

The complaint

Mr N complains about advice he received from Pensionhelp Limited (“PH”) relating to the possible transfer of his defined benefit (“DB”) pension.

What happened

Mr N was in touch with an adviser from PH in December 2020. He wanted advice on whether to transfer his DB pension to a provider where he already had a personal pension.

At the time, Mr N was 52 years old and intended to retire at age 55. He wanted greater flexibility, to take tax free cash incrementally and provide better death benefits for his family – he thought he could do this by transferring his DB pension into one pot with his personal pension provider.

The Cash Equivalent Transfer Value (“CETV”) for the DB pension in December 2020 was £256,719.

The PH adviser provided “abridged” advice to Mr N in January 2015. He said that he didn’t think transferring the DB pension was suitable. The abridged advice was provided at no cost to Mr N.

Mr N was also told (although it’s not by who) that if he proceeded to instruct PH to provide full advice on the suitability of the transfer, it was likely that PH’s view would remain that a transfer would be unsuitable.

Mr N didn’t instruct PH to provide full advice. And he didn’t seek advice from a different firm either. He decided to not transfer the DB pension.

However, in 2024 Mr N requested a new CETV for the DB pension and saw that it had fallen to £178,085. Mr N also looked at what the DB pension’s original CETV from 2020 would now be worth had he transferred it to his personal pension at the time. He believes that the value of the personal pension would be around £301,000.

Mr N then complained to PH about the abridged advice. He said PH unfairly blocked the transfer of the DB pension and he’s suffered a financial loss because of the lower CETV value being offered to him now and that he’d have been significantly better off if he’d transferred to the personal pension.

When the complaint was referred to our service, our investigator didn’t think the complaint should be upheld as also she felt PH’s advice was reasonable. Mr N disagreed and asked for an ombudsman to review things. He says:

- Interest rates were low in 2020 and would likely rise going forward. So it ought to have been clear to PH that the CETV would reduce.
- He wants to potentially use his pension flexibly to finance a private company in

retirement. The DB pension doesn't allow him to do this.

- PH had incorrectly assessed his attitude to risk to be low. He was fully aware of the risks of transferring the DB pension and wanted to transfer.
- He had other property assets that could have been sold if needed – so the transfer of the DB pension wasn't too risky.
- The death benefits for the DB pension were significantly less than with a personal pension. This has become increasingly important to Mr N.
- Blocking the transfer of the DB pension was an infringement of Mr N's right to deal with his pension as he wanted. Mr N would have been willing to sign a disclaimer about the risks in transferring – but this wasn't an option that was put to him by PH.

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.

Having done so, I don't uphold this complaint for the same reasons as the investigator as I'll explain below.

General points

The regulator has determined that when advising a consumer whether they should transfer a DB pension the advisor should start by assuming that the transfer won't be suitable, and to only then consider a transfer suitable if they can clearly demonstrate that it's in the consumer's best interests. This is referred to as the 'presumption of unsuitability'. It applies to both abridged advice and full advice.

The other important point I want to highlight is that an advisor's role isn't to simply give advice which aligns with a consumer's objectives and/or allows the consumer to meet those objectives. It's to look at things objectively and dispassionately and to provide suitable advice based on what's in the consumer's best interests. It's therefore important to note that what a consumer might want to do, or might think is the best for them, might not be the same as what an advisor feels is suitable or in their best interests.

The advice being complained about by Mr N is abridged advice. Abridged advice is short form DB pension transfer advice (usually at a much lower cost than full advice – and in Mr N's case it was free). It consists of the initial stages of a full advice process i.e. fact finding, determining the consumer's attitude to risk and getting confirmation of the benefits provided by the existing pensions.

But there are limitations:

First, abridged advice can only result in two outcomes – advice to not transfer the pension; or telling the consumer it's unclear whether or not they would benefit from a transfer based on the information collected during the abridged advice process.

Second, advisors can only gather limited information and conduct limited analysis. They should consider the risks of the consumer staying in the existing scheme compared to the risks of transferring and giving up the guaranteed benefits; and they can model the benefits from the consumer's existing DB pension against their estimated expenditure needs in retirement. However, they're prohibited from:

- Considering a proposed receiving scheme or investments.
- Carrying out appropriate pension transfer analysis (including obtaining projections and cashflow modelling based on the transfer value, obtaining annuity illustrations and conducting comparisons based on a proposed receiving scheme) or prepare a transfer value comparator.
- Assessing how well an alternative arrangement would meet the consumer's objectives if a transfer went ahead.

Advisors are also prohibited from arranging a transfer where the consumer has only received abridged advice.

PH's advice to Mr N

Mr N was clear in wanting to transfer and he feels the advice process wasn't conducted in a way that took his aims and personal circumstances into consideration. However, it remains that he only received abridged advice. So, as outlined above, it simply wasn't possible for PH to recommend that he transfer his pension – he would have needed to get full advice in order to potentially receive that recommendation.

In its advice report PH set out that:

"I believe that a pension transfer is unlikely to be suitable for you.

As stated in the introduction to this report, Pensionhelp take the position that for most clients with defined benefit pensions, that it is in their best interests not to transfer them. This is therefore the most common outcome for people who hold a defined benefit pension.

The scheme pension provides a safeguarded benefit that will increase broadly in line with inflation every year. If you stay in this scheme, you will not have to carry the investment risk associated with the transfer option. You currently hold an extremely valuable benefit. In order for me to recommend a transfer, I need to be able to demonstrate that this route is the best one to meet your needs, and I have been unable to do this.

The reasons for this are as follows:

- *I have noted that you would like the option(s) of flexibility and to restructure your death benefits, but due to the importance of this pension, the fact you cannot draw on it until age 55 at the earliest and may not need to draw on it for a considerable period beyond this, there is no clear reason to take this course of action now."*

I think PH did have a reasonable basis for concluding that Mr N should remain in the DB pension for the following reasons:

- PH was right to highlight that Mr N's DB pension provided a valuable safeguarded benefit with protection against inflation.
- Mr N had personal pensions that could provide death benefits for his chosen beneficiaries. These were subject to investment risk. So, although the DB pension was less flexible in this respect, keeping the DB pension would counter Mr N's overall exposure to risk whilst still having the personal pensions to help leave provision to his beneficiaries.
- There was no other specific need for flexibility. Mr N has now told us that he wanted to access his DB pension for funding a private company when he retired – but Mr N didn't present PH with any specific need for flexibility from the DB plan at the time of the advice.
- Mr N couldn't take any benefits at the time of his advice and his plans to retire at 55 could change – as could his overall circumstances. So Mr N could revisit the decision about whether to transfer his DB pension at age 55.

Mr N says that it should have been apparent to PH that interest rates would rise and detrimentally impact a future CETV. Whilst I understand Mr N's frustration that the CETV now available to him is lower, I agree with our investigator that PH was looking at the circumstances as they were at the time. I can't fairly conclude that PH ought to have known that interest rates would definitely rise before Mr N chose to look at his retirement options again. And of course, changes to the CETV (whether up or down) have no effect on Mr N's guaranteed benefits available under the DB pension.

Furthermore, PH's advice did warn Mr N about fluctuations in the CETV:

"Transfer values are volatile. They change all the time. If you review your position at a later date, the transfer value will be different. It could be higher or lower than the latest transfer value that you have received, and these differences could be very significant."

The advice also said:

- *"If you agree with the contents of this report, you need take no further action."*
- *If you wish to proceed to full advice in respect of your Defined Benefit Pension(s), please contact us to arrange this.*
- *You can of course speak with another financial adviser who may have a different view than that of Pensionhelp."*

I know that Mr N says that he was told that full advice from PH would likely result in the same recommendation to not transfer. It's not clear whether he was told this by PH or someone else. But I've proceeded on the basis that he was told this by PH.

As I've mentioned above, to proceed with a transfer Mr N needed to get full advice. And if he decided to go down that route PH was obliged to outline the costs (which were around £5,500). So if Mr N asked it about full advice, PH only really had two options – to do as it did

and give him the likely costs and warn him of the likely outcome of full advice; or give him the costs and stay silent on the likely outcome.

The presumption of unsuitability would have applied to the full advice. So PH would have only been able to recommend the transfer if it could clearly demonstrate that doing so was in Mr N's best interests and, as I've mentioned above, Mr N wanting to transfer isn't necessarily the same as a transfer being in his best interests.

Had Mr N proceeded to get full advice and a full analysis been conducted there's a possibility PH might have clearly demonstrated that a transfer was suitable for Mr N (although, to avoid any doubt, I haven't considered or reached a conclusion on this). However, the presumption of unsuitability in my opinion suggests that a recommendation to transfer is unsuitable in the vast majority of cases. So, if it did speak to Mr N after the abridged advice, I don't think PH acted unfairly in warning Mr N that there was a strong possibility he might spend £5,500 to simply receive the same advice.

I've taken account of Mr N's general points about his attitude to risk and that he would have been willing to sign a disclaimer in order to go ahead with the transfer had he been offered this choice by PH. But I'm not satisfied this means I can reasonably conclude that PH is liable for "blocking" the transfer of the DB pension. If Mr N disagreed with PH's assessment of his risk profile, he could have challenged this at the time and, as mentioned above, chosen to seek *full* advice from PH. Or - if he was concerned that PH's advice wouldn't change - he could have chosen to seek advice from a different firm. The abridged advice highlighted these options and Mr N chose not to do either of these things. So I don't think I can say that PH unfairly blocked the transfer.

So, whilst I understand Mr N's frustration at the CETV available to him in 2020 compared to the lower CETV available to him in 2024, I don't think it would be fair and reasonable to uphold this complaint and ask PH to pay him compensation.

My final decision

I don't uphold Mr N's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr N to accept or reject my decision before 18 November 2025.

Abdul Hafez
Ombudsman