

The complaint

Mr H complains that TrinityBridge Limited (TrintyBridge) didn't make him aware of the rules and requirements for withdrawing income from his self-invested personal pension (SIPP). He says that as a result of not being allowed to make an additional withdrawal within the 2024 (financial) year – as he thought he could – he had to take out a personal loan instead to cover some ongoing financial commitments. He would like TrintyBridge to refund the interest he paid on the loan as well as compensation for the stress and inconvenience he suffered because of the whole situation.

What happened

Mr H transferred his existing drawdown arrangement to a SIPP with TrinityBridge in 2014. He hadn't drawn an income in 2010 when he first took out the drawdown with another provider, but the maximum income he would be allowed to take – based on the Government Actuary's Department (GAD) rate – was set at that point. The first GAD review would be five years from that date (3 March 2015) and every three years thereafter.

From 2015 TrinityBridge issued the GAD review letters as promised, informing Mr H of his new maximum yearly allowable income.

In February 2022 TrinityBridge issued a suitability report to Mr H confirming a request to withdraw the maximum income for that year. But it also said that he could take an additional amount after the beginning of the "next" tax year. This was because Mr H had stated that he wanted to carry out building work on his property.

In March 2024, following receipt of his GAD review letter, Mr H drew the maximum amount available under the capped drawdown rules for that year. But in June 2024 he requested a further £7,000. TrinityBridge identified that this would infringe the HMRC withdrawal rules and suggested Mr H might like to switch to a flexi- access drawdown (FAD) plan which could accommodate his additional request. Mr H initially declined that option while both parties investigated whether this option might affect his contributions to his company pension scheme. I understand Mr H also applied for a personal loan for the required amount around this time.

In July 2024 Mr H complained that he hadn't been told by TrinityBridge he could only take one capped drawdown payment per calendar year and not per financial year. He said this was only confirmed once his payment request had been accepted and not when he explained what his drawdown plans would be.

TrinityBridge confirmed it had proposed the FAD option to Mr H on 5 July 2024, and, after several further discussions, he accepted the offer at the end of July with the payment being made on 16 August 2024.

TrinityBridge subsequently responded to Mr H's complaint and explained that he wasn't a client when the maximum GAD calculation was first completed in 2010, but in 2014 it did set out the limitations and rules of capped drawdown in its suitability report at the time of the transfer. And, in accordance with HMRC rules, it issued a letter in February 2015 setting out

the maximum income allowable from 3 March 2015. It issued similar letters in 2018, 2021 and 2024.

So it didn't think it had done anything wrong as it had simply applied the rules and dates that had been set in 2010 before it held Mr H's funds. It said any responsibility for the dates not being aligned with the tax year arose from the decision made in 2010. It went on to explain that when Mr H wanted to access a further £7,000 in 2024 it was unable to process the request as he had already drawn the maximum income allowable in that 12 month period.

However, it did review the suitability report it issued in 2022, and accepted that it hadn't been as clear as it should have been and hadn't explained the considerations that needed to be made when withdrawing future income. It offered £300 for any inconvenience this may have caused Mr H. But it didn't accept it should be responsible for refunding any interest payments arising from a personal loan Mr H took out in 2024. This was because it said he hadn't mentioned the loan or any potential financial difficulties when in discussion about the FAD option, and he ought to have been able to cancel any loan application that he'd started when it was clear the FAD payment would be made to him by a specified date. At the very least it thought he should have repaid the loan immediately when received the proceeds thereby reducing or avoiding any interest payments.

Mr H didn't accept the compensatory offer and brought his complaint to us where one of our investigators looked into the matter. They thought TrinityBridge's offer was fair and reasonable in the circumstances – making the following points in support of their assessment:

- They were satisfied that TrinityBridge had explained how capped drawdown worked and when the annual income limits would be reviewed in 2014. They thought the date the limits would take effect from was clearly stated and it was also clear these were in place over the "pension" year and not the financial year. But they acknowledged that as Mr H didn't take any income from the SIPP until 2022 – some 12 years after the dates were first established – they may not have appeared as relevant to Mr H at that time.
- The advice from 2022 was supposed to demonstrate that Mr H could draw an income over two different tax as well as pension "years" to avoid paying tax at a higher rate. But this wasn't set out clearly and it was understandable that Mr H may have thought he should make his withdrawal across different tax years instead. However, Mr H wasn't restricted with withdrawals he made in this year.
- But by 2024, Mr H made requests for further income without taking advice – so TrinityBridge wouldn't have been aware of any complications until he applied. It was only two days after the application was made that TrinityBridge identified the problem and made Mr H aware of the alternative of switching to a FAD plan to get the income he wanted.
- They understood that TrinityBridge's actions led to Mr H taking out a loan that he didn't require. But they thought that as TrinityBridge had made Mr H aware of the FAD option straight away – and he hadn't mentioned taking out a loan during the subsequent telephone discussions – it wasn't responsible for any costs or interest that Mr H incurred as a result of taking out the loan.

TrinityBridge accepted the assessment, but Mr H didn't. He said:

- Each year until 2024 he had received annual reviews of his SIPP – for which he paid a fee. He would have expected a professional adviser to have taken the opportunity to confirm the situation around income withdrawals during these reviews.
- The three yearly GAD review letters he received didn't make any reference to a pension calendar year as opposed to a financial year.
- The 2022 advice was “totally ambiguous” when referring to “tax years”. Reference to the tax year led him to believe splitting income withdrawals across two tax years was the best way to make withdrawals. TrinityBridge hadn't previously advised him of the issue of “*pension versus financial years*” when he made previous withdrawals – which he had completed without any problems. And in 2022 he had made two withdrawals within three months of each other.
- He didn't think we'd appreciated his position in respect of his home improvements. He had budgeted for various building work – which was ongoing, and this included using the income due from his SIPP. The miscommunication from TrinityBridge put him in a difficult position with payments due to be made, and he felt he was “forced” into having to take out a loan with no other prospect of covering the expenditure.
- TrinityBridge did mention that he could switch to a FAD plan but suggested this could have an adverse effect on contributions to his employer's pension scheme – and he was unwilling to do that without making further enquiries. He also thought that, as he had decided not to continue with his annual reviews at this point, TrinityBridge seemed more reluctant to provide him with any advice at that time.
- He thought the £300 compensation to be insufficient considering the trouble and upset he suffered. He also believed he should be compensated for the loan interest he has to pay.

The investigator wasn't persuaded to change their view but Mr H then made further submissions to demonstrate, firstly that he'd received the annual reviews, and secondly to support a claim that he'd first contacted TrinityBridge in January 2024 about making a withdrawal, stating in an email that he “*will make a further withdrawal in April.*” He said TrinityBridge ought to have realised this might not have been possible using his capped drawdown facility and made him aware of the restrictions at that time. This would have enabled him to explore any alternatives well in advance of his deadline to meet the financial commitments for the home improvements.

The investigator didn't think the email ought to have alerted TrinityBridge to that fact because it didn't set out any specific withdrawal amounts and didn't state that the first withdrawal Mr H made (for the maximum income allowable) would be after the start of the “pension” year.

Mr H remained of the same view and asked for his complaint to be referred to an ombudsman – so it's been passed to me to review.

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.

And having done so I've reached the same outcome as the investigator. I imagine Mr H will be disappointed with this decision and I have some sympathy for the position he found himself in, but I think TrinityBridge's offer of compensation for the lack of clarity from 2022 is

fair and reasonable in the circumstances and I don't think it's done anything wrong in respect of Mr H's other complaint points – so I'll set out my reasons below.

The information Mr H was given up to 2022

In 2010 Mr H took out a capped drawdown plan with his previous provider. Because the plan was crystallised, although Mr H didn't draw an income from the SIPP until sometime later, the previous provider needed to work out the maximum yearly income he could take based on the GAD rates. Simply put it had to use the GAD tables to set this maximum allowable income to ensure Mr H didn't "use up" his funds and exhaust them too quickly in his retirement. The date that this calculation was carried out and communicated to Mr H set a "pension date" which would subsequently be the date on which his 12 month window to draw the income began. If Mr H reached that maximum amount, he couldn't make another withdrawal until a new pension year started.

So in 2014 when Mr H transferred to a SIPP with TrinityBridge this date (3 March) remained applicable as the date his window of opportunity for withdrawals began each year. I don't think TrinityBridge was obliged to confirm – as Mr H has suggested – that his maximum allowable yearly withdrawals applied to a calendar year following 3 March each year, as opposed to a financial year, I would have expected that to have been explained to Mr H in 2010.

But I note that in its 2014 suitability report TrinityBridge did explain the position that it had taken over. The report noted that as Mr H drew his Tax Free Cash (TFC) on 3 March 2010 the fund was now fully crystallised. It also noted the next GAD review date was 3 March 2015 and the maximum allowable income to be withdrawn was £5,897.65. There was a general warning about the change in GAD rates from March 2014 and the report stated that a client with a pension year that began earlier than 27 March 2014 would remain limited to 120% GAD.

The 2015 GAD review drew on this information stating, *"your next review date for the above arrangement is 03 March 2015 and we have therefore carried out the review in advance of the review date to ensure that we are able to give you notice of any changes to your current income levels."*

We have outlined below the revised maximum level of income which you can take with effect from 03 March 2015.

The new maximum limit is calculated using the value of your Drawdown Pension element and the annuity rates published by the Government Actuary's Department (GAD) in force on 17 February 2015.

The following details will now apply to this drawdown arrangement with effect from 03 March 2015.

Your new maximum level of income: £7,728.58

Your previous maximum level of annual income £5,897.65

Level of annual income currently being paid: £0.00."

I think the letter made it clear that the maximum level of income that could be taken would begin on 3 March 2015, and I think there are sufficient references throughout the documentation Mr H received previously to it being a *yearly* income allowance for him to have been aware that the "withdrawal window" would be for 12 months from 3 March 2015. And while there is no specific reference to a "pension" or "calendar" year, there is also no suggestion or reference to "tax" or "financial" years. Based on the evidence I've seen up to

this point I think TrinityBridge was clear in its explanations and information, so there's nothing to support the idea it made any suggestion that a "tax year" would apply with respect to withdrawals.

The 2022 advice

In 2022 Mr H, following a review meeting with TrinityBridge, decided to withdraw his maximum allowable annual income. TrinityBridge issued a suitability report dated 8 February 2022 setting out its recommendation. It said, *"further to our meeting you wish to receive the maximum available Government Actuary's Department (GAD) limit of £9,596.59 gross from your existing SIPP."*

"In addition, I recommend that you take an additional lump sum payment of £9,596.59 gross from your SIPP in the next tax year after the 05 April 2022."

This is because you would like to build an extension to your property and would therefore like to look at drawing down on your pension to help meet this cost. You anticipate that this could set you back around £30,000 in total.

As you now require a lump sum to cover your upcoming expenditure on a new extension, I am recommending that you take two one off lump sums of £9,596.59 gross both now and after the 05 April 2022 from your existing SIPP.

Although these withdrawals will not fully pay for the planned extension, they will at least get the ball rolling. Once you have paid for the extension that you are hoping to start around August/September, you don't expect to need to raise any further capital for another 3/4 years when you plan to fully retire. We will review your position again at our next meeting with the view to take a third payment after April 2023."

This recommendation tried to ensure Mr H paid basic rate tax across both tax years after claiming back any overpayments that might have arisen from an emergency tax code. But this wasn't entirely clear because it didn't confirm the start date of Mr H's pension year and introduced the 'confusing' matter of tax years without a reference to the "pension year" qualification that had always applied. TrinityBridge has also suggested that its adviser may not have appreciated Mr H held a capped drawdown. But as things ensued I understand Mr H took payments either side of the pension year so the restriction on GAD limits didn't apply.

But I don't think it's unreasonable that, given the specific nature of the recommendation, Mr H would, in all good faith, assume the advice would apply if he decided to release the additional funds for the home improvements in the future.

The 2024 withdrawals

It was in 2024 that Mr H decided to finance further work on his property and, when he received a letter following the GAD review prior to 3 March 2024, he asked to withdraw his new annual income limit of £14,702.86.

But that meant he was unable to draw any more funds until 3 March 2025, so when he asked for a further £7,000 in June 2025 TrinityBridge, correctly, said he couldn't have the funds. But Mr H says he thought its general recommendation from 2022 still applied and reference to "tax years" from the suitability report and discussion at the time supported the idea that he could make an additional withdrawal after 6 April 2024 – in the new tax year.

So I've looked at who I think was responsible for that situation arising, whether there was any financial or consequential loss as a result, and whether TrinityBridge's offer of compensation was fair and reasonable.

Looking at the information from the 2022 suitability report I think the introduction of advice around "tax" years – which was the first time I have seen such a reference from TrinityBridge up to that point, was unclear and didn't take into account Mr H's personal situation. And because TrinityBridge was the professional adviser here to whom Mr H was paying an ongoing advice fee, I think he was entitled to rely on any recommendation it made as being in his best interests, and within the rules that may have applied. In February 2022 the suitability report was clear that *"I am recommending that you take two one off lump sums of £9,596.59 gross both now and after the 05 April 2022 from your existing SIPP."* This wasn't a recommendation to take the funds the following tax year as TrinityBridge has said but advice to straddle withdrawals either side of the 2022 tax year end deadline.

For that reason, I think it was entirely reasonable for Mr H to assume he could carry out the same exercise two years later for the home improvements. So, I think the erroneous application he made in June 2024 came about because of TrinityBridge's earlier advice and therefore I think it was responsible for that situation.

However, there's no question of any direct financial loss here because Mr H's fund remained invested and he wasn't entitled to the further withdrawal under the capped drawdown rules, so he hasn't suffered any financial loss there. However, there was an impact on Mr H. His expectations of receiving the additional funds as soon as he requested them were raised and he suffered stress and inconvenience for several weeks not knowing whether he would receive the funds and therefore be able to meet his planned expenditure commitments. I don't take lightly the impact this had on Mr H and the stress and upset it would have caused him. Mr H was made aware on 5 July 2024 that his application couldn't be processed and, although TrinityBridge offered an alternative solution – which I'll cover later in the decision, it wasn't until around three weeks that this was confirmed with another two weeks until the funds were received.

I've thought carefully about TrinityBridge's offer for the impact this matter had on Mr H. Our website publishes guidance around our approach to awarding payments for distress and inconvenience. Typically, where there has been a larger single mistake requiring a reasonable effort to sort out – and where the impact may have lasted over several weeks – we would make awards of up to £300. I think the impact on Mr H falls within this range and as the offer is at the top end of the range I think it's fair and reasonable in the all the circumstances here.

Although the unclear information was set out in the 2022 suitability report it had no detrimental effect on Mr H's situation at that time. But when that same information was used to create the issue that happened in June 2024 I think it did impact Mr H because of the inconvenience it caused him to resolve the matter, and the distress of not being able to use the funds for the purpose he had already set up.

Mr H's claim for consequential losses arising from the loan he took out

Mr H says that when it became clear his initial request for additional funds would be rejected he was left in a difficult position because of the ongoing building works on his property meant another raft of payments were due. He says that without any obvious *agreed* alternative in place he was left with little choice but to apply for a loan to cover those costs.

He thinks that was because of TrinityBridge's actions and would like it to pay the interest and costs associated with the loan.

TrinityBridge however, says that it provided Mr H with an alternative means of obtaining his funds by switching his capped drawdown plan to a FAD, and giving further advice about whether this was possible even though Mr H had previously said he no longer required ongoing advice, and its ongoing adviser fee was removed. It also said that during a number of telephone discussions Mr H didn't mention that he was considering taking out a loan to meet his financial commitments.

I've looked carefully at the timeline of events after 5 July 2024 – which was when Mr H was first made aware that his request for a further withdrawal couldn't be processed. This was the first point at which Mr H should have had to consider how he would be able to fund his additional expenditure. In Mr H's complaint call of 5 July and TrinityBridge's response calls of 9 July 2024 TrinityBridge confirmed it "was unlikely" it could pay the additional funds under the capped drawdown arrangement, but it did state that it would be possible under a FAD arrangement. Mr H didn't wish to pursue that alternative at that time and his complaint remained under investigation.

But on 19 July 2024 the FAD alternative was discussed again with Mr H "keen to explore all options". I note that TrinityBridge did bring up the possible implications of such a switch (if Mr H continued making contributions to a money purchase arrangement it might restrict his annual contribution allowance to such a scheme) and Mr H also confirmed that he had applied for a personal loan as a "back up plan."

But three days later TrinityBridge was able to confirm that because Mr H was a member of a defined benefit scheme he wouldn't be affected by any contribution restrictions. Mr H said he wanted to confirm that situation with his employer but was able to do that and advised TrinityBridge that would go ahead with the switch to a FAD – which would allow him to withdraw the funds he required – the following day.

This timeline supports the idea that TrinityBridge identified an alternative for Mr H the same day as it explained it was unable to release further funds through the capped drawdown arrangement. It also carried out some additional analysis to confirm there wouldn't be any implications to Mr H from switching to a FAD plan and processed his application in a timely manner - releasing funds at the first available opportunity. I also note that the key features document Mr H would have previously been provided with set out that a switch to a FAD plan was an alternative to capped drawdown – particularly for such a situation as this where annual income was restricted. It said:

"If you are in Capped Drawdown agreement, the level of income you choose must be within HMRC's limits.

For Capped Drawdown, which is only available if you had accessed Capped Drawdown before 6 April 2015, there are limits laid down by the Government as to the maximum annual amount of income that can be taken from your fund, as shown in your illustration which will be produced when you elect to take benefits from your SIPP, or in statements issued following periodic reviews of your income limit as required by legislation.

You can convert your Capped Drawdown plan to Flexi-Access Drawdown at any time without charge. However, please note that where you have converted to Flexi-Access Drawdown and take an income, the amount you can contribute to a money purchase pension scheme will be reduced as you will be subject to the MPAA of £10,000."

So I think TrinityBridge acted quickly in mitigating Mr H's position and was able to offer him a way of getting his money without any significant delay or inconvenience. It wasn't

unreasonable for Mr H to make his own enquiries about the viability of the switch, but I note he was able to do that within a day of being advised by TrinityBridge there would be no ramifications. It was also reasonable for Mr H to decline the opportunity when first put to him as I can understand that was disappointed about the situation with the capped drawdown withdrawal and wanted to ensure TrinityBridge was unable to provide the funds within that arrangement.

But there's no evidence to support the idea that TrinityBridge didn't provide an alternative solution to Mr H as soon as the problem arose and there's also no evidence that it suggested Mr H might need to look at his own alternative arrangements. Of course, I have said previously that the situation arose because of the unclear information TrinityBridge had previously provided, but it offered Mr H an alternative solution when that happened and it was Mr H's own decision to take out a personal loan during this time as a "back up plan". So for that reason, I don't think TrinityBridge was responsible for Mr H 'having to take out' a personal loan and therefore I can't reasonably say that it should refund him any of the interest that he has to pay on the loan.

Summary

I don't think TrinityBridge was obliged to confirm to Mr H any additional information about capped drawdown withdrawals other than to provide the general terms and conditions and key features of the plan – which I'm satisfied it did. It did also provide the regular required GAD review letters which all explained that the maximum allowable *annual* income would "reset" and start from 3 March each year. I know Mr H has said that the 3 March date wasn't relevant to him and he hadn't ever received a detailed explanation of how his income was related to this date and not the financial year. I can understand why Mr H might not have recalled the relevance from 2010 as he didn't begin withdrawals until 12 years later, but I think TrinityBridge did all that was it was obliged to do in terms of providing ongoing information.

But equally I do think that TrinityBridge's "confusing" recommendation of 2022 gave reasonable cause for Mr H to think that he could make withdrawals across two different tax years without infringing the rules. So I think the problem that arose in June 2024 was TrinityBridge's responsibility and I've decided that's its offer of compensation is fair and reasonable in respect of the distress and inconvenience this caused him.

But ultimately, using a similar and alternative plan, TrinityBridge was able to provide Mr H with the funds he required – so there's no direct financial loss to consider here. And although I don't think it was unreasonable for Mr H to look into his own alternative solution to obtain the funds, that was his decision and not enforced or suggested by TrinityBridge. TrinityBridge mitigated the situation by providing Mr H with a way of drawing on his pension funds as he wanted to do – without a significant delay – so I don't think it should be held responsible for paying any interest and costs that Mr H incurred by taking out the loan himself.

Putting things right

I think TrinityBridge's offer of £300 for the impact its information had on Mr H's request for a further income withdrawal is fair and reasonable in all the circumstances of this complaint.

My final decision

TrinityBridge Limited has already made an offer to pay £300 to settle the complaint and I think this offer is fair in all the circumstances.

So my decision is that TrinityBridge Limited should pay £300.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 12 September 2025.

Keith Lawrence
Ombudsman