

## The complaint

Ms K complains that the advice given by Grove Pension Solutions Ltd ('Grove') to transfer the benefits from a defined-benefit ('DB') pension scheme to a personal pension was unsuitable for her.

Ms K has a professional representative in this complaint, but for ease I'll refer only to Ms K.

## What happened

Ms K has said her existing financial adviser first suggested and 'strongly pushed' her to consider transferring the 'MPS' DB pension she held. But as it didn't have the relevant authorisations, in 2019 it introduced her to Grove for advice on this.

Grove gathered information about Ms K's circumstances and objectives in its 'Personal and Financial Details' document. Amongst other things, this recorded that:

- Ms K was age 53, married and in good health.
- She was employed, earning £142,000 a year. Her husband was age 64 and retired, receiving a DB pension of £62,666 a year. Jointly, their monthly income was £10,000 net and their monthly expenditure £3,570.
- Ms K expected to retire at age 60, though she might take her benefits from age 55 and access them gradually. The minimum annual retirement income she expected to need was between £25,000 and £30,000.
- She had several pensions. The value of her defined contribution ('DC') pensions totalled £149,239; one of these had a value of £20,000 and she and her employer were making contributions totalling 25% to it. She also had two DB pensions. The largest of these was her MPS DB pension with a cash equivalent transfer value of £421,096. The other would provide £15,000 per year from age 60. She and her husband both had savings of £10,000 each, plus joint savings of £70,000.
- Ms K and her husband owned their home outright, valued at £500,000. They also had a second home, valued at £500,000 with a £100,000 mortgage on a four-year term.
- Ms K's death in service benefits were worth £300,000, and she held £100,000 of life cover jointly with her husband.
- She wanted to maximise the death benefits her husband would receive 100% of in the event of her death but noted they were *"Important as long as I have enough income in retirement"*.
- Ms K's top three objectives in order of priority were:
  1. *"Improving my retirement benefits"*

2. *"I want to be able to withdraw my tax free cash and/or income flexibly from age 55."*
  2. *"I want to defer or avoid buying a pension annuity."*
  3. *"I would like to consolidate my pension benefits."*
- It noted: *"Your husband is a retired [profession] with a pension of £62,666 pa in payment. You also have a [DB] pension from your previous employer payable at age 60 of approximately £15,000 pa. Therefore, you have provisions of more than double your required income in retirement in the form of secure income already. In addition, your state pensions are still to come into payment, as well as a further £149,000 in [DC] pensions. Finally, you are still contributing to your work place pension at a rate of approximately £35,000 per annum.*

*You will have cleared your mortgage by the time you retire and own two homes currently valued at £1m combined total. As such you want to have 'control' of your MPS pension as you do not want to be restricted by an annuity or scheme pension. You feel that you can grow this significantly if you had the opportunity to invest the funds and make further contributions to it. Your general goal is to grow more 'wealth' and have more financial freedom in retirement and you feel that you can do this because you have made ample provision to meet your needs in retirement outside of this pension."*

- When asked to choose what description best matched her previous investment experience, Ms K chose *"I have very little knowledge or experience"* and that she had an 'intermediate' (or, medium) attitude to both general and investment risk and would be prepared to accept a medium level of investment volatility.

Grove suggests it provided an 'Alternatives to consider other than Pension Release' document and a 'Defined Benefit Pension Schemes - an Explanation' document to Ms K as part of its advice process, because it has provided copies of these to our Service.

In July 2019 Grove issued its suitability report for Ms K regarding her MPS DB pension. It recommended she transfer it to a new personal pension and invest in a managed portfolio matching her 'medium' attitude to risk ('ATR'). The reasons Grove gave for this recommendation included that:

- The investment return needed to match the DB scheme benefits (the 'critical yield') was 4.47% and her medium ATR meant this could be achievable. But the transfer value comparator analysis ('TVC') showed the transfer value offered by her MPS DB scheme could cost her £291,028 more to match by transferring to a personal pension.
- *"You [Ms K] added that you do not intend to purchase an annuity so do not view the TVC as an effective measure for what you are trying to achieve anyway and appreciate the other comparisons. You also said that you feel that you have made sufficient provision for your retirement and that you are in a position to take investment risk with your MPS pension as you plan to grow your wealth using this pension. You are clear that additional secure income will not benefit you in retirement and stated 'I don't want to buy an annuity (or receive a scheme pension) no matter how much it costs, my plan is to continue to invest in the pension'."*
- *"The combination of your husbands pensions and your pensions as well as the other assets you have accumulated have given you the confidence that you can assume the risk of transferring the MPS pension without compromising your retirement, you*

*re-iterated that you have given this a great deal of consideration in recent months and you told me 'I understand what I'm doing here and the risk involved, I'm taking this money to have control and flexibility, I won't be running out of money in my lifetime'."*

- By transferring and making additional contributions, Ms K was likely to increase her potential liability to the Lifetime Allowance ('LTA'), though she should apply for protection against this charge, if she was eligible.

In addition, Grove's suitability report included the following warnings:

- *"It is important to bear in mind that one of the main differences with an old company pension and transferring into a personal arrangement is the old scheme was promising you a pension in retirement and they would have to provide this, whatever the cost — there is no investment risk borne by you whatsoever. By transferring, the money remaining invested would have the risk borne by you instead. This is a valuable advantage of a Defined Benefit company pension scheme and a significant risk that MUST be taken into account when considering a transfer. You have to be sure this is a risk you are prepared to accept."*
- *"In particular you should note the main difference between the death benefits of your old company scheme compared with what we are recommending you transfer too, is that the death benefits from the company scheme are primarily based on a pension being paid to a dependant, such as a spouse, and this is not affected by investment values and therefore would not suffer from any investment risk. On the other hand, once your pension has been transferred, any death benefits are based entirely on the fund value and therefore subject to investment risk. Whilst in the short term this could mean better death benefits are paid once a scheme has been transferred, it is possible your old company scheme could be more beneficial in the longer term because of the regular pension payment. It is very important you understand these differences and although we discussed them I would like to draw your attention to both Appendix 1 and 2, where more detail is provided."*
- *"As mentioned above, the main risk of transferring is investment performance; quite simply you are investing in a fund which can go up or down in value and your pension income in the future will be largely dependent on how the investment funds perform. These and other risks are examined in further detail below. You should not proceed unless you understand and are prepared to take all of these risks."*

Ms K accepted the advice and signed Grove's 'Authority to Proceed Declaration' which said, *"I confirm that I have received the Suitability Report and Personal and Financial Details document from Grove Pension Solutions Ltd. I have read and checked their contents and to the best of my ability can confirm they are correct."* So the transfer went ahead.

Ms K says she contacted her professional representative after seeing an online advert about fees charged by the provider her MPS pension monies ultimately ended up with. She says she told the representative that Grove had recommended the transfer, and the representative explained such transfers were often unsuitable and led to financial loss.

So in October 2024, Ms K complained to Grove that its recommendation to transfer her DB scheme benefits to a personal pension was unsuitable, as she'd lost valuable guaranteed benefits and the pension monies were then invested in funds that were too high risk for her. She said she'd been an inexperienced investor who'd not fully understood the transfer risks.

And Grove failed to meet its regulatory obligations, particularly the ‘presumption of unsuitability’ at COBS 19.1.6.

Grove’s final response letter didn’t uphold Ms K’s complaint. In summary, it said she’d approached it with the sole clear idea of transferring her MPS DB pension, because she wanted control of the transfer value it offered and wanted to have flexibility in her retirement options - she absolutely didn’t want to be restricted to the fixed income this pension would provide and thought her other significant retirement provision meant she wasn’t in any way reliant on it. It was clear about the transfer risks and costs, and Ms K said she understood what she was doing and the risks involved. So its recommendations to transfer and invest in a medium risk portfolio had been suitable and allowed Ms K to meet her objectives.

Still unhappy, Ms K brought her complaint to the Financial Ombudsman Service in February 2025, adding that a DB pension formed the bedrock of financial planning and she’d had no need to transfer given her other accessible pension provision.

For its part, Grove told us this complaint was speculative and had no merit. It reiterated some of the points made in its final response and added, in summary, that:

- Pension freedoms had made it easier for clients to take pension benefits in a way that best suited them. The rules didn’t forbid DB transfers but instead allowed a client’s best interests to be identified, and these didn’t just need to be financial. COBS 19.1.6 said firms should consider the client’s attitude to certainty in retirement, and Ms K had thought her best interest was to invest these DB pension benefits rather than receive them as a fixed income.
- Financial viability, shown by the critical yield and the TVC, played a part but didn’t preclude or override the client’s informed choice and decision about how to manage their retirement income, which Ms K was allowed to make.
- Ms K’s objectives shouldn’t be dismissed. Instead of the guaranteed income provided by the DB scheme, she wanted to be able to invest those monies because she thought she could grow their value significantly and she wasn’t relying on this pension for her retirement.
- Grove had discussed alternatives with Ms K and explained that she’d likely be worse off by transferring. But Ms K had dismissed the alternatives and said she didn’t want a fixed income “*no matter how much it costs*”. So the only way to achieve what she wanted was to transfer her MPS DB scheme to a personal pension.
- An Ombudsman at our Service hadn’t upheld what Grove saw to be a similar complaint.

One of our Investigators upheld Ms K’s complaint. She said the advice had been unsuitable, because the transfer would likely leave Ms K worse off in retirement and the objectives of flexibility, control and death benefits didn’t justify the transfer. That Grove’s role was to provide suitable advice even if this challenged Ms K’s pre-conceived ideas, so Grove should have advised Ms K to remain in the DB scheme. Our Investigator therefore thought Grove should carry out a redress calculation based on Ms K having remained in it and compensate her if this showed a loss.

Grove disagreed and provided further comments. I’ve summarised what I see to be the relevant new points it made:

- Grove hadn't simply done what Ms K wanted but had weighed her objectives. She was a professional who understood her personal circumstances, had already carried out her own research and had a good understanding of matters.
- Ms K and her husband already had far more than they needed. They had enough guaranteed income to easily cover their needs, even without this pension and even if one of them died. Plus Ms K held significant pension and other assets to supplement any income needs.
- The transfer met Ms K's objectives. She'd wanted to grow her wealth and access funds as and when she pleased, rather than receive the fixed income that was her only option if she kept the MPS DB pension. She could afford to take investment risks with this pension and wanted it in a different format despite the risks.
- Grove hadn't based its transfer recommendation on financial viability. Given Ms K's objectives, the TVC didn't help to assess financial viability in Ms K's case. And while the critical yield wasn't unachievable for her, it was also irrelevant given it was based on buying an annuity because Ms K wanted to stay invested throughout retirement rather than locking in to a potentially expensive annuity or other fixed income.
- Grove had carried out calculations in line with the Regulator's DISP App 4 rules for calculating redress for non-compliant pension transfer advice. These showed she'd made a gain, as her investments did well plus the MPS cash equivalent transfer values ('CETV's') had fallen more recently.
- Ms K would've still transferred her MPS DB scheme benefits even if Grove had advised against doing so, because she was adamant she'd no need for its guaranteed pension and she did not want a fixed income from it.

The Investigator didn't change their opinion, so the complaint came to me for a decision.

I contacted both parties to explain I was still considering the complaint but needed to let them know award limits may apply if I upheld the complaint. Grove noted this but reiterated its view that Ms K hadn't suffered a financial loss by transferring but had in fact likely made a gain.

Ms K also noted the award limits and understood any redress calculation might be lower or even show no financial loss. At my request, she also provided some comments regarding the circumstances under which she'd come to approach Grove in the first place and to complain; I've included her answers in the above background.

I issued a provisional decision in which I explained why I thought Grove's advice to transfer was not unsuitable for Ms K. And I said that even if I thought Grove should've recommended that she remain in her MPS DB scheme, I thought it more likely than not that she would still have transferred anyway, against such advice.

Ms K disagreed with the provisional decision and provided further comments. In summary, she said:

- The top three objectives recorded weren't the objectives she'd spoken about with Grove, they were instead Grove's objectives. She remains employed at age 60 and still has no intention of accessing TFC or income.
- Buying a pension annuity is different than receiving income from her DB scheme.
- She'd had limited financial experience. Grove's submissions in relation to her approaching it with the sole clear idea of transferring because she wanted to take

more risks and knew what she was doing was not consistent with her limited financial knowledge and experience. She would not have approached an adviser with this point of view in a subject matter she was unfamiliar with.

- She'd approached Grove after being persuaded to do so by her existing financial adviser. She'd done so in order to consider the options she had in retirement, not to instruct a transfer of her valuable DB benefits; she didn't have the ability to do this given her lack of financial knowledge. Grove had a responsibility to give her correct advice and not simply follow her instructions, if that was what actually happened.
- It was Grove who offered her the proposition of transferring her DB pension, as she was exploring advice on her retirement plans. She was pushed into speaking with Grove as her own adviser wasn't qualified to provide advice on DB transfers.
- She wouldn't have told Grove she was happy to suffer any amount of financial detriment in order to avoid a fixed income, given her lack of financial knowledge. And if she said this, Grove should've challenged this remark.
- The separate Ombudsman's decision Grove had pointed to was irrelevant. If weight had been given to it, it should also be given to other decisions where we'd upheld the complaint and said providing warnings didn't make the advice suitable.
- It was irrelevant that she may not have suffered a financial loss. Grove's own documents said such a transfer was a last resort, which hadn't been the case for her.
- There was no factual base to say she would've still transferred even if Grove had advised her not to. It did advise her to transfer and didn't refer to her as an 'insistent client'. She'd approached and paid Grove for advice on her future retirement plans and would have accepted it if it had told her not to transfer her DB pension benefits.
- Her professional experience in her own field meant she knew the importance of giving true statements, particularly to a Service like ours. The information she has provided throughout her complaint is a true reflection of her recollection of events.

Grove acknowledged receipt of the provisional decision but didn't provide any further comments or evidence for consideration.

I'm now in a position to make my final 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.

I note that as part of supporting their respective positions, Grove and Ms K have made submissions regarding separate decisions made by other Ombudsmen at our Service, and Ms K says a DB pension is the 'bedrock' of financial planning. But I need to make clear that what I have done here is to consider the particular and individual circumstances of Ms K's complaint in order to reach a fair and reasonable outcome. And I'd like to assure both parties that I've carefully considered everything they have provided.

I've also 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 Grove'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.

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, on contemporary evidence, that the transfer was in Ms K's best interests.

So, I've considered all of the applicable regulations and guidance here. And having looked again at all the evidence available, including the further comments provided in response to the provisional decision, I'm still not persuaded that Grove needs to do anything here. I realise this will be disappointing to Ms K, but I'll explain my reasons.

#### *Financial viability*

Grove carried out a transfer analysis. One of the things this showed was how much Ms K's pension fund would need to grow by each year in order to provide the same benefits as her DB scheme; based on her taking these benefits at age 65, these showed a critical yield of 6.91% if she took a full pension and 4.47% if she took tax free cash and a reduced pension. Grove suitability report said this critical yield may be achievable.

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.

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 3.9% per year for the just over eleven 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%.

Grove's transfer analysis also included a TVC, which said it would cost Ms K £712,124 to obtain a comparable level of benefits from an insurer. This meant that it would cost Ms K £291,028 more than the CETV offered to her to replace the benefits she was entitled to at age 65 from the DB scheme.

Grove's suitability report also said that by transferring and making additional contributions, Ms K was likely to increase her potential LTA liability, albeit it then suggested she could purchase protection against this if she was eligible.

I've taken all this into account, along with Ms K's medium ATR (which I'm not persuaded was an inaccurate assessment) and also the term to retirement. Given the discount rate and the middle projection rate, if Ms K transferred out of the scheme there's a reasonable chance she could've matched the benefits available to her under her MPS DB scheme if she accessed those benefits at age 65. However, in Grove's suitability report, I think it recognised there was still a reasonable chance it would not be achieved as it said only that the critical yield "*may be*" achievable. And I think there would be little point in Ms K giving up the guarantees available to her through her MPS scheme only to achieve the same level of benefits outside the scheme.

Further, the TVC analysis made clear that it would cost Ms K £291,028 to replace her MPS DB benefits, though the suitability report recorded that Ms K thought the TVC wasn't relevant in her case since she didn't want to buy an annuity. So, overall, I think Ms K was likely to receive benefits of a lower overall value than her MPS DB scheme at retirement, as a result of investing in line with that attitude to risk.

I know Grove now argues the transfer gave Ms K a financial gain because her investments did well and the MPS scheme's CETV's have fallen. But I don't think Grove did know, or could have known, these things at the time of the advice; they're only known in hindsight. In any case, and as Ms K suggests, whether she made a financial loss or not doesn't change whether her complaint should be upheld but would instead be a matter for the loss calculation in the event I upheld her complaint.

Given Ms K was likely to receive lower overall retirement benefits by transferring, this could mean that a transfer out of the MPS DB scheme may not have been in her best interests. But financial viability isn't the only consideration when giving transfer advice, as Grove argues, and I think it's clear from Grove's advice that the recommendation to transfer her MPS DB scheme benefits was based on other objectives. So, I've taken into account that there might be other considerations which mean the transfer was suitable and in Ms K's best interests, despite providing overall lower retirement benefits. I've considered these below.

### *Flexibility*

Grove argues that Ms K wanted the flexibility to take the benefits offered by her MPS DB pension in the way that best suited her, and that this was to invest them for growth and keep them invested during her retirement with the option to access them if and when she wanted.

It was recorded that Ms K's top three objectives included "*Improving my retirement benefits*", "*I want to be able to withdraw my tax free cash and/or income flexibly from age 55.*" and "*I want to defer or avoid buying a pension annuity.*"

Ms K now says these were not her objectives or ones that she discussed with Grove; that they were instead Grove's objectives. But the contemporaneous documentary evidence does record these as her objectives at that time – the 'Personal and Financial Details' document sets out that they are her top three priorities, and they're also referred to in the suitability report. And Ms K signed a declaration which said, "*I confirm that I have received the Suitability Report and Personal and Financial Details document from Grove Pension Solutions Ltd. I have read and checked their contents and to the best of my ability can confirm they are correct.*" If Ms K thought at that time that Grove hadn't accurately captured what her top three objectives were, then I'd have expected her to question this with Grove so that it was corrected, but instead the evidence is that she signed a statement to say she'd checked these documents and their contents (which included her objectives) were correct.

Ms K now points out that buying a pension annuity is different than receiving income from her DB scheme; I agree but I think that, overall, references to both during the advice process were really a shorthand for a regular fixed retirement income.

Grove recorded that Ms K needed a minimum of between £25,000 and £30,000 per year of retirement income. I've not seen what this was based on, but it appears to be a reasonably realistic estimate of the retirement income Ms K herself would likely need. I say that because the upper end of £30,000 would give her monthly retirement income of £2,500. This is more than half of her and her husband's existing joint monthly expenditure of £3,570 at that time. And this £3,570 included a £2,070 monthly mortgage repayment which was due to end in four years' time and so wouldn't have continued far, if at all, into Ms K's retirement.

I accept that the MPS DB scheme was a significant portion of Ms K's pension provision. But I think she could've met her need for annual retirement income of £30,000 from her other pension provision, even if her MPS DB pension was ignored. Because she had another DB pension which would provide her with £15,000 per year from age 60. Also, she had DC pensions with a total value of about £129,000 with a selected retirement age of 60. Plus, she had a further DC pension worth £20,000 with a selected retirement date of age 65, that she and her employer were contributing a total of about £35,000 to each year. So I think it's reasonable to conclude that Ms K's DC pensions would be worth at least about £394,000 by the time she was aged 60. Ms K could take 25% of this as TFC and could've drawn down further sums if she needed extra income. She could also have drawn on her individual and joint savings, and her state pension would come into payment at age 67. And her husband's pension provision, which he was already receiving in the form of a DB pension of £3,700 a month net, could also have been used to meet any shortfall. Furthermore, if he predeceased her, it's likely Ms K would've also received a portion of this pension thereafter.

It seems one of the main reasons why Grove recommended Ms K transfer was for the flexibility it offered her. It agreed with Ms K's clearly recorded assertion that she didn't need the pension available to her under the MPS DB scheme. I've considered this carefully and on balance I agree that her objective of flexibility supports a transfer in the particular circumstances of Ms K's case, and this is not at odds with what Ms K has recently said about still being employed at age 60 with no intention yet of taking TFC or pension income. I accept she already had DC pensions that provided her with a degree of flexibility at retirement and that these were already exposed to the risks of the financial markets. But Ms K also had another DB pension which would provide her with guaranteed income of £15,000 a year from age 60 and from age 67 she'd also receive her state pension, taking her guaranteed income much closer to the total sum she thought she needed. As such, after considering Ms K's overall assets, I think she had sufficient capacity for loss.

### *Death benefits*

I note that while Ms K initially wanted to maximise the death benefits her husband would receive in the event of her death, this was caveated that death benefits were only "*important as long as I have enough income in retirement*". And ultimately, death benefits were not one of the objectives Ms K prioritised or that Grove relied on in recommending that Ms K transfer her MPS DB scheme benefits.

But for completeness, I don't think Grove underplayed the death benefits offered by Ms K's MPS scheme. It said these would be different from the death benefits that would be available after the transfer and it highlighted that the MPS death benefits were primarily based on a pension being paid to a dependant like her husband, and this wasn't affected by investment values and so wouldn't suffer from any investment risk. But that after transfer, any death benefits would be based entirely on the fund value and therefore subject to investment risk. And that in the short term a transfer could mean better death benefits, but her MPS DB

pension could be more beneficial in the longer term because of the regular pension payment available to her husband.

#### *Control or concerns over financial stability of the MPS DB scheme*

I've seen nothing to make me think that at the time of the advice, Ms K expressed any concern about how her MPS DB scheme was being managed or about its funding. And in any case that scheme was not at that time in a position such that Ms K should have genuinely been concerned about the security of her DB pension.

I accept Ms K was not an experienced investor, given it was recorded that she had very little investment knowledge or experience. That said, I'm satisfied she had a strong desire to control her MPS DB scheme benefits, as it's clear from the suitability report that she wanted to keep these funds invested in hopes of growing them, that she did not want to receive any kind of fixed income from them but instead wanted to access them as and when she saw fit - and that she wanted this even if it left her financially worse off overall. Ms K was recommended to invest these monies in a managed portfolio, so in my view it's not the case that she would have needed to be an experienced investor here. Overall, I don't think Grove overstated Ms K's desire for control over her pension benefits.

#### *Summary*

I acknowledge that Grove ultimately recommended Ms K transfer her MPS DB pension benefits to a personal pension. And I accept Ms K was not an inexperienced investor and that her MPS pension was a significant portion of her own retirement provision. And that by transferring her MPS DB pension benefits, she was giving up a guaranteed, risk-free and increasing income, and was likely to obtain lower overall retirement benefits. But Ms K strongly and clearly prioritised her objective of having the flexibility to have these monies invested until if and when she wanted to access them, and had sufficient capacity for loss. Furthermore, between Ms K and her husband, they would have guaranteed income far in excess of their needs in retirement. So in the particular circumstances of this complaint, I'm not persuaded that Grove's advice to transfer was unsuitable for Ms K.

And even if I thought Grove should have recommended that Ms K not transfer and remain in her MPS DB scheme, I remain of the view that it's more likely than not that Ms K would still have transferred anyway against such advice, though I know Ms K disagrees with this.

Ms K has said that it was her existing adviser that originally suggested the transfer and also that Grove proposed the transfer; she'd merely been exploring advice about her retirement plans. I can't comment on what Ms K's existing adviser may or may not have done or said. But ultimately Ms K took the step of approaching Grove, and she's clearly told us that the transfer had already been suggested and 'strongly pushed' to her by her existing adviser. And as part of Grove's fact finding, she chose to include "*I want to be able to withdraw my tax free cash and/or income flexibly from age 55*" and "*I want to defer or avoid buying a pension annuity*" within her top three objectives. Further, the suitability report (which Ms K at that time signed to say was correct) recorded "*The combination of your husbands pensions and your pensions as well as the other assets you have accumulated have given you the confidence that you can assume the risk of transferring the MPS pension without compromising your retirement, **you re-iterated that you have given this a great deal of consideration in recent months***" [bold is my emphasis]. So I still think Ms K had a transfer in mind when she approached Grove.

Ms K has made submissions about Grove having had a responsibility to give her correct advice and not simply follow any pre-conceived instructions or thinking she may have come with about transferring, and that it knew such a transfer should be a last resort. I've thought

about these points carefully, but based on the evidence provided, I think Grove did enough to challenge and test Ms K's thinking. I think it disclosed the risks of transferring to her and provided her with a significant amount of information in the recommendation report. I also think Ms K understood she'd be giving up guaranteed income by transferring. And I think Grove started its advice from the 'presumption of unsuitability' as per COBS 19.1.6G. I say this because Grove has given our Service a copy of its 'Defined Benefit Pension Schemes - an Explanation' document. I've not seen when Grove provided this to Ms K, but in other similar complaints brought to our Service about Grove, Grove provided this to its clients when arranging its first meeting with them. And given Ms K had approached Grove for advice about her MPS DB pension, I think it's more likely than not that Grove did the same in her case.

The 'Defined Benefit Pension Schemes – an Explanation' document said,

*"The type of company pension scheme you have is known as a Defined Benefit or Final Salary scheme.*

*These types of scheme are universally considered to be the best sort of pension you can have - you should therefore only consider releasing benefits early as a matter of last resort.*

*One of the reasons why they're considered to be such good pension schemes is because there isn't any investment risk borne by you, the member; all the investment risk is the liability of your former employer.*

*Because of this pension release is only suitable for a limited number of people and circumstances. Although we are not necessarily saying it's not suitable for you it is important you make sure you are in possession of all the facts before making any final decisions - we always recommend you take your time and do not act in haste.*

...

*When you were working for your old company it was likely that you paid a fixed percentage of your income into the pension scheme; your former employer also contributed into the pension although the amount they paid varied from year to year - in most cases it was significantly more than the amount you paid.*

*Being in the pension scheme meant you got the promise of a pension when you retired, which was dependant on how many years you worked for that employer and what your final salary was.*

...

*Whatever the cost is for your old employer to pay you that pension, they must find the money. If there is a stock market crash or some other event that means the value of the pension fund reduces, it's not your problem. You'll receive the pension you're promised at retirement and your old employer must pay it.*

*If you're thinking of releasing some money from this pension early, and if your former employer won't let you take it direct from them now, then chances are you'll have to transfer your pension fund into some kind of personal arrangement and release money that way.*

*By doing this you would then miss out on all the increases you might have otherwise got had you left this pension where it was in the first place and chances are you'll end up with significantly less than you'd have otherwise got at retirement."*

I think this document clearly and plainly explained why DB schemes were valuable, what would be lost upon transferring out of one and that doing so should only be a last resort. Also, it highlighted that such a transfer would only be suitable for a limited number of people. It's reasonable to expect Ms K to have read this document, and even with her lack of financial knowledge, I think she ought to have understood from it that transferring out of her MPS DB scheme might not be suitable for her and might have a negative impact on her retirement.

But even if I'm wrong in saying that Grove likely provided Ms K with this document, I think Grove's suitability report highlighted similar points in any case. And looking at the suitability report, it's clear Ms K had approached Grove already with the clear and fixed idea that she wanted to transfer her MPS pension. I know Ms K now says her limited financial experience means she wouldn't have approached Grove with the idea that she wanted to transfer in order to take more risks and that she knew what she was doing, and that she wouldn't have told it she wanted to transfer regardless of what that might cost her. But I remain of the view that at the time of the advice, Ms K was adamant that she did not want to remain in the MPS scheme. I say this because despite the warnings Grove provided, the suitability report (the contents of which Ms K signed to say was correct) recorded that she felt the guaranteed fixed income it offered her would be restrictive and that she could instead invest the CETV it offered and keep it invested until if and when she needed to access it. And that she felt she didn't need this pension anyway, and did not care that having the flexibility she wanted would come at a cost.

So, even if Grove had provided Ms K with clear advice against transferring out of her MPS DB scheme, explaining why it wasn't in her best interests, I think she would have insisted on transferring against its advice. And it's important to note that firms, like Grove, were allowed to transact business on an 'insistent client' basis if a client still wanted to proceed against advice. Therefore, if Grove had advised her not to transfer, I think it's more likely than not that Ms K would have been willing and able to find a firm to work with her to transfer her MPS DB pension benefits to a personal pension on an insistent client basis and would therefore still be in the position she's currently in with regard to her MPS DB pension.

Taking everything into account, I don't think Grove needs to do anything further here.

### **My final decision**

For the reasons set out above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms K to accept or reject my decision before 15 December 2025.

Ailsa Wiltshire  
**Ombudsman**