests. And that included recommending doing nothing, advising Mr M to remain a deferred member of his DB scheme and explaining to him that his objective wasn't suitable for his circumstances. So, it is my view that Corbel should have advised Mr M against the transfer.

From the series of events that I've set out above, it is apparent that Mr M was almost immediately out of his depth in terms of investing in property once the opportunity to purchase his wife's business premises was rescinded. His subsequent attempts to do so were largely declined by the SIPP provider for being non-standard investments.

Mr M's DB scheme accounted for the majority of his retirement provision and so it needed to be preserved. Corbel should have advised Mr M that it was in his best interests to remain in his DB scheme, that the benefits he had accrued in the scheme were under no threat and that if his only means of purchasing his wife's business premises was to transfer his DB scheme then it would advise him against doing so.

Suitability of investments

As I'm upholding the complaint on the grounds that a transfer out of the DB scheme wasn't suitable for Mr M, it follows that I don't need to consider the suitability of the investment recommendation. This is because Mr C should have been advised to remain in the DB scheme and so the investments he made wouldn't have arisen if suitable advice had been given. I've of course noted Corbel's comments that it made repeated attempts over the years to re-engage with Mr M without success. I've also thought about its comments about what his DB scheme would be worth today had he remained a deferred member and what his SIPP would be worth had it been properly invested both in comparison to the value of his cash fund. Corbel says that, consequently, the loss Mr M had suffered was not due to the advice it had given him but due to the property purchase not proceeding and his refusal to subsequently engage, neither of which it should be held accountable for.

Mr M's complaint is about whether the advice he received from Corbel to transfer his DB scheme was suitable. For the reasons I have given here, I am of the view that it wasn't. But for the advice he received he would not have been in the position he found himself in in respect of his investment. If Corbel provided him with suitable advice Mr M would not have transferred and exposed his retirement provision to the un-necessary risk of trying to make investments he lacked the knowledge, experience and appetite to make. So, whilst I understand the point that Corbel is making here, the fact is that Mr M was placed in the position he was as a consequence of it failing to act in his best interests.

Summary

I've considered all the issues in this case with great care.

I acknowledge that Mr M probably went to Corbel with preconceived ideas about why he should transfer away from his DB scheme and what he thought he wanted to do with his transferred pension. However, as I've said, Mr M wasn't a pensions or investment expert. He paid Corbel for its regulated financial advice, so the adviser's role here wasn't to merely follow Mr M's lead, it was to really understand what he needed and recommend what was in his best interests.

As I have explained here, Corbel's assessment of Mr M's ATR and the investment growth he could attain was misplaced given his circumstances. Consequently, I've explained my reasons for concluding that the transfer was not a financially viable one. The critical yield analysis and reasonable growth assumptions meant that, Mr M would likely see less retirement benefits overall as a result of transferring away from his DB scheme.

There was also no need for Mr M to transfer his DB scheme just to avoid a *possible* deadline that could prevent any future transfer. I've seen no documentary evidence to show that unless Mr M transferred his DB scheme before 6 April 2015 he would be unable to ever do so. In fact, such were Mr M's circumstances that there was no need to transfer at all let alone to do so just in case he may want to in the future only to find he couldn't.

And as to Mr M's objective of wanting to use his transferred benefits to purchase his wife's business premises, I've set out above my reasons why this wasn't something, given Mr M's circumstances and ATR, that was in his best interests. I don't think there were any other particular reasons which justified the transfer and outweighed that it was in Mr M's best interests to remain in his DB scheme.

By transferring, what Mr M was irreversibly giving up was a guaranteed pension that accounted for the majority of his retirement income provision and security, providing as it did, an index-linked pension for the rest of his life. Given that his preserved pension at age 42 was stated to be in excess of £11,000 and that this would be revalued until his NRD then, taken with his state pension, it would allow him to achieve the retirement income of £20,000 he had told Corbel he anticipated he would need.

I've therefore seen no reasons why Mr M wouldn't want to retain his DB pension and use it in exactly the way it was intended. In my view, this would have seen Mr M approach retirement in an agreeable financial situation.

Of course, I have to consider whether Mr M would've gone ahead anyway, against Corbel's advice. I've considered this carefully, but I'm not persuaded that Mr M would've insisted on transferring out of the DB scheme, against Corbel's advice. I say this because Mr M was an inexperienced investor with, in my view, a low-medium ATR and his DB pension accounted for the majority of her retirement provision. So, if Corbel had provided him with clear advice against transferring out of the DB scheme, explaining why it wasn't in his best interests, I think he would've accepted that advice.

I'm not persuaded that Mr M's concern about being able to transfer away from his DB scheme, or his objective to purchase his wife's business premises were so great that he would've insisted on the transfer knowing that a professional adviser, whose expertise he had sought out, didn't think it was suitable for him or in his best interests. If Corbel had explained that Mr M should best remain in his DB scheme and not risk his guaranteed pension, then I think that would've carried significant weight. So, I don't think Mr M would have insisted on transferring out of the DB scheme.

In light of the above, Corbel should compensate Mr M for the unsuitable advice using the regulator's defined benefits pension transfer redress methodology.

Putting things right

A fair and reasonable outcome would be for the business to put Mr M, as far as possible, into the position he would now be in but for the unsuitable advice. I consider Mr M would have most likely remained in his occupational pension scheme if suitable advice had been given.

Corbel must therefore undertake a redress calculation in line with the rules for calculating redress for non-compliant pension transfer advice, as detailed in policy statement PS22/13 and set out in the regulator's handbook in DISP App 4:
<https://www.handbook.fca.org.uk/handbook/DISP/App/4/?view=chapter>.

For clarity, Mr M has not yet retired, and he has no plans to do so at present. So, compensation should be based on the scheme's normal retirement age of 65, as per the usual assumptions in the FCA's guidance.

This calculation should be carried out using the most recent financial assumptions in line with PS22/13 and DISP App 4. In accordance with the regulator's expectations, this should be undertaken or submitted to an appropriate provider promptly following receipt of notification of Mr M's acceptance of the decision.

If the redress calculation demonstrates a loss, as explained in policy statement PS22/13 and set out in DISP App 4, Corbel should:

- calculate and offer Mr M redress as a cash lump sum payment,
- explain to Mr M before starting the redress calculation that:
 - his redress will be calculated on the basis that it will be invested prudently (in line with the cautious investment return assumption used in the calculation), and
 - a straightforward way to invest his redress prudently is to use it to augment his DC pension
- offer to calculate how much of any redress Mr M receives could be augmented rather than receiving it all as a cash lump sum,
- if Mr M accepts Corbel's offer to calculate how much of his redress could be augmented, request the necessary information and not charge Mr M for the calculation, even if he ultimately decides not to have any of their redress augmented, and
- take a prudent approach when calculating how much redress could be augmented, given the inherent uncertainty around Mr M's end of year tax position.

Redress paid directly to Mr M as a cash lump sum in respect of a future loss includes compensation in respect of benefits that would otherwise have provided a taxable income. So, in line with DISP App 4.3.31G(3), Corbel may make a notional deduction to allow for income tax that would otherwise have been paid. Mr M's likely income tax rate in retirement is presumed to be 20%. In line with DISP App 4.3.31G(1) this notional reduction may not be applied to any element of lost tax-free cash.

My final decision

Where I uphold a complaint, I can award fair compensation of up to £190,000, plus any interest and/or costs that I consider are appropriate. Where I consider that fair compensation requires payment of an amount that might exceed £190,000, I may recommend that the business pays the balance.

Determination and money award: I uphold this complaint and require Corbel Partners Limited to pay Mr M the compensation amount as set out in the steps above, up to a maximum of £190,000.

Recommendation: If the compensation amount exceeds £190,000, I also recommend that Corbel Partners Limited pays Mr M the balance.

If Mr M accepts this decision, the money award becomes binding on Corbel Partners Limited.

My recommendation would not be binding. Further, it's unlikely that Mr M can accept my decision and go to court to ask for the balance. Mr M may want to consider getting independent legal advice before deciding whether to accept any final decision.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 25 April 2025.

Claire Woollerson
Ombudsman