

The complaint

Mrs C complains about the advice given by Clayton Holmes Naisbitt Financial Consultancy LLP ('CHNFC') to transfer the benefits from her defined-benefit ('DB') occupational pension scheme to a personal pension. She says the advice was unsuitable for her and believes this has caused a financial loss.

Mrs C is being represented by a claims management company. But for ease I'll refer to all representations as being made by Mrs C.

What happened

Mrs C's complaint was considered by one of our Investigators. He issued letters setting out his opinion on the complaint to Mrs C and CHNFC on 16 June 2025 and 21 July 2025. The background and circumstances to the complaint were set out in those assessments and are known to both parties, so I won't repeat them again in full here. However to recap, Mrs C met with CHNFC initially in 2017 to discuss her pension. CHNFC explained Mrs C's options to her regarding her deferred DB pension ('DB1') and she went away to think about these. These options included Mrs C leaving DB1 where it was until she was 55 years old, transferring DB1 into the DB plan she held with her current employer ('DB2'). Mrs C went away to think about her options and nothing further happened at that time. However, Mrs C got back into contact with CHNFC and in February and March 2018 she met with it again to discuss transferring DB1.

CHNFC completed a fact-find to gather information about Mrs C's circumstances and objectives. CHNFC also carried out an assessment of Mrs C's attitude to risk, which it deemed to be 'high medium' for the purpose of this particular investment.

On 30 March 2018, CHNFC advised Mrs C to transfer the DB1 pension benefits into a personal pension and invest the proceeds in a high-medium portfolio of funds, with ongoing advice charges being agreed to be paid to CHNFC so they could review the personal pension on an ongoing basis. The suitability report said the reasons for the recommendation were:

- Concerns over the change of DB scheme administrator.
- Access to larger income between ages 60 to 67 through the personal pension.
- Option to vary income through the personal pension.
- Option to nominate beneficiaries through the personal pension.
- Mrs C had access to other guaranteed income in retirement in excess of her anticipated expenditure.

Mrs C complained in early 2025 to CHNFC about the suitability of the transfer advice because she thought the advice had been unsuitable as she had lost the guaranteed benefits provided by her DB1 scheme.

CHNFC didn't uphold Mrs C's complaint. It said its advice had been suitable for Mrs C, given her stated objectives and her understanding of moving funds from a guaranteed environment to an investment linked environment.

Mrs C referred her complaint to our Service. The Investigator didn't uphold the complaint. In summary he said he thought the advice was suitable. This was because the transfer allowed Mrs C to have the flexibility to repay her mortgage from age 55 and to nominate her children and husband as beneficiaries for the full pension. And it was evidenced that through both hers and her husband's joint incomes and pension provisions, including Mrs C's other larger DB scheme - DB2 - that she could afford to comfortably support her intended lifestyle without DB1.

The Investigator went on to explain that typically our Service may state that the adviser ought to have considered an alternative way of meeting the above objectives such as life protection products or budgeting. However, Mrs C wasn't able to obtain enough life protection for the rest of her life due to a previous health condition. And the Investigator didn't believe budgeting would effectively address Mrs C's concerns with both the mortgage, flexibility and to provide death benefits for her children. And Mrs C had expressed concern over the trajectory of the transfer value quotations received between 2017 and 2018 already.

Mrs C disagreed with the Investigator's opinion, saying she was only 52 at the time of advice and wasn't planning to retire until state pension age. So there was no pressing reason to transfer DB1 at that time. A key objective was listed as being able to ensure that her children received as much of her wealth as possible in the event of her death. But her children were of working age and non-dependent and the main need for Mrs C would be to ensure her own financial future was secure. The interest only mortgage was affordable and repayable in a term of 12 years' time and the fact that Mrs C was wanting to access her pension so it could be enjoyed whilst still in good health jeopardised the pension providing a necessary income in Mrs C's retirement. And despite Mrs C's medical history, she was considered to be in good health and there was no indication that this situation would change in either the near or distant future.

The Investigator wasn't persuaded to change their opinion. They addressed the further points Mrs C had raised, explaining that the transfer didn't impact the security of her income in retirement. And it had been identified that she'd suffered from health issues in recent years and this had impacted her ability to source new life cover. The DB1 scheme wouldn't provide any benefits for Mrs C's children in the event of her death. This left an immediate gap in Mrs C's protection requirements and objectives for both her children and the mortgage repayments. The Investigator understood Mrs C's point that she was in good health at the time of advice and that her children were financially independent. However, the fact that new life protection couldn't be taken out and that Mrs C was still concerned about arrangements for her children's financial future clearly indicated that these were still priorities to be considered with her financial planning. The Investigator also explained that having reviewed matters again, he was also satisfied that even if the business had advised against transferring, Mrs C would have gone ahead with the transfer anyway.

The complaint has been referred to me to make a final decision.

What I've decided – and why

I've firstly thought about our jurisdiction to consider the complaint. Our Investigator explained in their opinion that they hadn't seen anything to suggest Mrs C had referred her complaint outside of the relevant time limits. CHNFC hasn't disputed this opinion but it hasn't specifically consented to our Service considering the complaint. So, before I can go on to consider the merits of the complaint, I must be satisfied the complaint falls within

our remit. And having reviewed the available information, I agree with our Investigator's reasonings and view that this complaint has been referred in time and so is within our jurisdiction to consider. I've therefore gone on to consider the merits of the complaint.

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

The 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 CHNFC'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 these and the evidence in this case, I've decided not 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, CHNFC should have only considered a transfer if it could clearly demonstrate, on contemporary evidence, that the transfer was in Mrs C's best interests. And having looked at all the evidence available, I'm satisfied it was in her best interests.

Financial viability

CHNFC carried out a transfer value analysis report (as required by the regulator) showing how much Mrs C's pension fund would need to grow by each year in order to provide the same benefits as her DB scheme (the 'critical yield').

The advice was given after the regulator gave instructions in Final Guidance FG17/9 as to how businesses could calculate future 'discount rates' in loss assessments where a complaint about a past pension transfer was being upheld. Prior to October 2017 similar rates were published by the Financial Ombudsman Service on our website. Whilst businesses weren't required to refer to these rates when giving advice on pension transfers, they provide a useful indication of what growth rates would have been considered reasonably achievable for a typical investor.

Mrs C was 52 at the time of the advice and she intended to access some of the funds from DB1 from age 55. The critical yield required to match Mrs C's benefits at 55 was 30.59% if she took a full pension and 22.79% if she took TFC and a reduced pension. However, Mrs C intended to continue working until age 67. And although the intention may have been for Mrs C to access some funds from DB1 at age 55, it doesn't appear she was planning to draw a regular income as she would still be working and receiving income from her employment. For this reason I don't think the critical yield at age 55 is particularly relevant when considering the financial viability of the transfer. So I've also considered the critical yield required at age 60, which was the DB1 scheme normal retirement age. The critical yield required to match Mrs C's benefits at 60 was 13.15% if she took a full pension and 10.66% if she took TFC and a reduced pension.

The relevant discount rate closest to when the advice was given which I can refer to was published by the Financial Ombudsman Service for the period before 1 October 2017, and was 3.4% per year for just over seven years to retirement. 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% per year.

I've taken this into account, along with Mrs C's attitude to risk and also the term to retirement. There would be little point in Mrs C giving up the guarantees available to her through her DB scheme only to achieve, at best, the same level of benefits outside the scheme. But here, given the lowest critical yield was 10.66%, I think Mrs C was likely to receive benefits of a substantially lower overall value than the DB scheme at age 60, as a result of investing in line with that attitude to risk.

For this reason alone a transfer out of the DB scheme wasn't in Mrs C's best interests.

Of course financial viability isn't the only consideration when giving transfer advice; there might be other considerations which mean a transfer is suitable, despite providing overall lower benefits. So I've considered this further.

DB1 wasn't Mrs C's only DB pension. She held another DB pension – DB2 - through her employer at the time of advice. The suitability letter and fact find notes suggest that Mrs C had no intention of changing her employment and she intended to work until the DB2 scheme retirement age of 67, although she wanted the flexibility of phasing her retirement from age 60 until she reached state pension age. Mrs C was also expected to receive her full state pension entitlement.

CHNFC carried out an assessment of Mrs C's income needs in retirement. These were her joint income requirements, taking account of both hers and her husband's expected expenditure in retirement. This assessment showed that Mrs C and her husband could comfortably cover their essential expenditure, without relying on the guaranteed income DB1 could provide. This doesn't necessarily mean that the advice to transfer was suitable but it does suggest that Mrs C wasn't going to be reliant on the income DB1 could provide for her in retirement.

Mrs C had other objectives that would be met by transferring DB1. But CHNFC wasn't there to simply transact the course of action Mrs C may have felt she wanted. Its role was to understand what would be in Mrs C's best interests and make a suitable recommendation on this basis. Having considered all of Mrs C's objectives carefully, I think the ones that have the most impact on the suitability of the advice are her objectives around death benefits.

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. But the purpose of a pension is to provide for the individual in retirement.

The notes suggest Mrs C was concerned that her children would no longer benefit from her DB1 pension in the event of her death as they had left full time education. So, they were no longer entitled to a beneficiary pension from DB1. But I don't think this objective was a strong enough reason for recommending the transfer of DB1.

However, I'm aware that Mrs C's life and critical illness cover for her mortgage had recently lapsed and she had been unable to renew it due to previous ill health that she had suffered. So it appears she was keen to move her DB1 pension to a personal pension arrangement so she could nominate her children as beneficiaries. And so a lump sum death benefit would be payable if she passed away prematurely. The transfer would also enable to repay her outstanding mortgage at age 55 using her tax free cash. Whereas the lump sum that would be available at age 55 from DB1 wasn't sufficient to repay all of the outstanding mortgage.

I've noted Mrs C's comments about the remortgage being affordable and repayable in 12 years' time and I accept that was the case. But it does appear Mrs C was unable to obtain enough life insurance to cover her needs, including protecting the mortgage, due to a previous health condition. Usually I would expect the adviser to have explored other avenues such as taking addition life cover to protect the mortgage but that doesn't appear to have been an option in this case.

From the details provided on the fact find and set out in the suitability letter, Mrs C appears to have been the main earner in her household, and while her children were noted as not being financially dependent, the fact find does suggest they were both living at home. So I can understand why the death benefits would have been an important consideration in this instance, particular given the lack of mortgage protection.

I think that the ability to pass on whatever remained of Mrs C's pension to her family was very important to her. While DB1 provided a 50% spouse's pension, I don't think this would've provided the security Mrs C required for her family. So, I think that transferring out of DB1 was in Mrs C's best interests as it enabled her to provide for her family's security in the event of her early death.

In response to the Investigator's opinion Mrs C said she was only 52 at the time of advice and wasn't planning to retire until state pension age. So there was no pressing reason to transfer DB1 at that time. So I've thought about whether Mrs C should have been advised to wait until she was 55 to make a decision about transferring. I can see this was discussed with the adviser but Mrs C didn't want to do this because she had been monitoring the transfer values over the past few years and since meeting with CHNFC the year before, it had reduced twice. So Mrs C was concerned that if she left it until she was 55, it would have reduced even further by then. CHNFC did explain in the suitability letter that there was no evidence to support this and that it could also increase. But this does appear to have remained a concern for Mrs C.

I have also considered the investment portfolio that CHNFC recommended the funds from DB1 be invested in through the personal pension.

After completing a risk profiling questionnaire Mrs C was classed as a risk level six, on a scale of two to ten – so at the higher end of medium risk. This doesn't seem unreasonable given Mrs C's answers to the risk profile questions and her capacity for loss. I'm also aware that Mrs C used to work for a bank and dealt with customers' investments so while she had limited investment experience herself, it seems she had some understanding of risk.

CHNFC recommended Mrs C invest in a portfolio designed by an independent consultancy which used model asset allocations for each portfolio risk level. These portfolios are reviewed quarterly by the consultancy to ensure they remain suitable for the risk portfolio categorisation. Mrs C was invested in the risk level six portfolio which doesn't appear to have been unsuitable.

Mrs C agreed to pay CHNFC 0.5% for its premium advisory service and the suitability letter set out that this meant that CHNFC would review Mrs C's personal pension arrangement every six months to ensure it remained suitable for her. Given that Mrs C was transferring over £300,000 to the personal pension, it doesn't seem unreasonable for this service to have been recommended and the cost this was made clear to Mrs C in the suitability letter.

Conclusion

Overall, having taken everything into account, I don't think CHNFC's recommendation to transfer DB1 to as personal pension was unsuitable. The advice to transfer wasn't given on the basis of increasing Mrs C's retirement benefits. Instead, it increased the benefits available to her family in the event of her death, enabled her to repay her mortgage at age 55 and allowed her flexibility to access her pension. Mrs C wasn't going to be reliant on the income DB1 could provide in her retirement. And she was without life cover for her mortgage and was concerned about what would happen should she pass away.

I think it's also important to explain that even if I had thought the recommendation was unsuitable, I wouldn't be looking to uphold the complaint because I think the evidence suggests that Mrs C would have wanted to go ahead with the transfer in any case.

I say this because Mrs C initially contacted CHNFC in 2017 to discuss her options. Having given her information on her options Mrs C went away to think about these. And she ultimately decided that she didn't want to transfer DB1 into DB2 to enhance her defined benefits within DB2, she didn't want to retain the guaranteed income that DB1 would provide and she didn't want to wait until she was 55 to make a decision on what to do with DB1. The suitability letter also clearly set out the risks involved in transferring DB1 and giving up the guaranteed income that it would provide, and the notes suggest these were also discussed with Mrs C.

It's clear Mrs C had taken the time to think about matters, this wasn't a snap decision. The suitability letter details her thoughts about accessing her benefits flexibly to pay off her mortgage, and to also be able to withdraw funds flexibly while she was still young and could travel, and accessing her benefits while she was able to enjoy life unlike her parents had been. I'm satisfied that Mrs C was the driving force behind the transfer and the suitability letter suggests she had made a decision on what she wanted to do before meeting with CHNFC again in 2018. She had also been monitoring the transfer value offered by DB1 and seemed concerned about it reducing further, despite CHNFC saying there was no evidence this would happen. So, overall, I think that even if CHNFC had not recommended the transfer it's likely that Mrs C would have wanted to go ahead in any event.

For these reasons I'm not upholding the complaint. I appreciate Mrs C will be disappointed with my decision but having carefully considered everything provided, I don't think the advice she received was unsuitable.

My final decision

For the reasons explained, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs C to accept or reject my decision before 20 January 2026.

Lorna Goulding

Ombudsman