DRN-6099676

The complaint

Mr F says advice given by Woodgrange Associates (IFA) Ltd (WA) to transfer benefits in a former employer's defined benefit (DB) occupational pension scheme was unsuitable and has caused him financial loss.

What happened

I issued a provisional decision on 5 January 2026. I've repeated what I said about what had led up to Mr F's complaint and my provisional findings. I have however anonymised the other businesses involved and made some consequential amendments.

'*I'm not going to refer to everything, just the key events. A fact find completed on 1 July 2021 records that Mr F was a company director, 51 years old, single and due to retire at age 65. He had deferred benefits in a former employer's DB pension scheme worth £253,068.75. He had no other pension provision. His income was £34,000 pa and his outgoings were £1,035 pm but he owed £200,000 on loans and credit cards. A risk profile questionnaire completed on 6 July 2021 assessed him as 5 out of 10 (low medium).*

On 12 July 2021, WA emailed Mr F asking him to confirm his motivations for transferring. He responded the same day, giving the following reasons:

> *1. The company that the pension is with is very hard, if not impossible, to work with.*
>
> *2. With the health problems I have I wish to be able to have better control to enjoy my pension and with [the DB scheme administrators], it's just not possible to talk to them. I am not happy with [the DB scheme administrators] as a company, it took me nearly 18 months to sort out my late father's pension with them.*
>
> *3. Depending on my health I may want to look at options when I'm 55 again I don't think [the DB scheme administrators] are the company to do that with as customer service is non existent. He wanted to review his situation when he reached age 55 and he didn't think [the DB scheme administrators) was the company to do that with.*
>
> *4. Transfer values are good and may not last that long.*

On 2 August 2021 WA sent Mr F a suitability report. WA recommended that Mr F transfer his DB scheme benefits to a SIPP (self invested personal pension) with a Provider I'll call Provider C and invest in a portfolio provided by an investment manager. Advies Wealth, part of WA, would provide investment advice going forwards.

However, the following day, Mr F emailed WA's adviser saying that wasn't what he wanted and he just wanted to transfer to a low risk pension – he named three major providers. WA's adviser replied more or less immediately saying he could do three named providers, including a provider I'll call Provider P. Mr F responded to say he'd look at them all but a provider I'll refer to a Provider R was probably his preference. He reiterated that he just

wanted 'a simple pension low risk all in one place'. The adviser asked his support staff to prepare paperwork in favour of Provider R. But on 4 August 2021 Mr F said he wanted to go with Provider P. WA's adviser said the paperwork would be prepared which Mr F should receive in the next day or so.

Mr F says he didn't get a suitability report for the transfer to Provider P. WA has produced a report but it's dated 2 August 2021 which was after the date Mr F had said he wanted to transfer to Provider P so what's happened isn't entirely clear. But the report that's been produced recommended a transfer to a pension arrangement with Provider P with the fund to be invested in that Provider's fund range.

On 2 September 2021 WA wrote to the DB scheme administrators with a declaration signed by Mr F confirming he'd received independent advice. The receiving scheme was shown to be Provider P.

I've seen that Mr F emailed WA on 7 and 15 October 2021 chasing progress. In his later email he said he was about to be made bankrupt and he needed to declare the transfer and it would be better if it was in the new scheme. I understand Mr F was made bankrupt later in 2021 and discharged a year later.

The transfer to Provider P was completed on 29 October 2021. A transfer value of £253,068.75 was paid.

On 15 November 2021 a further transfer was made from Provider P to a SIPP with a provider I'll refer to as Provider I. The transfer value paid was £245,295.30.

On 26 November 2021 £100,000 of Mr F's SIPP fund was invested in Vulcan Industries plc. A further £145,000 was invested on 2 December 2021.

On 30 August 2022 an in specie transfer to a SIPP with a provider I'll call Provider A was completed. The total transfer value was £135,713.3. The Vulcan Industries plc shares made up £135,537.95 of that with a cash balance of £175.39. In January and August 2023 some of the shares were sold and some funds were invested in an ICVC (Investment Company with Variable Capital, a type of open-ended collective investment.

A SIPP statement issued by Provider A on 5 April 2023 gave a current value of £109,896.15, made up of cash of £284.09 and investments of £109,612.06. The following year the value, as at 5 April 2024, was £20,861.10, being investments of £20,876.56 and a cash deficit of £15.46. The value as at 31 March 2025 was £18,717. That was made up of Vulcan Industries plc shares valued at £18,811 less some deficits. As at 31 March 2025 the SIPP value was £19,227.00.

Mr F had complained, on 21 November 2024, through his representative, to WA that the advice to transfer had been negligent. He said he hadn't been sufficiently informed of the benefits he'd lose by transferring. He was also a vulnerable client. He was suffering with his mental health, his father had died, the family businesses were struggling financially and he was declared bankrupt. His physical health was also poor as he'd sustained a back injury which limited his ability to work. The suitability report focused on the potential transfer to a Provider C SIPP and investing in a portfolio, not the transfer to Provider P. There were no face to face meetings with WA and there'd only been two telephone conversations with WA lasting no more than thirty minutes to an hour. Mr F had lost guaranteed, index linked benefits. He hadn't been looking to take any risk – he had a cautious attitude to risk, a low capacity for loss and no previous investment or pension experience.

I don't think WA issued a final response to the complaint before it was referred to us. It was

considered by one of our investigators. He issued his view on 28 March 2025, upholding the complaint. He said the advice to transfer had been unsuitable. He set out what WA needed to do to put things right.

WA initially accepted the investigator's view. WA said it had undertaken calculations which showed that Mr F hadn't suffered any financial loss. The investigator said the calculations would need to be done as set out in his view. After Mr F's representative had confirmed that Mr F accepted the investigator's view, the investigator wrote to both parties saying the complaint had been resolved and should be settled as set out in his view. However, in the end, the complaint wasn't settled, so we said we'd reopen it and refer it to an ombudsman for a final decision.

Further comments were made on behalf of WA. In summary, WA said the subsequent investment losses weren't a foreseeable consequence of the advice provided. The recommendation to transfer to Provider P was suitable as was the recommendation to invest in that Provider's Growth fund. But, shortly after the transfer to Provider P, a further transfer to Provider I was made, without WA's knowledge, input or advice. It appears that was instructed by Mr F. He subsequently invested in Vulcan Industries plc, a speculative stock, which represented a considerable departure from his attitude to risk as assessed in connection with the transfer to Provider P. The investment was made without WA's advice or involvement, wasn't a foreseeable consequence of the original transfer and there was no causal link between WA's recommendation and the resulting financial outcome. WA was only responsible for the advice to transfer to Provider P.

We shared WA's response with Mr F's representative who said what WA had said about its role having ended with the transfer to Provider I wasn't what Mr F had said had happened. The ultimate recommendation was to establish a SIPP and Provider P was to be used only as an interim vehicle to facilitate that process. That's supported by the fact that the subsequent transfer occurred within weeks, consistent with an advice led process, not an independent client initiative. No other adviser was involved. It was implausible that Mr F, with no prior investment experience and limited financial knowledge, would've decided himself to move away from Provider P. It's more likely that the further steps were taken in accordance with WA's original advice and explanation, rather than independently initiated by Mr F.

In any event, the advice to transfer out of the DB scheme was unsuitable. Mr F had no investment experience, was risk averse and had expressed concern about potential losses. The Provider P arrangement was presented as a temporary step pending transfer into a SIPP. The subsequent transactions flowed directly and foreseeably from WA's unsuitable advice to exit the DB scheme and facilitated future transfers. Two court cases were cited.

After the complaint had been referred to me, we made some further enquiries, including asking Provider P and Provider I for their records. We also asked for some further details from Mr F. We were told that, at the time he was advised to transfer away from his DB scheme, he'd been verbally informed by WA that transferring into the SIPP would be the best option for him. But he was told that couldn't be completed immediately and that an initial transfer to Provider P was required. The subsequent transfer (to the SIPP with Provider I) was made shortly afterwards. Mr F's representative said, on the balance of probabilities, it was likely things had happened as Mr F had described. He had no prior pension or investment experience and was reliant on professional advice. He'd followed the steps recommended to him by WA – he wouldn't have known himself how to structure the sequence of transfers.

Furthermore, Provider P had confirmed they hold no record of any other financial adviser being involved in relation to the transfer to Provider I. If another adviser had been engaged, it would be expected that they were recorded and WA removed from the plan.

With regard to the Vulcan Industries plc shares, Mr F believes it was WA's adviser who discussed this with him. Mr F's motivation for investing was to try to recover the financial losses he suffered following his father's death. Mr F didn't understand the nature of the investment or the associated risks. He had no prior experience or knowledge that would've enabled him to assess the suitability or potential consequences of the investment himself.

We shared what we'd been told with WA. It said the only time a transfer to a SIPP was mentioned was in the initial recommendation which Mr F rejected and that proposed transfer didn't go ahead. WA refuted any suggestion that Mr F had been verbally advised that a SIPP was the best option or told that the Provider P transfer was just a temporary step – and that wasn't supported by the documented advice process. WA had sought to accommodate Mr F's preference for a simple, low risk pension with a major provider and had issued a revised advice letter for the transfer to Provider P. WA didn't provide any advice, or act in any capacity, in relation to the subsequent transfer to Provider I. That provider operates a self investment platform that doesn't require regulated advice to establish or manage a SIPP, receive defined contribution funds or place investments. The absence of any other financial adviser involved in that transfer, as confirmed by Provider P, supported that Mr F had acted independently in initiating and executing the transfer and making the subsequent investments.

WA rejected the assertion that it had suggested, guided or advised Mr F in relation to the investment in Vulcan Industries plc. WA said its involvement was limited to assisting Mr F with the transfer of his DB scheme benefits. The decision to invest in Vulcan Industries plc was made after the transfer to Provider I, in which WA had no involvement or oversight. No credible evidence had been produced to suggest WA played any role in recommending or facilitating that investment. WA doesn't specialise in industry-specific investments and has no specialist knowledge of Vulcan Industries plc or the manufacturing sector more broadly.

We asked Mr F's representative if we could speak to Mr F direct about what had happened. That was agreed with Mr F's representative also being present on the call which took place on 19 November 2025. The investigator put a number of questions to Mr F. I've listened to the call recording. I'm not going to summarise all that was discussed – Mr F's representative presumably has a recording of the call and we can make one available to WA on request.

Mr F's representative also provided a document (Appendix B from the suitability report) showing Mr F paid an initial investment advice fee of 3% to WA and an ongoing advice fee of 0.5% of the fund value. Mr F's representative said that showed that WA maintained an ongoing relationship with Mr F and was remunerated for providing oversight and advice. And that WA couldn't reasonably claim to have been unaware of the pension's status or the subsequent transfer. By charging an ongoing fee, WA had a duty to monitor the plan, understand its holdings and ensure Mr F's funds were appropriately managed. This ongoing charge was clear evidence that WA remained actively involved and responsible for the Provider P plan and, by extension, should've been aware of the subsequent transfer into the SIPP and the investment.

Very recently, WA has provided a legal opinion as to how Mr F should be compensated if his claim that the advice to transfer was unsuitable succeeded. In summary, it was argued that, although the initial transfer to Provider P was consistent with WA's advice, the subsequent transfer to Provider I represented a material departure from that advice such that it could reasonably be inferred that it wasn't Mr F's intention to follow WA's advice. Mr F's decision broke the chain of causation between the negligent (or unsuitable) advice and his subsequent losses. His actions weren't reasonably foreseeable and what he did was unreasonable. A number of court cases were cited.

As to compensation, if Mr F had intended throughout to ignore WA's advice and invest in Vulcan Industries plc, his losses hadn't been caused by any unsuitable advice and he wasn't entitled to any compensation. If he'd followed WA's advice in transferring to Provider P but he'd departed from that advice in a way which was entirely unforeseeable, compensation should be assessed on the difference in the valuation of the DB scheme and the hypothetical value of Mr F's fund on the assumption he'd remained invested in the fund with Provider P and by applying the actuarial formulas set out in DISP App 4.

What I've provisionally 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.

In reaching my conclusions 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).

There's a dispute about exactly what happened and the extent of WA's role. Where, as here, the evidence is incomplete, inconclusive or contradictory, I reach my conclusions on the balance of probabilities – that is, what I consider is more likely than not to have happened, based on the available evidence and the wider surrounding circumstances.

My role isn't to answer all the points raised so I'm not going to refer to everything, just what's central to my conclusions. I'll start with what doesn't seem to be in dispute. WA agrees that it recommended the transfer to a SIPP with Provider C which didn't proceed. WA then went on to recommend the transfer to Provider P which did go ahead.

So I've first considered if the transfer to Provider P was suitable. In doing so I've borne in mind the applicable rules, regulations and requirements. The below isn't a comprehensive list of the rules and regulations which applied at the time of the advice but provides useful context for my assessment of WA'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.

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, WA should've only considered a transfer if it could clearly demonstrate, on contemporary evidence, that the transfer was in Mr F's best interests.

In his view the investigator set out why he thought the transfer wasn't suitable. He was considering the recommendation to transfer to a SIPP with Provider C. As I've noted, Mr F didn't proceed with that recommendation. But I think the reasons given by the investigator as to why the transfer wasn't suitable apply equally to the transfer to Provider P with which Mr F did proceed.

In either case, as I've said, the starting assumption would be that transferring wouldn't be suitable. Mr F would be giving up valuable guaranteed benefits. He was a low medium risk investor and, even if the estimated growth required to match the benefits being given up was deemed reasonable, unless he was likely to be better off as a result of transferring, there'd be little point in taking the risk that a transfer presented. Especially as this appeared to be Mr F's only pension provision. Taking into account his difficult overall financial position, he didn't have any capacity for loss. And his ability to continue to work and make further pension provision could be limited by his back injury.

I don't think the reasons given by Mr F as to why he wanted to transfer were compelling. I can understand his dealings with the same administrators following his father's death were difficult. I recognise that would've been frustrating and upsetting for Mr F. But I don't think it justified giving up the valuable guaranteed benefits the DB scheme provided. Mr F may also have said he wanted the full value of his pension to be available in the event of his death. But, as far as I'm aware, he had no dependants, so I don't see that death benefit considerations would've been paramount. He'd also said he wanted flexible income to allow him to possibly retire at 55. But he was only 51 at the time of the advice. The position could've been re-evaluated when Mr F reached age 55 and depending on what his plans and financial position were then. I don't think any perception that transfer values were at an all time high meant Mr F should've gone ahead with a transfer if, overall, transferring wasn't in his best interests.

In the circumstances my view is that the advice to transfer to Provider P wasn't suitable. So I'm upholding the complaint in so far as it relates to the transfer to Provider P.

However, what happened after that isn't agreed. WA says the proposed transfer to a SIPP with Provider C (which didn't go ahead) and the transfer to Provider P (which did proceed) was the extent of its involvement. WA says it didn't know about and wasn't involved in the subsequent transfer from Provider P to Provider I. Nor did WA have anything to do with the investments in Vulcan Industries plc. Mr F says differently – that WA (the same adviser) advised him throughout and that the plan was always to transfer to a SIPP with Provider P intended just as a temporary home for his pension fund. Mr F says WA told him that it wasn't possible to transfer straight to a SIPP and that an interim transfer had to be done first. Furthermore, Mr F says WA was behind the investments in Vulcan Industries plc for which he'd need to have a SIPP.

As I've noted above, as well as Mr F's and WA's evidence about what happened, we also sought information from Provider P and Provider I. Mr F's representative also supplied some documentation, DSARs (Data Subject Access Requests) having been made to both businesses. I wanted to see if there was any evidence on either providers' records, showing WA's involvement in the transfer to Provider I and/or the investments in Vulcan Industries plc. But, from what I've seen, there isn't anything.

Mr F's representative has pointed to Provider P having confirmed they have no record of any other financial adviser being involved. But I don't see that means WA must've been involved in the transfer from Provider P to Provider I. WA was the adviser in place when Mr F transferred to Provider P. So WA would've been correctly recorded on Provider P's records as Mr F's adviser. But Mr F's fund remained with Provider P for only a matter of weeks before being transferred away. That transfer was made via the Origo system (an electronic, paperless transfer system aimed at streamlining transfers) and only limited records are now available. I've seen a printout of the Origo transfer request which would've been made by Provider I and which doesn't record any adviser for Mr F.

Mr F's representative also provided a document (Appendix B from the suitability report) showing Mr F paid an initial investment advice fee of 3% to WA and an ongoing advice fee of

0.5% of the fund value. I agree that shows WA did advise on the initial investments and the plan was that WA would provide ongoing investment advice. Advising on the initial underlying investments is in keeping with the obligation, when advising on a transfer, to take into account how the fund will be invested. Here it appears WA recommended Provider P's funds. An ongoing advice service may also be selected. But, once Mr F's fund had been transferred away from Provider P, WA would no longer receive any ongoing advice fee. Fresh instructions would need to be given to the new provider – Provider I – for WA to receive any initial or ongoing advice fees. I haven't seen anything from Provider I to show that there was anything in place for WA to receive any payments.

I note what's been said about Mr F's inexperience and that he'd have needed an adviser to transfer from Provider P to Provider I. But I don't think that, coupled with Mr F's testimony about what happened, is enough to say that WA must've known about or facilitated the transfer. WA denies that and there's no contemporaneous written evidence – which would include emails, text messages etc – to show that WA was involved beyond what WA has said and which is consistent with the advice process documents. We've seen, in other cases, that a consumer might be dealing with a regulated firm but also acting on advice from another party – perhaps an unregulated adviser – and that the regulated firm knew or ought to have known that. But Mr F hasn't said that was the case here. Instead, he says that WA was the only firm involved.

What Mr F says he was told by WA had to happen isn't consistent with what actually did happen. I note what Mr F has said about simply doing what he was told he had to do. And I appreciate that it all happened several years ago and so, understandably, Mr F may not now recall all the details. And he may have been confused by what was going on. But, although Mr F says WA told him that he couldn't transfer out of the DB scheme straight to a SIPP, WA initially recommended a transfer to a SIPP with Provider C. So it seems that WA saw no problem with a transfer to a SIPP straightaway and without any intermediate stage.

There's also Mr F's own email in early 2021. He said he was rejecting WA's recommendation for a SIPP with Provider C and that he wanted a low risk pension with a major provider. There's nothing in the email exchange to indicate that anything else was going on – for example, that the transfer to a low risk pension was a necessary first step and part of a larger overall plan. Mr F hasn't really been able to explain why he sent that email and how it fits in with what he says WA had told him would happen.

I've also considered what Mr F has said about how the Vulcan Industries plc investments came about – essentially that they were suggested by WA's adviser. But, again, there's no written recommendation or documentary evidence to show that advice was given. I recognise that advice doesn't have to be in writing and so it's possible that the investments were discussed and what was said amounted to advice to invest which wasn't recorded in writing. But WA's adviser denies any knowledge or involvement of the investments.

We asked Provider I for any documentation relating to the investments. It sent us the confirmation details for both, which were sent direct to Mr F. Which would suggest the investment instructions were given by him, and not via an adviser. It's of course possible that an adviser or other third party was driving things behind the scenes. Here, again, I notewhat's been said about Mr F not having the experience or knowledge to assess the suitability or potential consequences of the investment himself. We did raise the possibility that Mr F may have been familiar with and had some relevant knowledge and experience of the industry sector but Mr F said that wasn't the case.

But, that aside, I don't think there's sufficient evidence to show that WA was involved in the investments, either by introducing or recommending them or facilitating them. As I've said, it's possible that somebody else was involved – it's difficult to see why Mr F would've been

interested in investing in Vulcan Industries plc unless it had been suggested to him. But I'm only looking at WA's part in the matter and I haven't seen anything to corroborate Mr F's testimony that WA was behind it all from the outset and/or involved in making the investments.

All in all, I'm not persuaded that WA was involved in the subsequent transfer to Provider I or the investments in Vulcan Industries plc. From what I've seen, WA's involvement was limited to the transfer to a Provider C which didn't go ahead and the transfer to Provider P which did proceed.

I've considered what fair redress looks like in the circumstances of this complaint, given my finding that WA's advice to transfer was unsuitable but bearing in mind that I'm not persuaded that WA was involved in the subsequent events. I bear in mind the points made in the legal opinion provided by WA as to causation, foreseeability and reasonableness.

I recognise the argument, because WA recommended a transfer out of the DB scheme, that meant Mr F's pension benefits were no longer held in the secure confines of that scheme and so were exposed to investment risk. So, on that basis, any investment losses suffered by Mr F might flow from the advice to transfer as being reasonably foreseeable and not too remote.

But, on the other hand, it's arguable that the 'chain of causation' has been broken. The ultimate outcome – the transfer to the Provider I SIPP and the investments in Vulcan Industries plc – was far removed from the advice WA gave. What Mr F went on to do was very different to what WA had understood he'd be doing, on the advice WA had given. I think it's difficult to say that WA should be responsible for Mr F's investment losses when he'd told WA that he wanted a low risk pension which WA then recommended, which recommendation Mr F accepted. But he then, only weeks after the transfer had been completed, transferred again before going on to invest in a single, high risk, investment which put his capital at risk. I don't think that was reasonably foreseeable.

On balance, I don't think it would be fair and reasonable to hold WA responsible for any losses that were incurred by Mr F as a result of transferring away from Provider P and investing in Vulcan Industries plc.

WA is still responsible for Mr F having lost the benefits available in the DB scheme. But, in my view, the losses he's suffered as a result of the transfer to the Provider I SIPP and the subsequent investments cannot fairly and reasonably be said to be WA's responsibility. I've taken that into account in awarding redress below. I've made a formulaic award and I don't know what, if any, loss might be shown.'

I went on to set out what WA needed to do to put things right for Mr F.

We didn't receive any further comments from WA in response to my provisional decision, aside from a request for a transcript of the call on 19 November 2025, a recording of which we provided.

Mr F's representative was disappointed with my provisional decision and said the complaint shouldn't have been re-opened. And, given the way in which Mr F had been treated, a payment for stress and inconvenience was warranted. Mr F disagreed with what I'd said and the redress I'd suggested. I've summarised Mr F's main points.

- WA had an ongoing duty of care as the advisers on the Provider P plan. Under the principles established in Caparo Industries plc v Dickman [1990] UKHL 2, a duty of care arises where the loss is foreseeable; there is sufficient proximity between the

parties; and it is fair, just and reasonable to impose liability. All three elements were met. By advising Mr F to exit his DB pension, WA could foreseeably expose him to investment risk; WA had a close advisory relationship with Mr F; and it's fair and reasonable to hold WA responsible for losses flowing from their unsuitable advice. Any intermediate act by Mr F, such as the transfer from Provider P to Provider I, was a foreseeable step flowing directly from WA's unsuitable advice and didn't break the chain of causation.

- For vulnerable clients, foreseeability is assessed with reference to the client's reliance on professional advice and capacity to act independently. Mr F was risk averse, financially vulnerable and had no investment experience. WA had a responsibility to provide ongoing oversight and guidance, to ensure that Mr F's pension remained appropriately invested and to prevent him from taking steps that exposed him to unnecessary risk. By failing to do so, WA didn't discharge their duty to act in Mr F's best interests, leaving him exposed to losses that were a foreseeable consequence of WA's unsuitable advice.

- PS22/13 and DISP App 4 make it clear that redress calculations must account for where the pension is currently held, including any steps that reasonably result from the original (non-compliant) advice. PS22/13 reinforces the principle that the purpose of redress is to put the client in the position they'd have been in, had they not been advised to transfer out of their DB scheme. The guidance sets out the information needed to calculate redress, including details of the former DB scheme and the current defined contribution pension.

- What I'd suggested wasn't in line with other ombudsmen's decisions where there'd been a second transfer and the consumer had benefited from improved performance. I'd said liability stopped at the second transfer because it had a negative impact on Mr F's pension. It isn't fair to apply one standard when losses occur (holding the consumer solely responsible) and a different standard where the fund performs well after a subsequent transfer in which the original adviser had no involvement.

- The FCA's guidance in PS22/13 and DISP App 4 requires that redress reflects the foreseeable outcomes of the original unsuitable advice, regardless of subsequent actions by the client or other parties. WA cannot avoid liability for foreseeable losses following the Provider P transfer simply because the pension was moved again. Full redress should be calculated in line with FCA guidance, including all losses that flow reasonably from the original unsuitable advice.

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.

In my provisional decision I found that WA's advice that Mr F transfer out of his DB scheme was unsuitable. That remains my view. Against that background, the issue is what's fair compensation – in particular, whether Mr F's losses were reasonably foreseeable such that there was no break in the chain of causation.

Mr F's position is that WA's unsuitable advice to transfer his DB pension to Provider P set in motion a series of foreseeable consequences. The subsequent transfer to Provider I and investment in Vulcan Industries plc was directly connected to the original advice and foreseeable. Whereas WA says, while the initial transfer to Provider P was consistent with WA's advice, the subsequent transfer to Provider I to purchase a high risk, single stock, represented a material departure from that advice and broke the chain of causation between

the transfer advice and Mr F's ultimate losses.

WA weren't the advisers on the SIPP with Provider I. But WA were the advisers on the plan with Provider P up to the point where Mr F transferred that plan. WA had been paid an initial advice fee in connection with the transfer to Provider P. WA would also receive ongoing advice fees so long as WA remained the adviser on the plan. I agree that, while WA was in place, WA had a duty to monitor the plan and advise on investments.

But Mr F only had the plan with Provider P for a matter of weeks. If he decided to transfer away from Provider P, unless WA was somehow involved in the transfer and/or was appointed as the adviser in connection with the new plan with Provider I (which, from what I've seen, wasn't the case), WA's role came to an end. I don't see that WA had any responsibility to provide ongoing oversight and guidance when WA was no longer Mr F's advisers and so not in a position to influence his decisions.

Mr F's difficult financial position and other factors may have meant he was vulnerable. But there's no suggestion that he was unable to make his own decisions. I don't see that WA could've or should've intervened if Mr F had decided that he no longer wanted the plan with Provider P and had made alternative arrangements for his pension by transferring to a SIPP with Provider I and then investing in Vulcan Industries plc.

Mr F's representative has referred to the case of Caparo Industries plc v Dickman. It sets out three criteria to establish if there's a duty of care. I don't agree that all three are met here. WA's advice that Mr F should exit his DB scheme could foreseeably expose him to investment risk – by transferring, Mr F's pension became dependent on investment returns. If his fund didn't perform well, his retirement provision would be adversely affected. And, when the transfer away from the DB scheme was made, WA did have a close advisory relationship with Mr F. Although, very shortly afterwards, Mr F made the further transfer. I've seen insufficient evidence that WA was involved and/or knew about that transfer which brought to an end WA's relationship with Mr F.

But I don't agree that all of Mr F's losses flowed from WA's unsuitable advice. As I've said, the transfer out of the DB scheme meant Mr F's pension was exposed to investment risk. And I'm not saying that the transfer to a SIPP wasn't foreseeable – after all, WA's original advice involved a SIPP. But I think what Mr F actually did – transfer to a SIPP and invest the bulk of his fund in a single, high risk, speculative investment which put all of his capital at risk – was a departure from what it was reasonably foreseeable he might do.

And, contrary to what Mr F's representative has suggested, WA wouldn't have escaped liability simply because Mr F transferred away from Provider P. It isn't the case that I'm allowing an adviser to benefit when a second transfer improves a consumer's pension but disclaim responsibility when it results in losses. The effect of a subsequent transfer isn't something I'd generally consider. My approach here is driven by my view that the transfer to Provider I and the investments in Vulcan Industries plc weren't reasonably foreseeable.

In saying that WA isn't responsible for all of Mr F's losses, I don't agree that I'm departing from the law. This is an area where there's considerable case law although, invariably, cases turn on their individual facts. Notwithstanding that the transfer out of Mr F's DB scheme might be said to have opened the door to the further transfers and investment in Vulcan Industries plc, I don't think it would be fair, in the circumstances of this case, to hold WA responsible for losses suffered by Mr F in consequence of making that investment. And when there's insufficient evidence to show that WA was involved in either the transfer to the SIPP with Provider I or the investments in Vulcan Industries plc. As I've said and from what I've seen, those appear to have been decisions which Mr F made himself. If a third party (whether another adviser or someone else) was involved, Mr F hasn't said.

I've taken into account the FCA's approach and guidance to redress for non-compliant pension transfer advice. PS22/13 was published on 28 November 2022 setting out new rules and guidance which came into effect on 1 April 2023 and set out in DISP App 4. The aim is to put the consumer, as far as possible, back in the position they'd be in had they been given compliant advice – that is, to remain in their DB scheme. The value of those benefits is compared to the current value of the consumer's defined contribution pension arrangement attributable to the original transfer value.

DISP App 4.1.1R (9) defines the defined contribution pension arrangement as meaning, 'any pension arrangement holding the value of the consumer's pension benefits which originated from the non-compliant pension transfer advice, including where the arrangement has been subsequently changed to a new arrangement'.

On the face of it, that definition would include the SIPP with Provider I and the SIPP with Provider A, the current value of which reflects the losses Mr F has sustained in connection with the Vulcan Industries plc investments. But the new arrangement must've 'originated from the non-compliant pension transfer advice'. Whereas here my view is that the new arrangement (the transfer to the SIPP with Provider I to facilitate the investment in Vulcan Industries plc) arose because of decisions that Mr F made himself and which weren't reasonably foreseeable. The chain of causation was broken. I think that means that the new arrangement (the SIPP with Provider I and any subsequent arrangement to which that fund was transferred) can't properly be said to have originated from the non-compliant pension transfer advice.

There's also DISP App 4.2.5G (1). It refers to where the Appendix doesn't address the particular and individual circumstances of a consumer's complaint and says the firm should address such circumstances (a) in a way which is consistent with the rules and guidance in the Appendix and (b) their obligations in DISP 1.4.1R. I think my approach is consistent with that. Further, DISP App 4.2.5G (2) also says that firms should also consider how this service has taken account of such circumstances when determining similar complaints, as required by DISP 1.4.2G (3). In some cases we've said, instead of using the actual value of a consumer's defined contribution pension, a notional value should be used, based on the transfer value paid by the DB scheme plus investment returns. So, again, my approach is consistent with that.

Lastly, Mr F's representative has said that a payment for distress and inconvenience is warranted. That's based on WA having previously said it accepted the investigator's view and the case then having been closed, on the basis WA would undertake the loss calculation the investigator recommended – which didn't make any amendment to the usual methodology for calculating loss for non-compliant pension transfer advice. But, although I do understand why Mr F would've been disappointed when that didn't happen, it was this service's decision to re-open the complaint. And, although I've upheld the complaint, the redress I've awarded reflects my views as to what's fair compensation for Mr F's financial loss in the circumstances of this particular case. I'm not persuaded that an award for distress and inconvenience should be made.

All in all I haven't been persuaded to depart from the views I expressed in my provisional decision which I've set out above and which forms part of this decision.

Putting things right

I've repeated here the redress I set out in my provisional decision.

The FCA in DISP App 4 has set out how to undertake redress for non-compliant transfer

advice. However, due to the circumstances here that aren't covered under DISP App 4, I need to make clear an amendment to the usual calculation methodology. At the valuation date for Mr F's transferred fund, WA should use the transfer value paid to Provider P, plus investment returns had Mr F's fund remained invested in the original fund with Provider P up to the date of the calculation.

I consider Mr F would've most likely remained in the DB occupational pension scheme if suitable advice had been given.

WA must therefore undertake a redress calculation in line with the rules for calculating redress for non-compliant pension transfer advice with the above amendment inserted, as detailed in Policy Statement PS22/13 and set out in the regulator's handbook in DISP App 4. For clarity, as far as I'm aware, Mr F has not yet retired and has no plans to do so at present. So compensation should be based on the DB scheme's normal retirement age 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 Mr F'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, WA should:

- calculate and offer Mr F redress as a cash lump sum payment,
- explain to Mr F before starting the redress calculation that:
  - 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 their redress prudently is to use it to augment their current defined contribution pension
- offer to calculate how much of any redress Mr F receives could be augmented rather than receiving it all as a cash lump sum
- if Mr F accepts WA's offer to calculate how much of their redress could be augmented, request the necessary information and not charge Mr F for the calculation, even if they ultimately decide not to have any of their redress augmented, and
- take a prudent approach when calculating how much redress could be augmented, given the inherent uncertainty around Mr F's end of year tax position.

Redress paid directly to Mr F 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), WA may make a notional deduction to allow for income tax that would otherwise have been paid. Mr F'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

I'm upholding the complaint to the extent I've set out above.

Woodgrange Associates (IFA) Ltd must redress Mr F as I've indicated above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F to accept or reject my decision before 24 February 2026.

Lesley Stead
Ombudsman