

The complaint

Mr B complains that Chartwell Financial Services Ltd trading as Chartwell Wealth Management ('Chartwell') provided him with negligent advice and as a result he has incurred a financial loss.

Mr B has been represented by a third party in making his complaint, however for the purposes of clarity, I will refer to all correspondence as having come from Mr B.

What happened

In early 2008, Mr B approached Chartwell in relation to his pension arrangements. At that time, he was aged 62, married and although he was in good health, he'd had two heart attacks a number of years previously. His wife was approaching age 60.

Mr B intended to leave his employment the following year, and had recently set up a business selling cars from home. He had a total of seven pension plans, with two providers, two with Provider A and five with Provider B. With the exception of one of the plans with Provider A (which was his current workplace pension), all of the plans were paid up, and no contributions were being made. Contributions were being made to the workplace pension. None of the plans were Defined Benefit Pension Plans, however two of the plans were section 32 plans ('s32') and as a result contained an element of Guaranteed Minimum Pension (GMP).

I will refer to the two s32 plans as Plan 1 and Plan 2. Plan 1 (with Provider B) had previously been a workplace arrangement, which had to provide GMP of £2,398.99 per annum for Mr B at age 65, and a 50% spouse's pension should he predecease his wife. The fund value in April 2008 was £44,116, and was eligible for a terminal bonus which meant that the transfer value at that time was £48,160. The terminal bonus of £4,044 could be altered without notice and was payable at Provider B's discretion. The plan did have an early surrender penalty of around £1,361, reducing the transfer value to £46,715.

Another of the plans, Plan 2 (with provider A) also included the requirement to provide a GMP. This had also been a workplace arrangement, and was required to provide a GMP of £2,064.72 per annum at age 65, increase at 3% pa, and pay a spouse's pension of 50% of the pension. The fund value in April 2008 was £68,788, and was also eligible for a terminal bonus which meant that transfer value at that time was £70,264. The bonus of £1,476 could be altered without notice and was payable at Provider B's discretion.

The total value of all the personal pensions held by Mr B was £223,867, and the value of the funds which were not receiving contributions was £154,515.

Mr B's objectives as stated at the time of the advice were to start to consider his pension arrangements with a view to his impending retirement from his employment, and to improve the benefits available to his wife in the event of his death.

The suitability report provided on 6 May 2008 references a meeting held with Mr B on 26 March 2008. It outlines his personal circumstances as well as his needs and objectives. It states that Mr B held a number of pensions with Provider A and Provider B as well as assets in Premium bonds, shares and cash. These totalled around £71,000. The report states that Mr B had recently set up a small business from home which was anticipated to provide an income of around £500 per month, potentially into retirement, and that he wanted to consider retiring from his employment twelve months after the advice. He was therefore seeking advice from Chartwell as to the best course of action for his pension. In addition to ensuring the funds were invested correctly, and advice as to what the future policy should be for the accumulated funds, Mr B was also concerned in relation to the death benefits for his wife, and wanted his accumulated funds to pass on to her should he predecease her. This was stated to be a priority for Mr B because he had previously had two major heart attacks and subsequent heart bypass surgery.

Chartwell recommended that the five pensions held with Provider B, and the one paid up policy with Provider A was transferred to one new Personal Pension with another provider, Provider C. The recommendation was for the transferred funds to be invested in a portfolio of funds with 55% in equities, 20% in fixed interest, and 25% in cash. This was in line with Mr B's attitude to risk which had been assessed and agreed to be "Moderate" and ranked as five on a scale from one to ten.

Mr B subsequently went ahead with the transfers of six of his pensions, to the recommended personal pension.

Chartwell carried out a review with Mr B in June 2009. By then, Mr B was no longer working in his employed role, and was moving ahead with his new business, which was anticipated to produce an income of around £500 per month. His wife was in receipt of her state pension of £300 per month. Their required level of income was £1500 per month net, therefore income of around £700 per month was required from Mr B's pension until his state pension commenced (three years later). The suitability report stated that the maximum income that could be taken each year from Mr B's pension fund, after the tax free cash had been taken, was £13,389 gross. The report also outlined the amount available from an annuity, which (including a spouse's pension at 100%) was £10,004 per year. The report also stated that Mr B wished to access £15,000 towards the cost of his son's wedding. Therefore, Chartwell recommended that Mr B took his tax free cash from his pension, and an income of £700 per month.

In June 2024, Mr B complained to Chartwell. His complaint was comprised of a number of points, and stated that he believed the advice was negligent. The reasons that the complaint letter stated that the advice was unsuitable included the fact that he had lost the guarantees that would have been available to him within his pensions, and that he was not adequately informed of these benefits that would be lost on transfer. It also stated that the transfer was not in his best interests. The complaint included a statement that Mr B was not looking to take any risk with his pension, and that he could not afford to lose any of his pension. It further stated that following transfer, the pension was subject to high fees, and as such, the new scheme would need to find additional growth to compensate for the fees.

In September 2024, Chartwell provided their final response to Mr B's complaint. They did not uphold the complaint. Within their final response, Chartwell stated that Mr B had approached them in 2008 for advice in relation to his pension. At that time he was employed, but expecting to leave employment within the following twelve months. He had already set up a small business, and wanted to use his pension fund to provide income on a flexible basis to supplement the household income when he left his employment. Within the final response, Chartwell stated that Mr B did subsequently leave his employment as planned, in June 2009. Chartwell further stated that one of Mr B's priorities was to ensure that his wife was properly

catered for in the event of his death (as he had previously had heart attacks), and wanted to avoid buying an annuity due to his potentially reduced life expectancy. The final response confirmed the income that would have been available from Mr B's pensions, and outlined the various spouse's benefits that the existing pensions would have provided.

In relation to the loss of GMP, Chartwell reconfirmed the amounts of income that would have been available to Mr B, and stated that the suitability report provided made it clear that the GMP guarantees would be lost on transfer.

They stated that because Mr B had transferred his pension to another provider in 2012, they could not confirm whether Mr B had suffered a financial loss, but highlighted that Mr B's complaint letter estimated the value of his GMP at the time of the complaint when Mr B was aged 78, rather than age 65 when the GMP would have become payable, which they stated was not appropriate.

In relation to investment risk, Chartwell disagreed that Mr B did not want to take any risk and could not afford to lose any of his pension. They confirmed that Mr B had undertaken a formal risk assessment which resulted in him being assessed as a moderate risk investor, and pulled through statements that they believe supported this.

The final response also addressed the element of Mr B's complaint which stated that it would have been unlikely the fund could have achieved enough growth to match the GMP liability. It stated that at the date of the transfer, the values of Mr B's s32 plans could have provided guaranteed income in excess of the GMP guarantees, and stated that the suitability letter confirms the advantages and disadvantages of transferring out of the s32 plans.

Mr B was not happy with this outcome, and in March 2025 referred his complaint to this service.

Having carried out an investigation, the investigator provided their view in June 2025 which did not uphold the complaint. The view considered the relevant criteria for consideration when advising a pension switch and considered the fact that although Mr B was aware that he could have got a higher level of fixed income, he did not do this.

The view also took into account the position in relation to death benefits for Mr B's wife, and concluded that Mr B was provided with options in relation to death benefits for his wife. The view also concluded that although it appeared that the pension following transfer was more expensive, this was explained to Mr B, and the ongoing service would have been of value as he was close to retirement.

In conclusion, the view stated that although there were issues with the process, the investigator believed that notwithstanding these, Mr B would have gone ahead with the transfer in order to meet his objectives.

Mr B did not agree with the investigator's view. His response to the view reiterated that the S32 policies contained valuable GMP benefits. Within his response to the investigator, Mr B stated that Chartwell haven't demonstrated that losing these safeguarded benefits was in his best interests. He also reiterated that Chartwell had failed to capture the objectives in the fact find and relied on the suitability report.

Mr B explained that although he had expressed an interest in flexibility or control, this does not justify placing his entire retirement income at risk so close to retirement.

Because Mr B did not agree with the investigator's view, the complaint has been forwarded to me for a 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.

Having done so, I have come to the same conclusions as the investigator, but for slightly different reasons.

I have summarised this complaint in less detail than Mr B has done and I've done so using my own words. The purpose of my decision isn't to address every single point raised by all of the parties involved. If there's something I've not mentioned, it isn't because I've ignored it - I haven't. I'm satisfied that I don't need to comment on every individual argument to be able to reach what I think is the right outcome. No discourtesy is intended by this; our rules allow me to do this and it simply reflects the informal nature of our service as a free alternative to the courts. Although Mr B's complaint raises a number of points, I have focused on what I believe to be the crux of the complaint, that is, that he believes the transfer of his s32 pension policies from Provider A and Provider B to Provider C, was unsuitable.

In making my decision, I have considered the relevant regulations and guidance in place at the time the recommendation to Mr B to transfer his pension was made.

In 2008, Mr B held a number of pensions, and sought advice in relation to this from Chartwell. A meeting was held between Mr B and an adviser, following which a suitability report was issued to Mr B.

As detailed above, a suitability report provided on 06 May 2008 references a meeting held with Mr B on 26 March 2008. It outlines his personal circumstances as well as his needs and objectives. It states that Mr B held a number of pensions with Provider A and Provider B as well as assets in Premium bonds, shares and cash which totalled around £71,000. The report states that Mr B had recently set up a small business from home which was anticipated to provide an income of around £500 per month, potentially into retirement, and that he wanted to consider retiring from his employment twelve months after the advice. He was therefore seeking advice from Chartwell as to the best course of action for his pension. In addition to ensuring the funds were invested correctly, and advice as to what the future policy should be for the accumulated funds, Mr B was also concerned in relation to the death benefits for his wife, and wanted his accumulated funds to pass on to her should he predecease her. This was stated to be a priority for Mr B because he had previously had two major heart attacks and subsequent heart bypass surgery.

When considering a pension switch, a financial adviser should consider four key issues which I will outline below. Although these were first published in 2009 in the regulator's checklist for pension switching, they were factors which were generally expected to be considered when making a recommendation for a pension switch in 2008, and indeed are still a useful reference point today.

1. Charges - has the consumer been switched to a pension that is more expensive than their existing one(s) or a stakeholder pension, without good reason?
2. Existing benefits - has the consumer lost benefits in the switch without good reason? This could include the loss of ongoing contributions from an employer, a guaranteed annuity rate or the right to take benefits early.

3. Risk - has the consumer switched into a pension that doesn't match their recorded attitude to risk (ATR) and personal circumstances?

4. Ongoing fund management - has the consumer switched into a pension with a need for ongoing investment reviews but this was not explained, offered, or put in place. As this point does not apply to Mr B's circumstances (because the ongoing reviews were put in place), I have not covered this point further below.

Charges

I have considered whether Mr B has incurred additional charges following the switch without good reason. Mr B has stated that he was transferred into a pension with charges from a pension with "no active charges".

Having reviewed the file, I can see that the recommendation was for Mr B to transfer from a number of personal pension plans into one combined personal pension. The ceding schemes were invested in with profits funds. It is fair to say that the with profits funds do not have explicit charges, however this does not mean that the fund is not subject to any charges. Within a with profits fund, the charges are deducted from the fund's returns before they are allocated as bonuses. Therefore, although the charges are not explicit, making a comparison with the charges applicable to other investments difficult, it is not reasonable to consider that they are not subject to charges.

The recommended investment did not have a wrapper of product charges, but the underlying investments were subject to charges which were stated in the suitability report as being between 1.35% and 2.5%.

In addition to this, Mr B was charged an ongoing advice fee of 0.5%, to pay for an ongoing advice service with Chartwell. Overall, I have come to the conclusion that it is likely that Mr B did experience an increase in charges as a result of the transfer of his pensions.

I have considered whether these increased charges are reasonable and I am satisfied that they are. As I've explained above, a direct comparison of charges between the ceding and recommended schemes is not possible. Therefore I have considered Mr B's objectives and whether it was reasonable for him to incur potentially higher charges in order to achieve these. I am satisfied that it was. Mr B was still working, but was in the process of setting up his own company (within the same industry) and planned to retire the following year. He had sought advice in relation to his pensions, in particular whether the funds were invested correctly, and what the future policy should be with regard to the accumulated pension funds (in addition to his death benefit objective, covered below/above).

The suitability report states that one of the reasons for the recommendation was to bring together Mr B's pensions to make it easier to draw benefits when needed. This was intended to be the following year. Additionally, the report states that by transferring out of the s32 plans, Mr B would crystallise the terminal bonuses that were payable at that point, which could be under threat should the stock market volatility that was being experienced at that time continue, and were therefore not guaranteed for the future.

This rationale for transferring Mr B's pension is reasonable, and in line with his objectives at the time. Therefore, although it would have been preferable for Chartwell to have stated the exact charges which would apply to Mr B's pension following transfer (rather than a "range" that would apply), the overall charges within the range were not excessive, and were acceptable in order to achieve the stated objectives.

Mr B also incurred an additional 0.5%pa charge following transfer in respect of ongoing advice. Given Mr B's proximity to retirement, his uncertainty about his financial position in retirement (as he would be setting up a new business, and his income would be likely to be

variable), having a desire for ongoing advice was reasonable, and he would be in a position to benefit from an ongoing advice service. Although events that happened after the advice are not an indication of what happened at the time, the fact that he subsequently took advantage of the review service and had an annual review the following year is an indication that he valued the benefit available. And, in any event, I think given how close Mr B was to retirement, it's clearly a feature that I suspect he would've found beneficial.

Loss of benefits

Mr B held seven pension plans, six of which were transferred as part of the advice, and two of which were s32 policies. As part of the S32 policies, Mr B was entitled to GMP, which would be lost on transfer. His other policies did not have protected or guaranteed features. Plan 1 (Provider B). At the time of the advice in 2008, the value of this plan was £44,116 (£48,160 TV), and due to the type of plan, it had to provide £2,398 GMP per annum. At that time, the annuity available would have been £3,064. Additionally, the scheme had to use the funds available to provide the GMP before it paid the PCLS, meaning that there could be no fund available to provide the tax free cash. Although the plan had an entitlement to an enhanced level of tax free cash, this entitlement would be lost if a higher proportion of the fund was used to provide the GMP. The suitability report stated that it was likely that around £37,000 of the fund would be required at that time to provide the GMP, leaving only £11,000 for the tax free cash. 50% of the GMP would be available on death.

Plan 2 (Provider A). This plan was also a s32 plan with GMP entitlement. The fund value was £68,677, and the transfer value was £70,264, reflecting the final bonus of £1,476 which was payable at the time. The bonus could be altered without notice, and was payable at Provider A's discretion. The suitability report stated that provider A had confirmed that the GMP that would be provided was £2,064, had to increase by 3% per year, and would pay 50% of the GMP to Mr B's wife in the event that he predeceased her.

Plan 3 – (Provider B). This plan had a transfer value of £6,776 and had an annual management charge for the funds of 0.5%. The fund would be 25% tax and had no other entitlements. There was no bonus or penalty on transfer.

Plans 4 and 5 (Provider B). These plans were retirement annuities, and had fund values of £2,315 and £2,299 respectively. They had no additional entitlements and had annual management charges of 0.75%. There were no bonuses or penalties on transfer.

Plan 6 (Provider A). This plan was a personal pension, with a transfer value of £26,142. There were no additional entitlements or bonuses on transfer.

Plan 7 (Provider A). Mr B was an active member of this scheme, to which contributions were being made. This was not included in the recommendation made by Chartwell in relation to switching his other pension plans. The fund value was £73,429.

I have considered the impact of the loss of the above GMP benefits on Mr B. Mr B states within his correspondence that he could not afford to lose the guarantees available to him as these pensions represented the majority of his pension provision.

I have therefore considered the impact of the loss of the guarantees afforded to Mr B in the context of his wider circumstances and objectives.

At the time of the advice, Mr B had approximately £74,000 in savings (comprised of premium bonds, cash ISAs and a savings account) and £7,000 in shares, as well as £154,515 in pensions being transferred and £73,429 in a GPP with his employer which was being retained. He was working, (but was planning to retire the following year), with a salary of approximately £38,000, and his wife was newly in receipt of her state pension, providing £76 per week (around £4,000 per annum).

His expenditure within the fact find was stated to be £1,000 per month, although it is noted that the review a year later recorded his desired level of net income to be £1,500 per month throughout retirement.

When Mr B received his state pension when he reached age 65 (three years after the advice), his and his wife's income would be approximately £9,200 from state pension. Therefore, this would provide just over half of the required income of £1500 per month (£18,000pa).

Mr B was setting up his company, and was anticipating an income of £500 per month which would continue into retirement.

At the time of the advice, the actual level of income that would be received from the newly set up company was not certain, therefore the amount of income required from Mr B's pension was not known. It is therefore reasonable to consider that an element of flexibility would have been important to Mr B, to enable him to take varying levels of income as required as his income from his company fluctuated. The shortfall required from his pension to meet his total income goal was between £3,000 pa (assuming an income of £500 per month from his company) and £9,000pa (if no income was taken from the company). Based on his total pension values of £230,000, taking the higher amount of £9,00 represents approximately 4% - this would be lower if Mr B adjusted the income taken from his pension to take account of the income received from his company.

Therefore although it is accurate to say that the plans which were transferred previously included valuable guaranteed benefits which were lost on transfer, I am satisfied Mr B was in a position to be able afford to take a risk with his pensions in order to achieve his objectives of a flexible income, and providing better death benefits for his wife. Furthermore, I am satisfied that these objectives were personalised and specific to Mr B's circumstances, and he was provided with sufficient information to ensure he was aware of the balance between the guarantees that would have been available prior to transfer, and the flexibilities and level of pension that would be available to him after. The suitability report outlined the benefits that would be lost on transfer therefore I am satisfied that this, alongside Mr B's meetings with his adviser at Chartwell would have been sufficient to put Mr B in an informed position relating to the income that would have been available.

I note that Mr B references the fact that Chartwell have not recorded his objectives within the fact find, and recorded them only in the suitability report. Whilst it would have been preferable for the fact find to include this, I am satisfied that the objectives as recorded within the suitability report are accurate, and representative of Mr B's needs at the time of the advice. The reason I am satisfied with this is that the objectives are personalised and specific, and take into account his circumstances at the time. Further to this, they are consistent with the circumstances and objectives recorded in the following year's review.

Risk

Mr B states in his complaint that he was not looking to take any risk with his pension. His complaint references the Risk Profiling Questionnaire completed at the time of the advice, and some statements which indicate that he would be more comfortable with a low level of risk. Having reviewed the questionnaire Mr B completed, I can see that although some of his responses indicated that he may be comfortable with a cautious level of risk, there are also a number of responses which indicate that he was willing to take some risk with his investment. I note that the final question in the questionnaire asks the questionee to record the risk score out of 100 that they thought they would be – Mr B has stated that he thought his score would be 50, putting himself half way between "Risk Avoiding" and "Risk Seeking". Additionally, Mr B had previously held pensions that were invested in a range of different

types of investment, including equities. Due to Mr B's responses to the questionnaire when considered holistically, alongside his previous experience and objectives for his pension, I am satisfied that it was appropriate for his pension to be invested in line with his moderate attitude to risk as determined by the questionnaire. I am also satisfied that the information provided was sufficient that he was aware that the pension would be invested in this way, and would have expected him to have raised this point with the adviser if he was not willing to take any risk.

And in any event, from what I've seen, Chartwell carried out a review with Mr B in June 2009 where the ongoing suitability of the original recommendation was revisited. I've not seen any evidence to suggest that Mr B was unhappy with the risk level his pension was invested at. Therefore, having considered the relevant points in relation to pension switching, I am satisfied that the recommendation to transfer was in line with Mr B's circumstances, objectives, and attitude to risk at the time it was recommended, and do not uphold Mr B's complaint.

Within the investigator's view, she has referred to the fact that Mr B accessed his pension benefits the year after the advice, which she believes indicates that regardless of any analysis completed at the time of the advice, Mr B would still have gone ahead with the transfer. In Mr B's response to this, he has stated that suggesting that his actions a year later supported the original recommendation is an example of hindsight bias. He states that the adviser could not have predicted this decision at the point of the advice, and suitability must be judged based on Mr B's circumstances and objectives at that time, not on future events. He further states that the fact he later took drawdown does not validate the advice or mean he properly understood his options.

I have considered whether it is reasonable to consider Mr B's actions after the advice alongside consideration of the suitability of the advice. It is generally not considered appropriate to take into account factors that happened after the advice when assessing whether a recommendation was suitable, unless they could reasonably be foreseen. In Mr B's case, at the time of the advice, Mr B had stated that he intended to retire, and was setting up his own business which he thought was likely to provide an income of around £500 per month, towards his total household income need. The review a year later shows that he did follow through with his plans outlined at the time of the initial advice in 2008, and therefore his actions in 2009 could reasonably be foreseen. This indicates that (although it would not be appropriate to rely on the information provided and actions taken by Mr B in between 2008 and 2009 (after the advice was given)), this is still relevant to the outcome, as Mr B's actions support the information provided and his intentions at the time of the advice.

My final decision

For the reasons given above, I do not uphold Mr B's complaint against Chartwell Financial Services Limited trading as Chartwell Wealth Management.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 2 January 2026.

Joanne Molloy
Ombudsman