

The complaint

Mrs M complains about the advice given by Campbell Harrison Ltd ('CHL') to transfer the benefits from her defined-benefit ('DB') occupational pension scheme into a self-invested personal pension ('SIPP'). She says the advice was unsuitable for her and believes this has caused a financial loss.

What happened

Mrs M was a deferred member of her former employer's DB pension scheme where she had accrued just over five years' pensionable service. She had left her job in January 1995.

Mrs M had been thinking about transferring her deferred DB scheme benefits for a while when she met with CHL in the spring of 2016. CHL had been providing Mr M with financial advice for a number of years and he too was considering transferring a DB scheme of which he was also a deferred member.

In March 2016, CHL had a meeting with Mr M to discuss an analysis report it had prepared for Mrs M. Mrs M wasn't present at the meeting but CHL went through the report with Mr M. Mr M told CHL that in light of the relatively small transfer value of Mrs M's DB scheme he believed she would like to transfer it. It was agreed between Mr M and CHL that this would be discussed with Mrs M when CHL next met with them.

In April 2016 CHL met with Mr and Mrs M where it discussed the recommendation report it had prepared for Mrs M. At the meeting Mrs M also signed documentation relating to the transfer of her DB scheme

On 24 June 2016 CHL met with Mr and Mrs M when it took them through a joint recommendation report it had prepared for them. The outcome of the meeting was that Mrs M told CHL that she definitely wanted to transfer her DB scheme as she wanted to have access to it at age 55 and because, in the overall scheme of things, it was a relatively small amount.

At the time of the advice: -

- Mrs M was aged 47 and working full time. Her annual income was £19,000.
- Mrs M was a member of her current employer's pension scheme from which she was forecast to receive a pension of £6,500 at the scheme's normal retirement age.
- The information obtained from Mrs M's deferred DB scheme showed that the cash equivalent transfer value ('CETV') of her benefits was £43,634. It also showed that the scheme permitted Mrs M to take her benefits at the scheme's normal retirement age of 50 at which point she was forecast to receive an annual pension of £2,351 or tax-free cash ('TFC') of £9,004 and a reduced annual pension of £1,350.60.
- Mrs M jointly owned her home with Mr M mortgage free and valued at £200,000. She had no other debts.
- Mrs M had £4,000 in an ISA and no other investments.
- Mrs M told CHL she wanted to retire at age 55.

The report noted Mr and Mrs M's joint objectives for wanting to transfer being: -

- To consider the options available under their DB schemes and decide whether a guaranteed pension income or access to flexible benefits was their preference.
- For Mr M to have the ability to leave a lump sum to Mrs M and his children.
- To have the flexibility about how funds were accessed in retirement.
- To review Mrs M's deferred DB scheme benefits and to ascertain if it was in her best interests to transfer them and, if so, to advise on a suitable investment strategy with a view to maximising Mrs M's retirement benefits.

And it recorded Mrs M's attitude to risk ('ATR') for the purposes of the pension transfer as 'low-medium'.

The report went on to recommend that, taking Mrs M's current circumstances, aims and objectives into account, she transfer her deferred DB scheme into a SIPP under her existing wrap and invest the money in a combination of an aggressive and moderate strategic portfolio funds subject to the confirmation of her attitude to risk ('ATR').

Mrs M signed the transfer forms in July 2016 and the transfer went ahead shortly after. CHL's charged a transfer fee of 3% of the CETV. There was also an ongoing annual adviser charge of 0.75% of the fund value and annual fund charges of 1.05%. Mrs M's CETV was invested into a cash account within her SIPP wrap.

Mrs M complained to CHL in September 2023 that the advice she'd received to transfer her DB scheme had been unsuitable. CHL looked into Mrs M's complaint and issued her with its final response letter on 11 November 2023. CHL said it had warned Mrs M at the time of the advice that if her intention was to replicate her DB scheme benefits then she should not go ahead with the transfer. Further, CHL said that the advice it had given Mrs M was suitable and met her key objectives at the time.

Unhappy with CHL's response to her complaint, Mrs M complained to the Financial Ombudsman Service. One of our Investigators looked into the complaint and recommended that it was upheld. He found that CHL should have advised Mrs M to retain her DB scheme benefits. He also said there was no compelling need that meant the transfer was in her best interests and which justified the loss of the guaranteed, risk-free benefits she was giving up. Our Investigator recommended that CHL compensate Mrs M in line with the regulator's rules for calculating redress for non-complaint pension advice.

Mrs M accepted our Investigator's findings but CHL did not. CHL asked for the complaint to be referred for an ombudsman's decision on jurisdiction in the first instance. It also said that if an ombudsman decided that this was a complaint that fell within the jurisdiction of this Service then it would submit further information and documentation to show why the advice it gave Mrs M was suitable.

In January 2025 I issued a jurisdiction decision which explained why Mrs M's complaint was one the Financial Ombudsman Service was able to consider. I invited CHL to submit any further information that it wanted me to consider before I issued my final decision in respect of the merits of this complaint. No further information has been provided.

The complaint was passed back to me for 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 CHL'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, CHL should have only considered a transfer if it could clearly demonstrate, on contemporary evidence, that the transfer was in Mrs M's best interests. And having looked at all the evidence available, I'm not satisfied it was in her best interests.

Introductory issues

I've noted that when defending this complaint, CHL has mentioned on numerous occasions that Mrs M wanted to transfer (because her DB scheme was small), that she apparently understood the risks, that she was acting in tandem with Mr M and that, together with him, she was in a financially strong position. I've got no doubt that Mrs M probably engaged with CHL with some preconceived ideas about her DB pensions and how she wanted to proceed. So, I do understand the points being made by CHL which are that Mrs M wanted the flexibility that came with transferring, preferring to have her CETV of £43,000 under her control to merely having TFC of just over £7,000 at retirement and a pension of £89 per month from her DB scheme.

However, it's also important to understand that it was CHL which was the regulated party here and *not* Mrs M. Due to the size of Mrs M's CETV, there was a regulatory requirement that if transferring, she needed to obtain regulated financial advice. CHL was responsible for providing that regulated advice and was also charging Mrs M for doing so. There's also no evidence that whilst Mrs M may well have considered herself to have some investment experience in a general sense, she certainly wasn't a pensions expert.

Against this backdrop, the adviser's role was to really understand what Mrs M needed and to recommend what was in her best interests, rather than what Mrs M herself (or even Mr M) might have thought was a good idea. Mrs M had every right to expect that the information and advice given to her by the adviser was correct, well evidenced and in her best interests; it was CHL 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 CHL to transfer was suitable, I considered whether transferring appeared viable from a financial comparison perspective. Put another way, was Mrs M's situation – and specifically her benefits in retirement - made better or worse from transferring, compared to the pension benefits she already enjoyed under her DB scheme and when viewed through this lens I don't think transferring from her DB scheme was in her best interests.

Mrs M was 47 at the time of the advice and wanted to retire at 55. I've seen no transfer value analysis report (as required by the regulator) from CHL which would have shown Mrs M how much her pension fund would need to grow by each year in order to provide the same benefits as her DB scheme (known as the 'critical yield') for either her DB scheme's normal retirement date ('NRD') of age 50 or her proposed retirement age of 55. Thus, Mrs M was denied the opportunity to see what the required 'critical yield' was.

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.

Before I move on to look at this issue in greater detail I have noted that CHL stated in its suitability report that it was unlikely that the guaranteed benefits offered by Mrs M's DB scheme could be improved upon by transferring but that this was outweighed by the flexibility Mrs M would attain in how she could access her benefits. CHL said that comparing the pension available from a DB scheme with that available from a personal pension/SIPP was not a like-for-like comparison. Here, CHL is essentially making the point that the financial viability of the transfer is only one narrow issue that ought to be considered, together with all other relevant issues. Again, I understand the point being made. But as I'll go on to show, this aspect of transferring is only one of several I've considered.

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, CHL has conceded as much in its suitability report. If this were the case, other factors would need to make transferring substantially worthwhile. As I've said above, CHL failed to produce any form of transfer analysis report for Mrs M so that she could compare the DB scheme benefits she was giving up for the SIPP she was transferring to. So, there is no critical yield available for me to assess the financial viability of the transfer against.

But I have considered that 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. The discount rate assuming Mrs M took her benefits at age 55 was 3.9% per year based on 8 years to retirement in this case.

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%. And CHL assessed Mrs M's ATR for the purposes of transferring her DB scheme benefits as 5/10 or 'low medium'.

I think CHL's classification of Mrs M's ATR lacks basis because I am unable to see how it reached its assessment given no fact-find/ATR analysis exists that preceded the transfer (there is a joint fact-find but it wasn't completed until about a year after the transfer took place). CHL was the professional party here and it should have fully ascertained what Mrs M's true ATR was. But there is nothing I have seen that underpins CHL's assessment of Mrs M's ATR as set out in its suitability report. There CHL recorded that Mrs M said she had 'some' investment experience but would not describe herself as an 'experienced investor'. But the statements about Mrs M's ATR in the suitability report aren't borne out of any gathering or understanding of Mrs M's circumstances that I can see.

Given the absence of any investments (aside from an ISA worth £4,000 recorded on the 2017 fact-find), and the lack of any basis to underpin CHL's assessment of Mrs M's ATR, I am not persuaded that it necessarily was 5/10 (or low-medium). Mrs M's personal circumstances suggest that she more likely had a low ATR. That being the case I think it is unlikely she was someone who, if it was fully explained to them what they were giving up, and who had received all the information she was entitled to expect from CHL through the process, would have been willing to take the investment risks needed with her pension just to match, let alone exceed, the DB scheme benefits she was giving up.

Had CHL had full regard to Mrs M's information needs and best interests as required under the regulator's rules and regulations I have set out above, it would have provided her with her own transfer analysis and assessed her ATR properly. But it didn't. There was nothing in her profile that, in my view, could lead to the conclusion that Mrs M, someone with no apparent experience of investing in the stock market, should reasonably be classified as someone whose ATR was such that she was willing to take the investment risks necessary to achieve the returns needed so that her personal pension fund grew to a point that it was able to match her DB scheme benefits.

So, whilst a discount rate of 3.9% seems achievable for someone with a 5/10 (low-medium) ATR, I'm not persuaded that Mrs M's circumstances indicate that that was the type of consumer she was. Coupled with the lack of information to allow her to make a fully informed decision about the investment she was making, the implication is that reaching an annual growth rate outside the DB scheme, to make transferring worthwhile, would be very difficult indeed – and highly unlikely.

I can see that CHL also produced some basic forecasting in its suitability report around how much Mrs M's SIPP may grow and how long it may last. I've considered CHL's cash flow model and can see it is based on Mrs M's SIPP achieving growth of 5% per annum. The forecast shows that after making the same withdrawals from the SIPP as Mrs M would have been entitled to under her DB scheme, she would still have had a fund valued at £37,000 after 20 years. The forecast doesn't show the point at which the fund will run out but after 20 years of drawing down, Mrs M would still be only 75 and could have many years of retirement left to live.

Mindful of CHL's admission that the transfer was unlikely to improve upon Mrs M's existing DB benefits I'm not able to attach much significance to the forecasting CHL produced. I say this because it isn't based on the actual financial reality of Mrs M's situation. That's because it is based on Mrs M's entire CETV being invested upon transfer when in reality CHL

deducted its initial adviser charge from this amount. Similarly, the forecast also failed to factor in the effect the ongoing annual charges of 1.8% levied against Mrs M's fund.

Both of these charges would have had a drag effect on any growth. In reality therefore, Mrs M's SIPP would need to achieve an annual investment return each year of in excess of 6.8% in order to have a residual fund of £37,000 after 20 years – excluding the initial adviser charge from the equation. I don't think, if this had been explained to Mrs M in full, (and had her ATR been properly assessed) that she would have been comfortable taking the level of investment risk necessary to try and achieve the returns necessary to make her SIPP pension fund last as long as it needed to. So, in reality, by investing in line with her actual ATR, and after factoring in the charges levied against her transferred fund, the value of her SIPP after 20 years of drawing down would be much smaller and would have run out much sooner.

Of course, without the comprehensive transfer analysis that the regulator required of CHL I can't know for sure how long Mrs M's SIPP could have lasted her. I do however know that she was giving up a risk-free, indexed linked, charge-free pension in the form of her DB scheme that would have lasted her the entire duration of her life. Instead, CHL advised her to transfer her DB benefits, the result of which was that she herself had to bear the full investment risk of her SIPP, along with its associated charges, without understanding how long her fund would last or should she wish to withdraw the same pension from it that she was entitled to under her DB scheme.

And whilst CHL has said it made sure that Mrs M understood the risks involved in the investment she was making, transparency on the part of CHL is not the same as suitability. I think that it's unlikely that someone with a low ATR would, if it was fully explained to them, be willing to take the investment risks necessary to achieve an annual investment return 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.

For the reasons I've given here I think Mrs M was likely to receive benefits of a substantially lower overall value than the DB scheme at retirement, as a result of investing in line with her actual attitude to risk. And from what it said in the suitability report, CHL agreed this was the case as well. For this reason alone, a transfer out of the DB scheme wasn't in Mrs M's best interests. Of course, financial viability isn't the only consideration when giving transfer advice, as CHL 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

Flexible use of the pension

One objective noted by CHL for recommending that Mrs M transfer her DB scheme was that she wanted flexibility around how she accessed her pension in retirement. Flexibility generally sounds like a good thing and I think Mrs M was influenced by this. CHL promoted the flexible and common features about a personal type of pension which looked good, including flexible drawdown as and when needed as well as taking the whole fund and turning it into a savings pot, rather than being an 'inflexible' pension that was paid every month.

But I've not seen any evidence that explains why Mrs M felt she needed this flexibility. There is no evidence either that she had a strong need for variable income throughout her retirement. Indeed, CHL carried out no assessment of what Mrs R's retirement income

needs would be, and how she might meet them. The only comment to this effect in the suitability report is that Mr and Mrs M anticipated needing a combined retirement income of £2,000 per month. But there is no analysis in the suitability report as to why the guaranteed income the DB scheme would provide wouldn't contribute to Mrs M's retirement income needs. So, in my view, the flexible features mentioned in the suitability letter were all generic features of a personal type of plan, rather than specific features that made leaving her DB scheme the right thing to do for Mrs M. And by transferring to the SIPP, Mrs M lost the option to retire at age 50 that was available to her under the DB scheme.

CHL has since told this Service that Mrs M wanted the flexibility to have some money under her control to give her a sense of independence and that this was one of the objectives behind the transfer. Whilst I can't see that this specific objective documented anywhere at the time of the advice, had it been, I would have expected CHL to explore with Mrs M other means of her achieving it (for example, saving out of her monthly income) aside from making the irreversible decision to give up the guarantees associated with her DB scheme. But I can't see any discussion to this effect was ever had. Nor can I see any mention of the tax implications that would be associated with withdrawing all the money in one go from Mrs M's SIPP in order to convert it into a 'savings pot'.

So, I'm satisfied Mrs M could have met her income needs in retirement through the DB scheme at her chosen retirement age of 55. Without understanding what Mrs M's retirement would really look like, what her income needs would likely be and as she had eight years before she wanted to retire, I think it was too soon to make the irreversible decision to transfer her guaranteed benefits. So, I don't think it was a suitable recommendation for Mrs M to give up her guaranteed benefits when she had no specific and identifiable need for flexibility and didn't know what her needs in retirement would be.

And I think that if Mrs M did really want to build up a savings pot of her own then CHL should have explored with other options of achieving it with her.

So, it's my view that the use of flexibility as a rationale for transferring Mrs M's DB scheme would be no more than a 'stock' objective with little or no real meaning to her actual situation. There was simply no need that I can see to transfer away in order to achieve a cash lump-sum to put in a savings account when this was possible to achieve from alternative, tax efficient, means. If Mrs M later had reason to transfer out of her DB scheme she could have done so closer to retirement.

And by failing to provide Mrs M with all the information she needed about the options she had, she wasn't able to make a fully informed decision about what action was best for her to take. So, I don't think that CHL acted in Mrs M's best interests in this regard.

Death benefits

The suitability report that CHL produced was a joint one and the objectives for the transfer of Mrs M's DB scheme were very much bound up with those of her husband. The objectives cited included one for Mr M to have the ability to leave lump sums to Mrs M and his children which would not be possible if he remained in his DB scheme. No such specific objective was recorded for Mrs M but I note that CHL did record a more generic objective for her which was to review her DB benefits and to ascertain if it was in her best interests to transfer them. One such benefit under Mrs M's DB scheme was a death benefit.

Death benefits are an emotive subject and of course when asked, most people would like their loved ones to be taken care of when they die. The lump sum death benefits on offer through a personal pension may well have been an attractive feature to Mrs M. But whilst I appreciate death benefits are important to consumers, and that Mrs M might have thought it

was a good idea to transfer her DB scheme to a personal pension because of this, the priority here was to advise Mrs M about what was best for her retirement provision. A pension is primarily designed to provide income in retirement. And I don't think CHL explored to what extent Mrs M was prepared to accept a lower retirement income in exchange for higher death benefits.

I also think the existing death benefits attached to the DB scheme were underplayed. Mrs M was married and so the spouse's pension provided by the DB scheme would've been useful to her husband if she predeceased him. It was guaranteed and it escalated – it was not dependent on investment performance, whereas the sum remaining on death in the SIPP on was. And as the cashflow forecast shows, the fund may have been depleted particularly if Mrs M lived a long life. Similarly, there would be no fund at all if Mrs M withdrew it all and put it in a savings pot. In any event, CHL should not have encouraged Mrs M to prioritise the potential for higher death benefits through a personal pension over her security in retirement.

Furthermore, if Mrs M genuinely wanted to leave a legacy for Mr M, which didn't depend on investment returns or how much of her pension fund remained on her death, I think CHL should've instead explored life insurance but I can't see that this was discussed at all.

Overall, I don't think different death benefits available through a transfer to a SIPP justified the likely decrease of retirement benefits for Mrs M. And I don't think that insurance was properly explored as an alternative.

Suitability of investments

As I'm upholding the complaint on the grounds that a transfer out of the DB scheme wasn't suitable for Mrs M, it follows that I don't need to consider the suitability of the investment recommendation. This is because Mrs M should have been advised to remain in the DB scheme and so the investments wouldn't have arisen if suitable advice had been given.

Summary

I don't doubt that the flexibility, control and potential for higher death benefits on offer through a personal pension would have sounded like attractive features to Mrs M. But CHL wasn't there to just transact what Mrs M might have thought she wanted. The adviser's role was to really understand what Mrs M needed and recommend what was in her best interests.

For the reasons I have set out above, ultimately I don't think the advice given to Mrs M was suitable. She was giving up a guaranteed, risk-free and increasing income. By transferring, Mrs M was very likely to obtain lower retirement benefits and, in my view, there were no other particular reasons which would justify a transfer and outweigh this. Mrs M shouldn't have been advised to transfer out of the scheme just to obtain flexibility there was no evidence she needed; and attaining the ability to withdraw her whole fund to put it in a savings pot wasn't worth giving up the guarantees associated with her DB scheme for.

I've shown here in this decision that transferring was not financially viable. By transferring, what Mrs M was irreversibly giving up was a guaranteed pension. Although relatively small, this annual pension would clearly make up an important minority of her security in retirement, providing as it did, an index-linked pension for the rest of her life. She would be able to use this annual pension, add her other DB annual pension, and complement these with her state pension. I don't think there were any other particular reasons which justified the transfer and outweighed this approach.

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

So, I think CHL should've advised Mrs M to remain in her DB scheme.

I have also considered whether Mrs M would have still transferred even if CHL hadn't recommended this course of action.

As I've mentioned earlier, it's reasonable to say that Mrs M probably came to the advice process with some preconceived ideas about transferring away from her DB scheme. But I think if the advice had been more clearly set out and had given her a well-explained rationale for not transferring – with good reasoning – I think it's more likely she'd have followed that advice. Mrs M didn't need to transfer and there were no critical financial demands on her at the time which meant obtaining flexibility and a cash lump-sum, were things she urgently needed to do.

In light of the above, I think CHL should compensate Mrs M for the unsuitable advice, in line with the regulator's rules for calculating redress for non-compliant pension transfer advice.

Putting things right

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

CHL 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, Mrs M has not yet retired, and she has no plans to do so at present. So, compensation should be based on the scheme's normal retirement age of 50, 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 Mrs M 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, CHL should:

- calculate and offer Mrs M redress as a cash lump sum payment,
- explain to Mrs M before starting the redress calculation that:
 - her 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 her redress prudently is to use it to augment their DC pension
- offer to calculate how much of any redress Mrs M receives could be augmented rather than receiving it all as a cash lump sum,
- if Mrs M accepts CHL's offer to calculate how much of her redress could be augmented, request the necessary information and not charge Mrs M for the

calculation, even if she 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 Mrs M's end of year tax position.

Redress paid directly to Mrs 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), CHL may make a notional deduction to allow for income tax that would otherwise have been paid. Mrs 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 Campbell Harrison Ltd to pay Mrs 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 Campbell Harrison Ltd pays Mrs M the balance.

If Mrs M accepts this decision, the money award becomes binding on Campbell Harrison Ltd.

My recommendation would not be binding. Further, it's unlikely that Mrs M can accept my decision and go to court to ask for the balance. Mrs 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 Mrs M to accept or reject my decision before 18 April 2025.

Claire Woollerson
Ombudsman