DRN-5696008

The complaint

Mr V complains that Woodgrange Associates ('WA') gave him unsuitable advice to transfer two defined benefit (DB) pensions to a personal pension.

What happened

Mr V was advised by WA to transfer his two DB pensions with Prudential and United Friendly to a personal pension in 1997. Mr V was 41 at the time, married and was earning £24,000 per year. His selected retirement age was 60.

Mr V had been a member of the United Friendly DB scheme for five years. His accrued pension as at the date of leaving was around £2,125, with a spouse's pension of 50%. The scheme had a normal retirement age of 65. The cash equivalent transfer value (CETV) was £10,251.84. The Prudential scheme had a CETV of £13,063.80. No other information is available about the benefits of the Prudential Scheme other than it was a staff scheme and therefore, according to Prudetial, most likely a DB scheme.

Mr V used the value of his personal pension to purchase an annuity in 2011.

In 2022, through professional representatives, he raised a claim with the Financial Services Compensation Scheme (FSCS) as WA had dissolved in 2018. FSCS explained that as part of their investigations they had contacted the director of WA (Mr T) to understand his position to deal with a claim against his former firm. WA wasn't a limited company and so Mr T remains personally liable for any claims against this firm.

Mr T referred them to the directors of Woodgrange Associates (IFA) Limited ('WA IFA'). One of those directors confirmed to FSCS in a call that they had purchased WA's liabilities. So FSCS asked Mr V's representatives to direct a complaint to WA IFA.

They complained to WA IFA in 2022, however they were told that WA IFA was only incorporated in 2017, long after the advice given to Mr V in 1997 and they had no knowledge of Mr V as a client. They said any complaint needed to be directed to Mr T.

FSCS contacted the director of WA IFA again in November 2022 and was told the same. FSCS tried to contact Mr T again directly over the course of 2023 to reconfirm his financial position, but didn't receive a response. FSCS eventually advised Mr V's representatives in July 2024 that, as WA IFA apparently didn't accept responsibility for WA's actions, they needed to complain directly to Mr T. The liability for the advice would remain with him and there was no evidence Mr T wasn't able to pay any claim.

Mr V's representatives complained to WA on 16 July 2024, but received no response, so they referred the complaint to our service in September 2024. We contacted both WA and WA IFA. WA IFA again said their firm didn't exist in 1997 and asked to redirect the complaint to Mr T.

We were able to contact Mr T in February 2025 by phone. He stated that WA's liabilities had been taken over by WA IFA and that he wasn't liable. He also said the complaint was raised

too late and that he wouldn't engage with us or provide further contact details.

As no information was forthcoming from WA, one of our investigators gathered information from Mr V's representatives, the personal pension provider and the United Friendly trustees. He reached the view that the complaint had been made within the regulator's time limits and upheld the complaint. He considered the advice given by WA was unsuitable and asked WA to compensate Mr V accordingly.

Mr V accepted the investigator's view. WA didn't respond and so the complaint was passed to me for an ombudsman's decision.

As it wasn't clear whether WA had actually received a copy of the investigator's assessment I asked the investigator to get in touch with Mr T again. The investigator explained to Mr T in a phone call in late October 2025 that we had upheld Mr V's complaint and had sent emails with the outcome to the two emails we held for WA. Mr T confirmed that one of the emails was no longer in force and he was unsure whether the other one could be accessed. However, later in the call he said we could send it to this email and he would be able to pick it up. He reiterated that the complaint was made too late and had no merits. He was informed that the complaint was now with an ombudsman and a final decision was the next step. We then resent the investigator's view to Mr T again. No response was received. I'm satisfied that Mr T either has now received the investigator's view or if not, knew this would be sent and could have contacted us if he wanted to see a copy.

We also sent a copy of the investigator's view to WA IFA as an interested party. This is because the FCA register shows that since 31 July 2018 WA IFA is required to abide by a deed poll and declaration in relation to past business of WA for which WA IFA has accepted responsibility. Although I haven't seen the details of the deed poll I see no reason to think this likely covers all of WA's past business liabilities. Where a regulated firm applies to the FCA to change their status (for example from a sole trader to a company), the FCA would insist on a deed poll to ensure liabilities of the previous firm are still covered in the event of future claims. WA IFA was incorporated in 2017 and Mr T became one of the directors. WA then dissolved in 2018 which aligns with the effective date of the deed poll.

Where a second firm has taken over liabilities for a previous firm, Section 234B of the Financial Services and Markets Act (FSMA) allows our service to consider complaints against either firm.

WA IFA is clearly not accepting responsibility, so I consider it appropriate here to set up the complaint against WA who gave the advice. Mr T's personal liabilities (as the previous sole trader of WA) to Mr V are not extinguished by a deed poll or any contract between WA and WA IFA. If this final decision is accepted by Mr V it will become legally binding on WA/Mr T. Alternatively, Mr V can possibly pursue payment by WA IFA under the terms of the deed poll. This is why we shared the investigator's findings and the information we relied on with WA IFA to allow them opportunity to comment and make them aware that Mr V might be able to pursue his claim against them even if the final decision was against WA.

WA IFA confirmed they didn't have any paperwork relating to Mr V's advice and said they weren't in contact any longer with Mr T. They questioned whether WA IFA was the right respondent (their representative said they couldn't find a deed poll). But in case they were, they challenged Mr V's statement he only became recently aware that he had cause for complaint. They also raised queries about Mr V's DB benefits and questioned whether a redress calculation would be possible for the Prudential pension as no details were available. When the investigator explained that the final decision would be issued against WA, they said they would remove themselves from the process. We didn't hear anything further from them.

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 considered the complaint independently again, I agree with the investigator's findings both on time limits and on the suitability of the advice with regards to the United Friendly pension. However, without any details on Mr V's benefits he used to hold with Prudential, I'm not able to uphold this part of the complaint. Even if I assumed that the Prudential transfer was unsuitable, without any benefit details a fair redress calculation would be impossible.

Neither our service nor Mr V's representatives were able to obtain any information from Prudential about Mr V's actual DB benefits he used to hold all those years ago. I have informed Mr V's representatives that without this I can only uphold the complaint in relation to the United Friendly transfer and have proceeded on this basis.

Time limits

I can only consider the complaint if it's been referred to us or WA within the regulator's time limits set out in the Dispute Resolution rules (DISP) unless WA consents (which they haven't) or exceptional circumstances apply.

The time limits in dispute here are those in DISP 2.8.2 (2)R. A complaint needs to be referred within six years of the event complained about. This time limit clearly has been breached as Mr V complained to WA in July 2024 about advice which happened in 1997.

If the complaint has been referred outside the six-year time limit, it needs to be raised within three years of Mr V being aware or when he ought to have been reasonably aware that he had cause for complaint against WA. So I can't consider this complaint if Mr V knew or should have reasonably known before July 2021 that there was likely an issue with the advice he received from WA.

Mr V says he saw an advert about pension mis-sales in November 2021 which led him to contact his professional representatives. I see no reason to disbelieve that this is when Mr V became aware he had cause for complaint. This was within the three-year time limit.

I then considered whether there was an earlier point when Mr V ought to have reasonably been aware he had cause for complaint. He took benefits in the form of an annuity in 2011 at age 55. If he was able to make a comparison between his annuity benefits and what he could have received from his DB scheme on a like for like basis, then it's possible that he ought to have known he was likely worse off in retirement by giving up his guarantees. However, I can't see from the documents I have that Mr V had enough information to make such a comparison. The only information I have seen from the United Friendly Scheme shows Mr V's entitlement at the date he left the scheme (in 1995) and it's not even clear if this would have been provided directly to Mr V. I can't see that he was given information what he would be receiving from the DB scheme at age 55 or even at the normal retirement age of 65. So I don't think a comparison of benefits would have been reasonably possible for him. I also haven't seen any other evidence that indicates Mr V was aware or should have been aware before November 2021 that he had cause for complaint.

Advice to transfer

The advice happened nearly 30 years ago and the information I have is limited. However, I do consider I have sufficient information to decide this complaint. I would also note that even back in 1997 firms were required to keep documentation relating to DB transfer advice

indefinitely. Firms had been informed of this during the industrywide Pension Review which was initiated by the regulator in 1994 following concerns about unsuitable DB transfer advice.

Mr V says he received advice from WA. I can see from the documents I do have that WA prepared the personal pension illustrations and was the adviser noted on the application form in 1997 and received commission on the transfer. I also have a letter of authority signed by Mr V in June 1997 and sent to United Friendly which tells them that he has appointed WA as his Independent Financial Adviser. So I'm satisfied WA advised Mr V on his DB pensions. Without evidence to the contrary I also consider the most likely advice here was that Mr V should transfer his pension.

WA needed to ensure a transfer was suitable for Mr V. We don't have a "reason why" letter from the time of the advice or what transfer analysis was carried out at the time (both were requirements since 1994). Mr V was only 41 at the time of the advice and so the most likely reason for transferring guaranteed and valuable DB benefits would be if there was reasonable potential to improve Mr V's retirement benefits in a personal pension.

We don't have any information about Mr V's recorded attitude to risk or capacity for loss, but we know Mr V was invested into managed funds in his personal pension. No more details are available how exactly Mr V was invested, however managed funds often consist of a mixture of assets including equities and more cautious assets. I think it's reasonable to assume the funds Mr V was invested in likely fell into a medium risk profile given alternatives in the application form were specific equity funds (usually associated with more risk) and deposit/fixed interest funds-typically of a lower risk profile. So I think the choice of a managed fund was designed for a medium risk profile.

The advice was given during the period when the regulator was publishing 'discount rates' for use in loss assessments resulting from the industry-wide Pensions Review. 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 was 8.4% per year for 23 years to retirement in this case. For further comparison, the regulator's upper projection rate at the time was 12%, the middle projection rate was 9%, and the lower projection rate was 6%.

The personal pension illustration that WA provided in 1997 showed that the transfer value of £10,251 from the United Friendly plan, growing at 9% per annum, would provide an income of £2,756 per year at age 60 (£2,100 from non-protected rights and £656 from protected rights). This compared to the accrued pension of £2,125 per year in the DB scheme as at the date of leaving (1995). This sum would have increased each year up to retirement and in payment by the lower of RPI or 5%. A critical yield is not available here, however given Mr V's extended time to retirement and the fact he unlikely would be achieving returns of more than 9% (and quite possibly less) in a medium risk profile, I consider that based on the information I have it's unlikely that Mr V could have significantly improved on his DB benefits by transferring it to a personal pension.

I have not been provided with any other reason why a transfer was in Mr V's best interest, so I consider the advice to transfer his United Friendly DB pension was unsuitable.

Putting things right

A fair and reasonable outcome would be for WA to put Mr V, as far as possible, into the position he would now be in but for the unsuitable advice. I consider he would have likely

kept his benefits in the United Friendly DB scheme.

WA should 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.

For clarity, Mr V took benefits in 2011 and on balance, I'm satisfied he'd have done the same had he remained in the DB scheme. So the calculation should assume Mr V took benefits from the United DB scheme on that date, or the earliest point subsequently that he would have been permitted to.

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, the calculation should be undertaken or submitted to an appropriate provider promptly following receipt of notification of Mr V's acceptance.

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

- calculate and offer Mr V redress as a cash lump sum payment,
- explain to Mr V before starting the redress calculation that 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 that a straightforward way to invest the redress prudently is to use it to augment the current defined contribution pension
- offer to calculate how much of any redress Mr V receives could be used to augment the pension rather than receiving it all as a cash lump sum,

If Mr V accepts WA's offer to calculate how much of the redress could be augmented, WA should:

- request the necessary information and not charge him for the calculation, even if he ultimately decides not to have any of the redress augmented, and
- take a prudent approach when calculating how much redress could be augmented, given the inherent uncertainty around Mr V's end of year tax position.

Redress paid directly to Mr V 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), WA may make a notional deduction to allow for income tax that would otherwise have been paid. Mr V'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.

Any calculations need to be provided to Mr V in a clear and simple format.

Since 2021 Mr W was aware he was likely left financially worse off through WA's advice which I have no doubt would have been distressing. WA's unwillingness to engage and co-operate with this complaint despite being contacted several times by FSCS, Mr V's representatives and our service, means a resolution for Mr W was unreasonably delayed. I consider this would have increased Mr V's distress and the uncertainty about his retirement provisions. I consider it's reasonable for WA to pay Mr V an additional award of £300 to compensate him for this.

WA should calculate and pay compensation to Mr V as soon as possible and within 60 calendar days of being informed of Mr W's acceptance of this decision. If WA doesn't pay Mr V within this timeframe, it should pay 8% simple interest per year on Mr V's financial loss figure and award for distress caused for the period exceeding 60 days until settlement. I've decided to add this provision given WA's lack of co-operation to date and therefore risk of late settlement here. Given Mr T is not a director of WA or WA IFA anymore and possibly has retired, I have extended the settlement date from our usual 28 days to 60 days.

My final decision

I uphold Mr V's complaint and require Mr T on behalf of Woodgrange Associates to calculate losses promptly for Mr V and compensate him in line with my instructions above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr V to accept or reject my decision before 26 February 2026.

Nina Walter
Ombudsman