

The complaint

Mrs W has complained about the advice she received from Ascot Lloyd Limited ('Ascot') to transfer a defined-benefit ('DB') occupational pension to a personal pension.

Mrs W has a professional representative in this complaint, but for simplicity I'll refer only to Mrs W.

What happened

In around mid-to-late 2020, Mrs W received pension transfer advice from 'Firm P', which was later acquired by Ascot. Following this advice, she transferred out of her DB scheme, took her tax-free cash ('TFC') entitlement and invested the remaining monies into a type of personal pension with 'Firm Q'. Firm P also provided Mrs W with an ongoing advice service, which would be paid for by way of an ongoing advice charge of 1%.

In November 2024 Mrs W (through her professional representative) complained to Ascot that its advice had been unsuitable for her and had caused her to lose guaranteed benefits and be placed in investments that were too high risk for her. She also said she'd not always received the ongoing advice reviews she'd paid for.

Ascot didn't uphold her complaint. It said the time passed and its acquisition of Firm P in 2023 meant it didn't hold any of the advice documentation, so it couldn't determine that any incorrect advice was provided. It also said ongoing advice reviews took place in May 2023 and August 2024, but it had no records for prior to this so couldn't uphold this point either.

Unhappy with this, Mrs W brought her complaint to the Financial Ombudsman Service in March 2025. She said she only wanted our Service to investigate the DB transfer, not the lack of ongoing advice reviews. And at our request, Mrs W provided her recollections of how the advice came about and her circumstances at that time. In summary, she said:

- At that time, she wasn't working as she had cancer and was having chemotherapy. But she'd received benefits income and also had her husband's income to support her. She and her husband lived in their home and they'd had no debts or liabilities that she could recall.
- She and her husband didn't have any savings of note, or investments. And the DB pension had been her only pension provision; she was a scheme member for around 16 years but couldn't recall what sums it would provide her with. She thought she might have some documentation but, despite our request, didn't provide any.
- At that time, she'd wanted to understand what her pension would provide and Ascot was recommended to her. It advised her that transferring her DB pension would be beneficial, so she'd simply followed its expert advice and transferred. She'd also taken TFC of about £50,000; she'd gifted some of this to her children and had bought a truck to transport her horses and which her husband also used for his work.

Our Investigator considered the complaint and found Ascot's 2020 advice to be unsuitable. She recommended that Ascot compensate Mrs W for the unsuitable advice in line with the Regulator's guidance. The Investigator didn't have enough evidence to show that Firm P had

provided Mrs W with ongoing advice reviews prior to the ones that Ascot had carried out in 2023 and 2024, but explained that her recommendation would in any case put Mrs W back into the position she would've been in if her DB pension hadn't been transferred.

Mrs W accepted the Investigator's view.

Ascot didn't accept the Investigator's view and asked for the complaint to be referred for an Ombudsman's decision. Despite our request, Ascot didn't provide any reasons for its disagreement.

Therefore, the complaint has been passed to me to make 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.

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 Ascot'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, Ascot should have only considered a transfer if it could clearly demonstrate that the transfer was in Mrs W's best interests.

Having considered all of this and the available evidence in this case, I've decided to uphold the complaint for largely the same reasons given by the Investigator.

Unfortunately, documentation for the advice in question is not available to me. But the advice was likely given in mid-to-late 2020, because the fact find and ongoing advice report from May 2023 mention the advice, her Firm Q plan being incepted on 19 November 2020 and that the total amount contributed to it was £149,753 – this being what remained of the transferred DB pension monies fits with Mrs W saying she took about £50,000 (equal to

about 25%) of TFC. And it's more likely than not that the advice was given no more than a few weeks or months before Plan Q was inception. Further, Mrs W says she recently asked Firm Q and it told her 'the transfer to' Firm Q was on 19 November 2020.

The available evidence is that Ascot's advice was a positive recommendation for her to transfer, because Mrs W says Ascot "*advised that it would be beneficial for her to transfer her pension*".

Mrs W was around age 56 at the time of the advice. The evidence is that the DB pension was her only pension provision, apart from the state pension which she would receive at age 67, and that she had little to nothing in the way of savings and investments. So I think both her attitude to risk ('ATR') and capacity for loss were likely to be on the low side, and this is supported by the later fact find and ongoing review report of May 2023. Because the fact find recorded her ATR as 'cautious' (though this then became 'moderately cautious' in the report itself, for reasons which are not clear) and the report said she and her husband had no savings and didn't feel above to save over the longer term. So I'm satisfied her DB scheme's guaranteed benefits would have been very important for her retirement.

Unfortunately, the lack of any advice documentation means I don't know what pension transfer analysis Ascot carried out (as it was required to by the Regulator), or what that analysis said. So I don't have enough information to decide whether the transfer was truly financially viable for Mrs W at that time. As I've mentioned, Mrs W says Ascot advised her that a transfer would be beneficial for her, but beneficial is not necessarily the same thing as financially viable – there may be other reasons why transferring might still be considered beneficial even if it would leave the client worse off in retirement, which I'll come to. But bearing in mind the Regulator's starting point set out in COBS 19.1.6 and Mrs W's ATR, I think it's unlikely that transferring was at that time truly financially viable for Mrs W.

But as I say, financial viability isn't the only consideration when giving transfer advice. So I've thought about whether there might have been other considerations that mean the transfer was suitable and in Mrs W's best interest, despite not being financially viable.

It's clear that at the time of the 2020 advice, Mrs W had a serious health issue. She's told us she had cancer and was undergoing chemotherapy. And Ascot's ongoing advice report of May 2023 reflects this, as it records that she was first diagnosed with breast cancer in her early thirties and that she continued to receive treatment and was undergoing further investigations. It went on to refer to the DB transfer and her objective at that time, saying "*you have transferred a guaranteed pension from [DB scheme] the main objectives at the time was that you wanted to enjoy your life as much as possible given the cancer treatments you have and are undergoing.*"

I appreciate this would have been an emotive subject for Mrs W and that her health issue meant she wanted to enjoy life as much as she could. It perhaps also meant she thought about the death benefits her husband might receive if she were to pass away, although there's nothing at all to suggest death benefits were an objective for Mrs W's at that time. But the priority here was to advise Mrs W about what was best for her retirement provisions. A pension is primarily designed to provide income in retirement – not to provide income before that or a lump sum to family after death. And I've not seen anything to suggest Mrs W's health at that time was such that accessing her pension funds in order to enjoy life was a pressing need in either the short- or medium-term for Mrs W. Rather, the evidence is that by the time of the advice Mrs W had already lived with this health issue for decades.

There's nothing else in the available evidence about any other objectives Mrs W may have had at the time of the 2020 advice. But I'm mindful that she says she spent the TFC on gifts to her children and a truck. So it may be that wanting to be able to fund these things was an

objective Mrs W relayed to Ascot during the 2020 advice process. But again, I've not seen anything to make me think these were pressing needs.

Further, I think there was an alternative way for Mrs W to achieve these things, if she'd thought she had a pressing need for them. Because I note Ascot's May 2023 fact find recorded that while Mrs W and her husband lived 'month to month', "*should they need a lump sum desperately [Mrs W's husband] asks his dad who helps ou[t]*". And the May 2023 and August 2024 review reports (albeit issued after the 2020 advice) repeatedly recorded that Mrs W's father-in-law supported them financially when needed. So I think Mrs W's father-in-law was an accessible source of funds should she need a lump sum and I think this had likely also been the case at the time of the 2020 advice.

I don't doubt that accessing a lump sum would have sounded like an attractive feature to Mrs W. But Ascot wasn't there to just transact what Mrs W might have thought she wanted. The adviser's role was to really understand what Mrs W needed and recommend what was in her best interests. And overall, I can't see persuasive reasons why it was clearly in Mrs W's best interest to give up her DB benefits and transfer them to a personal pension, when this would likely result in lower overall retirement benefits. Further, I think she had an alternative way of achieving some or all of the things she might have wanted to do without having to transfer out of the DB scheme.

So, I think Ascot should've advised Mrs W to remain in her DB scheme.

I've considered whether Mrs W would've gone ahead anyway, against advice to remain in the DB scheme, but I haven't seen anything to persuade me that she would have. There's nothing to suggest Mrs W had knowledge or experience of pensions and investments and I think she relied on Ascot for advice. So, if Ascot had provided her with clear advice against transferring out of the DB scheme, explaining why it wasn't in her best interests, I think she would've accepted that advice. I'm not persuaded that Mrs W's concern about enjoying life in light of her health issue was so great at the time of the 2020 advice that she would've insisted on the transfer knowing that a professional adviser, whose expertise she was paying for, didn't think it was suitable for her or in her best interests. So, I don't think Mrs W would have insisted on transferring out of the DB scheme.

So, I'm upholding the complaint as I think the advice Mrs W received from Ascot was unsuitable for her. Given this, I think Ascot should compensate Mrs W for the unsuitable advice, in line with the Regulator's rules for calculating redress for non-compliant pension transfer advice.

I note Mrs W asked our Service not to investigate her complaint point about the provision of ongoing advice. But as I'm recommending that Ascot should compensate Mrs W by putting her back into the position she would've been in if she hadn't transferred out of the DB scheme, there is in any case no need for me to address what should have happened after Mrs W's pension was transferred.

Putting things right

A fair and reasonable outcome would be for Ascot to put Mrs W, as far as possible, into the position she would now be in but for the unsuitable advice. I consider Mrs W would have most likely remained in the occupational DB pension scheme if suitable advice had been given.

Ascot must therefore undertake a redress calculation in line with the rules for calculating redress for non-compliant pension transfer advice, as detailed in policy statement PS22/13

and set out in the Regulator's handbook in DISP App 4:
<https://www.handbook.fca.org.uk/handbook/DISP/App/4/?view=chapter>.

For clarity, I understand that Mrs W has not retired and now works part-time. So, compensation should be based on the DB scheme's normal retirement age (which I understand to be 65) as per the usual assumptions in the FCA's guidance.

This calculation should be carried out using the most recent financial assumptions in line with PS22/13 and DISP App 4. In accordance with the Regulator's expectations, this should be undertaken or submitted to an appropriate provider promptly following receipt of notification of Mrs W's acceptance of the decision.

If the redress calculation demonstrates a loss, as explained in policy statement PS22/13 and set out in DISP App 4, Ascot should:

- calculate and offer Mrs W redress as a cash lump sum payment,
- explain to Mrs W before starting the redress calculation that:
 - her redress will be calculated on the basis that it will be invested prudently (in line with the cautious investment return assumption used in the calculation), and
 - a straightforward way to invest her redress prudently is to use it to augment her defined contribution pension.
- offer to calculate how much of any redress Mrs W receives could be augmented rather than receiving it all as a cash lump sum,
- if Mrs W accepts Ascot's offer to calculate how much of her redress could be augmented, request the necessary information and not charge Mrs W for the calculation, even if she ultimately decides not to have any of her redress augmented, and
- take a prudent approach when calculating how much redress could be augmented, given the inherent uncertainty around Mrs W's end of year tax position.

Redress paid directly to Mrs W as a cash lump sum in respect of a future loss includes compensation in respect of benefits that would otherwise have provided a taxable income. So, in line with DISP App 4.3.31G(3), Ascot may make a notional deduction to allow for income tax that would otherwise have been paid. Mrs W's likely income tax rate in retirement is presumed to be 20%. In line with DISP App 4.3.31G(1) this notional reduction may not be applied to any element of lost tax-free cash.

My final decision

For the reasons given, I uphold Mrs W's complaint and I require Ascot Lloyd Limited to pay her compensation as set out above.

Where I uphold a complaint, I can award fair compensation of up to £430,000, plus any interest and/or costs that I consider are appropriate. Where I consider that fair compensation requires payment of an amount that might exceed £430,000, I may recommend that the business pays the balance.

Determination and Award: I uphold the complaint. I consider that fair compensation should be calculated as set out above. My decision is that Ascot Lloyd Limited should pay the amount produced by that calculation up to the maximum of £430,000 (including distress and/or inconvenience but excluding costs) plus any interest set out above.

Recommendation: If the amount produced by the calculation of fair compensation exceeds

£430,000, I recommend Ascot Lloyd Limited pay Mrs W the balance plus any interest on the balance as set out above.

The recommendation isn't part of my determination or award. Ascot Lloyd Limited doesn't have to do what I recommend. It's unlikely that Mrs W could accept a decision and go to court to ask for the balance and Mrs W may want to get independent legal advice before deciding whether to accept a final decision.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs W to accept or reject my decision before 26 February 2026.

Ailsa Wiltshire
Ombudsman