

## The complaint

Mr R has complained to Grove Pension Solutions Limited ('Grove') about advice he received regarding his defined benefit ('DB') pension. He says key information was withheld from him at the abridged advice stage, which influenced his decision to request full advice.

## What happened

The background to this complaint is well known to both parties so I don't intend to set it out in full here. Instead, I've summarised what I consider key to my decision.

Mr R completed a fact find with Grove over the phone in 2023. Following this he was sent an abridged advice pack, which included a "Guide to Abridged Advice" document.

Mr R received abridged advice from Grove in November 2023 regarding the transfer of his DB pension to a personal pension arrangement. The abridged advice report noted Mr R's objectives for the transfer as:

- You would like to raise a lump sum of roughly £50,000 for multiple reasons. £15,000 – £20,000 of this would be used for home improvements. The remainder of the lump sum would be kept in the bank, so it's easily accessible and you have additional funds to purchase a car.
- You want the ability to consolidate the remainder of the pension with your Self-Invested Personal Pension ('SIPP') to allow you the ability to access your funds how and when you wish.
- You wish to ensure that in the event of your death, your wife and children can benefit from the remainder of your fund.

The outcome of Grove's abridged advice was inconclusive. Included with the abridged advice report, was a form setting out the fee for full advice. This form explained that the fee for full advice was payable irrespective of whether the DB pension transfer went ahead.

Mr R decided to proceed to full advice and Grove issued its suitability report in June 2024. This confirmed its recommendation was for Mr R not to transfer his DB pension.

On 2 July 2024, Mr R emailed Grove to confirm that he wished to go against its advice and transfer his DB pension to his existing SIPP as an insistent client. And his email explained his reasons for wishing to do this.

On 3 July 2024, Grove emailed Mr R to confirm that it would go ahead and produce the final report. This email also explained that although Mr R wanted to transfer his DB pension to his existing SIPP, this wouldn't be possible because his existing SIPP provider didn't accept insistent clients. So it said, as set out in the suitability report, it would facilitate the transfer to another provider, Firm S.

On 9 July 2024, Mr R emailed Grove and asked if it needed anything more from him. Grove confirmed that it had sent Mr R an insistent client report by email on 5 July 2024 with some

forms to complete and return. Mr R emailed back the same day to confirm the email had gone into his spam folder but that he would now read the email and get back to Grove.

On 10 July 2024, Mr R emailed Grove to ask if Firm S was the only option he had; he was unhappy with the charges and he didn't think the returns looked particularly good.

Grove responded and provided information regarding other possible providers that would accept an insistent client.

On 14 August 2024, Grove sent an invoice to Mr R. It sent a further invoice reminder letter on 30 October 2024. Mr R emailed Grove on 8 November 2024 to complain. He disputed receiving the previous invoice and challenged why key information was withheld from him. He said that one of the reasons for wanting to transfer was to create liquidity in his existing SIPP. Grove had been aware from the initial discussion who his existing SIPP provider was and that this provider would not accept insistent clients. Mr R felt this information should've been shared much earlier. And had he been informed his existing SIPP provider would not accept insistent clients he wouldn't have requested full advice.

Grove reviewed the complaint but it didn't uphold it. In summary it said:

- The advice was that Mr R shouldn't transfer his pension. It couldn't assume that this would be the case from the outset, and neither could it possibly assume that Mr R, or any client, would then look to act against its advice.
- It provided Mr R with sufficient information regarding providers and how they react to insistent clients ahead of him receiving the Abridged advice report. And this information was provided again prior to Mr R's subsequent instruction to Grove to continue to full advice and his commitment to paying the fee due in return for that work.
- When Mr R asked Grove to continue against its advice, it told him that his existing SIPP provider wouldn't allow an insistent transfer, and that the funds would be moved into Firm S. Mr R made no initial objection.

Mr R didn't accept Grove's response so he referred the matter to this Service for an independent review. One of our Investigators reviewed the complaint but didn't think Grove had done anything wrong. The Investigator said it had been made clear to Mr R that the full advice fee was payable even if the transfer didn't go ahead. And the Investigator explained that Grove couldn't have considered where Mr R intended to transfer his pension at the abridged advice stage.

Mr R didn't accept the Investigator's opinion so the complaint has been passed to me to decide.

### **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.

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 Business ('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 Grove' 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.
- The provisions in COBS 19 which specifically relate to a DB pension transfer.

Mr R has referenced several decisions on our website which he considers support his complaint. However, each case is considered on its individual facts and circumstances. And having considered all the evidence in this case, I'm not upholding this complaint. My reasons are set out below.

### *The regulator's position*

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, Grove should have only considered a transfer if it could clearly demonstrate that the transfer was in Mr R's best interests.

### *Abridged advice*

Abridged advice was introduced by the FCA in 2020. Its aim is to provide advice at a lower cost (and in this case, it was free). And while it begins the same way as full advice, including a full fact-finding exercise, it can only result in two outcomes. COBS 19.1A sets out what these two outcomes are and how a business, like Grove, should act in giving abridged advice:

*"A firm giving a retail client abridged advice must either:*

- (1) Make a personal recommendation that the client remains in their ceding arrangement; or*
- (2) do all the following:*
  - (a) inform the client that they are unable to take a view on whether it is in the client's best interests to transfer or convert without undertaking full pension transfer or conversion advice, even when the firm considers that it may be in the client's best interests;*
  - (b) check if the client wants the firm to provide full transfer or conversion advice and check that the client understands the associated cost"*

Mr R believes that Grove knew at the abridged advice stage that transferring his DB pension was unlikely to be recommended, yet he was steered towards full advice at a significant cost. He says that, given the FCA's starting position, and based on the information Grove already had, a competent adviser should have recognised that a recommendation not to transfer was the overwhelmingly likely outcome.

However, having considered the information Grove obtained at the abridged advice stage, I don't think it was unreasonable for it to conclude that it was unable to say at that stage whether or not a transfer would be in Mr R's best interest.

There are many factors that influence whether a recommendation to transfer a DB pension will be suitable. And unless there are more unusual circumstances or objectives, often a key predictor of whether the transfer will be suitable is the consumer's attitude to risk, their capacity for loss (including how much of their total pension provision the transfer represents) and the transfer value comparator ("TVC"). The TVC is a measure of what sum of money is needed now to invest at a risk free return to provide equivalent benefits to the DB scheme at retirement.

Grove explained that in Mr R's case, he had another pension which was worth slightly more than the DB pension and his wife had two pensions, one of these was worth £720,000. And he had joint savings with his wife. So Grove concluded at the abridged advice stage that Mr R had a moderate capacity for loss. This doesn't seem unreasonable given the information Grove had about Mr R's circumstances.

Mr R indicated that he had an adventurous attitude to investment risk. Grove explained in the abridged advice report why attitude to risk was important when considering whether a transfer would be in someone's best interest. And it explained that one of the factors that it had been unable to take into account in the abridged advice was the generosity of the transfer value being offered as it wasn't allowed, at that stage, to complete a TVC. It was also unable to consider the critical yield required. This is the annual return the transfer value would need to achieve, in order to provide the same level of benefits as the existing scheme. In Mr R's case the critical yield was 14.40%. But at the abridged advice stage it was unable to calculate this.

I don't think Grove was in a position to know at the abridged advice stage that a transfer would definitely not be in Mr R's best interest. The DB scheme wasn't Mr R's only pension, he had other savings and was prepared to take some risk. So, I think Grove would only know after completing the full advice step, which would include the TVC and establishing the critical yield, whether or not the transfer would be suitable.

For completeness I have also considered the outcome of Grove's full advice and I agree that a transfer would not have been in Mr R's best interest. The transfer value didn't represent good value and the critical yield required - 14.40% - was unlikely to be achieved, even if he did in fact have an 'adventurous' attitude to risk. So Mr R was very likely to be significantly worse off in retirement if he transferred his DB pension to a personal pension arrangement.

#### *Information provided to Mr R*

Mr R says Grove failed to provide clear, fair and not misleading information. He believes Grove should have told him before he agreed to full advice that his existing SIPP provider wouldn't accept an insistent client.

The rules around abridged advice limit what advisers can consider at that stage. In particular, advisers are specifically prohibited from considering a proposed receiving scheme or investments as part of abridged advice. So I think Grove was limited on what it could say before it gave full advice. And until Grove had completed the full advice process, it wouldn't have known it would ultimately conclude that transferring the DB scheme would be unsuitable for Mr R.

I know Mr R disagrees and it thinks Grove knew that it wouldn't recommend a transfer at the abridged advice stage. But I disagree for the reasons explained earlier. I also don't think Grove ought to have assumed that Mr R would want to go against its advice before it had even moved to the full advice stage.

Even if I thought Grove ought to have provided Mr R with a clear warning upfront that his existing SIPP provider wouldn't accept an insistent client transfer, my decision wouldn't change. I say this because although Mr R says that he wouldn't have proceeded to full advice had he known, I think his subsequent actions after Grove specifically explained that his existing SIPP provider wouldn't accept an insistent client transfer, suggest that combining his pensions within his SIPP wasn't his main priority. After Grove explained that the transfer would be to Firm S, Mr R didn't query this.

Had a transfer to his existing SIPP provider been his main priority, I would have expected Mr R to have raised his concern at that point. Yet he didn't question this until sometime later, after considering Firm S's charges and performance. And even then he asked whether there were other providers that would accept the transfer. So while I appreciate combining his pension may have been one of Mr R's objectives, I'm not persuaded that it was so important to him that he would have chosen not to proceed to the full advice stage had Grove specifically told him that his existing provider wouldn't accept an insistent client upfront.

In any event, I do think Mr R was given information upfront that let him know that not all pension providers would accept an insistent client transfer. This was mentioned in the "Guide to Abridged Advice" document that Mr R received a copy of before the abridged advice process started. This specifically stated:

*"DO ALL PRODUCT PROVIDERS ACCEPT INSISTENT CLIENTS?"*

*There is a restricted selection of mainstream companies that are able accept these type of cases. You can check with us first who they are before deciding to go ahead."*

Grove has explained that it is still possible for Mr R to transfer his pension to his existing SIPP provider but he'd need to transfer it to Firm S, or another firm that will accept an insistent client transfer, before moving it to Firm S. Mr R says Grove failed to explore or inform him of practical alternatives as it only mentioned this after he complained.

Grove's advice was that Mr R shouldn't transfer his pension. At the point it provided that advice, it wouldn't have been appropriate for Grove to have provided information to Mr R on how he could go against its advice and still transfer to his existing SIPP provider. I think that would have completely undermined its advice and would have been against FCA rules.

As explained above, after Mr S said he wished to proceed as an insistent client, he didn't initially raise concerns about the transfer going to Firm S. So again, I wouldn't have expected Grove to have explained at that point that he could then transfer his Firm S pension to his existing SIPP. And when Mr R queried Firm S's charges and performance, Grove provided information on other SIPP providers Mr R could use, which is what Mr R had requested at that point. But Mr R didn't follow up on this after receiving this information. His next contact with Grove was when he complained. At which point Grove explained that he could ultimately transfer from Firm S to his existing SIPP provider, and that Firm S had no exit penalties.

I don't think Grove was required to explain this beforehand. Prior to this, having not heard from Mr R, Grove believed he had accepted its advice not to transfer. This wasn't an unreasonable conclusion for it to have made having not heard from Mr R again. And despite the fact that Mr R has been told about the steps he could take, which may ultimately mean he could transfer his DB pension to his existing SIPP provider (via a provider that would accept an insistent client transfer), he doesn't appear to have done this. So it seems that Mr R has ultimately accepted Grove's advice.

I've considered all the information Mr R was given before he agreed to move to the full advice stage and I'm satisfied it was made clear to him that the full advice fee was payable even if the transfer didn't go ahead.

Overall, I don't think Grove should have specifically told Mr R before he moved to full advice that his existing SIPP provider wouldn't accept an insistent client. And even if I think it ought

to have made this clear, I still think Mr R would have requested full advice as his actions don't support the transfer to his existing SIPP provider being his main reason for transferring.

I know Mr R feels strongly about this matter and I appreciate he will be disappointed but I'm not upholding his complaint.

**My final decision**

For the reasons explained, I'm not upholding this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 19 May 2026.

Lorna Goulding

**Ombudsman**