DRN-6275425

The complaint

Mr E complains that Grove Pension Solutions Ltd badly advised him to transfer from his former employer's defined benefit (DB) pension scheme to an A J Bell Self-Invested Personal Pension (SIPP). Specifically, he says that Grove failed to take into account his disclosed health conditions resulting from a brain injury, which made him a vulnerable client who was ill equipped to make such an important decision.

Mr E subsequently went on to switch his A J Bell SIPP into his existing execution-only SIPP with a different provider and appears to have followed a high-risk trading strategy which has caused him significant loss. He attributes this to Grove's advice which encouraged him to leave the safety of the DB scheme in the first place.

A Claims Management Company (CMC) represents Mr E in this complaint.

What happened

Between 2020 and 2021 Mr E had been looking to transfer his DB pension and contacted Grove via an enquiry form on its website.

It's relevant that Mr E had trained many years earlier (in the late 1990s) as a financial adviser – albeit he says not working pensions specifically – holding the Financial Planning Certificate (FPC) qualification. He left that role in 2005 and went on to manage investments – again I understand not pensions – and his further qualifications were then more relevant to that role. And he had more recently changed role into being a consultant in a different sector, although he had continued developing a large residential property with another investor.

As a result of this, the evidence suggests Mr E came across as better informed than many people about pensions including the terminology involved – and plausibly so, even if he hadn't worked specifically in that field. On the online enquiry form he wrote, *"I have a small GMP* [Guaranteed Minimum Pension] *pot with the* [DB] *scheme from when / was an IFA with* [ex-employer]*. I'd like to take the CETV* [cash equivalent transfer value] *and transfer it into my SIPP. Please can you get in touch so we can discuss the options. I do not use, nor have an IFA as I manage my investments myself on the* [SIPP] *platform."*

It doesn't seem to have gone unnoticed by Mr E that the transfer value of his benefits had increased from about £38,000 to £67,405 over the past two years. He supplied statements to this effect to Grove and it was remarked on in the fact find completed at the time. I'm not suggesting Mr E understood in detail the reasons why (it was because government bond yields had fallen to an all-time low). But I'm satisfied that a desire to self-invest the increased transfer value was the reason Mr E approached Grove in 2021.

The £67,405 transfer value resulted from funds Mr E held in self-selected investments in the DB scheme which were all in shares: 46% in emerging markets and 54% in global shares (70% UK, 30% overseas). It broke down into the following:

- £ 6,654 was the value of Mr E's additional voluntary contributions

- £25,555 was the value of the employer contributions, which had been increased to £60,751 as this was the cash equivalent value of the Reference Scheme Test (RST) benefits that the scheme was obliged to provide Mr E.

RST works in a similar way to what Mr E termed a Guaranteed Minimum Pension (GMP), in that these are benefits that the DB scheme was required to pay in order to contract out of the State Earnings-Related Pension Scheme (SERPS), thereby saving employer and employee National Insurance contributions. The RST was £1,247pa as of October 2020 and this would further increase up to age 65, in about 15 years' time. Assuming the Consumer Prices Index (CPI) in future was 2%pa, Grove calculated the RST at age 65 would be £1,678pa. This would again increase in payment in line with CPI, with a 50% spouse's pension attached.

Other than the RST as a minimum, the DB scheme didn't promise Mr E a fixed level of pension. It would therefore be termed a defined contribution (DC) scheme with an RST underpin. It was likely intended originally that the employer contributions, after investment growth and applied to an annuity rate at retirement, would produce a pension of more than the RST, meaning this wouldn't originally have been a particularly valuable guarantee. But as a combined result of poorer than anticipated investment growth and reducing gilt yields, the RST was now 'biting'.

In order to offer a transfer, the scheme uplifted the transfer value of the employer contributions so that it was equivalent to how much it would cost to replicate the RST in future. This meant that the transfer value had to be classed as defined benefit. Mr E was required by law to seek independent financial advice on any transfer because the transfer value was in excess of £30,000.

Mr E completed Grove's pension freedom enquiry form on 18 November 2020 – again on this he used the acronym PUP commonly used by advisers for 'paid up pension'. At the end of December, Grove sent out additional forms requesting the information it needed to complete the advice process. On 31 December Mr E confirmed he would like to proceed. Grove has a note of a phone call on that date in which Mr E asked about the timescales and whether (should Grove's advice be *not* to transfer the pension) he could be treated as an insistent client. Grove's answer was that this would be at the adviser's discretion after having a conversation about the reasons why Mr E nonetheless might want to proceed.

As Mr E indicated that he wanted to self-invest and therefore wouldn't require ongoing advice, Grove sent him a self-investment questionnaire which he completed in February 2021. He disclosed that he was intending to invest 95% of the proceeds in shares and 5% in cash, and he wouldn't be employing specialist business, property, unlisted or unregulated assets. When asked *"Has anybody encouraged you"* he replied *"Am an experienced investor"*; and in response to *"How would you rate your understanding of investments?"* he declined options suggesting any degree of reliance on an adviser, selecting amongst the others available *"I understand the fundamentals and do research to clarify any queries".*

Grove carried out a fact find recording the following details about Mr E:

- Age 50 and married
- In his current employment for two years earning £33,000pa
- A member of the workplace pension with four times salary death-in-service benefits
- Renting his home with all of his other assets invested in the property development
- This development was scheduled to be completed and sold by the end of 2021, realising a profit of £975,000 of which £40,000 would go to the other investor. Mr E would then move into one of the properties, saving rent of £1,200 per month, and expected to receive another £2,500 per month from the other properties
- Credit card debts of £12,000

- One dependant son aged 8 whom he intended to send to private school at a cost of £12-14,000pa
- Three other DC schemes totalling £19,500 (£9,500 of this in his execution-only SIPP)
- Incurred a previous occupational injury resulting in the payment of a tax-free lifetime income of £12,000pa since 1997
- Then suffered a brain haemorrhage in 2019 as a result of a violent attack
- Also experienced PTSD and depression
- Unlikely to fully stop working until after age 70, when he was targeting a minimum income of £3,000 per month – ideally up to £5-6,000 per month
- Attitude to risk of "specialist", the highest on a seven-point scale where one was "no risk". Defined as *"I consider myself to be an experienced investor and wish to take personal control of where, when and how my pension funds are invested. In doing so I am willing to accept considerable loss of capital"*. He'd separately described his attitude to risk as that he wanted to transfer *"irrespective of the risk involved"*
- His 'considerable' experience in the finance industry which I've alluded to above was then detailed, along with his existing SIPP investments which were *"individual shares such as Tesla, ITM and BA as well as other investments with the following returns: an Artificial intelligence ETF* [exchange traded fund] *(18%), a technology* [closed ended fund] *(32%) and a clean energy ETF (20%+). Over the next 10 years, you feel confident you could increase the total value of your pensions to over £250,000 with the opportunity to make such specific investments"*

Mr E's general objectives at the time had been prioritised from a pre-printed list as:

- Improving retirement benefits
- Improving death benefits, given the difficulty of obtaining life insurance with his conditions. He had said, *"I nearly died last year. I feel the guaranteed income would be wasted where it is. A better death benefit is worth its weight in gold to me."*
- Having greater control of his investment strategy – particularly as he didn't have a set retirement age and wanted to flexibly access his pension as and when.

On 2 July 2021 Grove recommended that Mr E transfer in its suitability report, essentially because of the considerable enhancement given (from £25,555 to £60,751 on that part of the transfer value representing the employer contributions) and his lack of reliance on this pension in retirement for income. The proposed receiving scheme was an A J Bell SIPP charging £216 initially, followed by annual charges of £216 plus 0.20%pa for custody, and any asset management charges. The illustration translated this into an overall reduction in yield through charges of 1.9%pa, assuming Mr E invested in funds costing 1%pa to manage.

Mr E gave his agreement to transfer on 9 July 2021, which involved declaring that the details he'd provided on Grove's fact find (and copied back to him) were correct. He paid Grove a fee of £2,950 for the advice. I understand the amount transferred on 10 September 2021 was £68,402, which after the initial fee and SIPP charge resulted in £65,236 for investment. Mr E subsequently transferred that same sum, which had remained in cash, to his execution-only SIPP on 27 October 2021 where he subsequently suffered losses.

The CMC later complained in September 2025 on Mr E's behalf that he was experiencing ongoing symptoms from his brain injury at the time of the advice – and Grove should have recognised that he was ill-equipped to make this significant financial decision when unduly motivated by the increase in transfer value. They cited a failure to identify and respond appropriately to vulnerable customers under FCA guidance. Regarding the suitability of the advice, they said it over-relied on Mr E's academic and professional background, which was not a substitute for Grove making suitable recommendations. Contrary to the other evidence, the complaint claimed that Mr E was medically unemployed at the time of advice, with no relevant previous investment experience and a medium attitude to risk/capacity for loss.

Grove didn't uphold the complaint, considering its advice to have been suitable as it met Mr E's needs for income and death benefit flexibility. It thought Mr E's losses were caused by his own investment choices. It told our service, *"There is no doubt that* [Mr E] *had some medical conditions which he fully disclosed to us. However, there was no suggestion that this caused him any issues with understanding that he had a RST pension (he told us this on approach), or that he didn't understand what he wanted to do."*

One of our Investigators considered the complaint. In summary, they agreed with Grove's conclusions that the transfer value being offered to Mr E was generous in exchange for the benefits given up, and that despite the symptoms of his brain injury he would have appreciated this at the time. They preferred Mr E's own contemporaneous descriptions of his willingness to take risks to the subsequent claims made by the CMC, and didn't consider these evidenced that Mr E was exercising poor judgement or was unable to make sound decisions. For Grove to have assumed otherwise put it at risk of discriminating or making generic assumptions about Mr E's ability based on past medical events.

Our Investigator also said that regardless of any compliance failings by Grove, Mr E had contemporaneously shown he was determined to transfer, and would have sought to do so as an insistent client if the advice had been otherwise. One potential failing identified was that Grove hadn't explored a transfer directly to Mr E's execution-only SIPP, which they thought had likely always been Mr E's intention. However as Mr E never moved out of cash with A J Bell it didn't appear he'd suffered any loss from this alone.

Mr E's CMC didn't agree, responding in summary as follows:

- The relevant regulatory standards and guidance for DB transfers don't demonstrate that Grove's advice met the required threshold of suitability. Reliance on a Transfer Value Comparator (TVC) or an apparent enhanced transfer value doesn't of itself demonstrate that the advice is suitable.
- The FCA's Final Guidance (FG) 21/1 on vulnerable customers makes clear that physical and mental health issues can affect how consumers perceive risk, process information and make decisions, particularly where a serious medical condition has recently occurred. At the time of Grove's advice, Mr E's ability to make even the most basic of decisions was severely compromised – and it is still affected today.
- This was more relevant than Mr E's financial capability or knowledge, which was in any event very limited in the area of pension transfers – having had no training.
- The emotive language Grove captured as Mr E's reasons for wanting to transfer indicate that he was being influenced by his medical condition, such as being overly focused on the short term death benefits rather than long term retirement prospects, and having a heightened risk tolerance and confidence in his investment ability.
- This display of vulnerability should have made Grove take additional time to explore Mr E's motivations, test his understanding, and carefully challenge his reasoning.
- The conclusion that Mr E wouldn't be reliant on the DB scheme for income appeared to be reliant on future success of his property development, rather than access to known sums at the time of advice.

Grove has seen the CMC's comments, and explained that if it had any indication that Mr E was in a vulnerable position it would have asked him to have a third party present. It didn't consider such vulnerability would have prevented him making this decision to transfer his DB pension. It noted Mr E was already taking a high level of risk in the DB scheme and his existing SIPP, whereas to beat a critical yield of 1.2%pa when transferring wouldn't have taken much risk at all. If that could be achieved whilst also gaining superior death benefits for his family, that was the natural reflection of a client with past health issues.

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). Where the evidence is incomplete, inconclusive or contradictory, I reach conclusions on the balance of probabilities – 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.

Having considered all of this and the evidence in this case, I've decided not to uphold the complaint for similar reasons to those given by the Investigator.

The regulator, the Financial Conduct Authority (FCA), states in COBS 19.1.6G that the starting assumption for a transfer from a DB scheme is that it is unsuitable. So, Grove should have only considered a transfer if it could clearly demonstrate, on contemporary evidence, that the transfer was in Mr E's best interests. And having looked at all the evidence available, I'm satisfied the transfer was in Mr E's best interests.

Grove's understanding of the 'enhancement' to the transfer value

In responding to the complaint, particularly in its most recent letter to the ombudsman service, Grove suggests that the RST underpin in Mr E's scheme was 'small', and *"the only advantage of such a plan is where the available fund is lower than the cost to provide that pension. Where the fund was greater than that cost, the member simply buys higher pension benefits. For* [Mr E]*, the scheme enhanced the fund value significantly for a transfer – it appears extraordinarily generous."*

Given that the ceding scheme stated in its documentation that it was uplifting the transfer value to the cash equivalent value of the RST – no higher than that – I this it misrepresents the position to suggest that the RST was a small fraction of the benefits on offer, or that the enhancement was (at least intentionally) generous. In my view the underpin only looks small because the RST of £1,678pa is itself fairly small, particularly when considered in relation to Mr E's other sources of retirement income, which included:

- His ongoing disability pension of £12,000pa
- (From age 67) a state pension, likely to be in the region of £10,000pa
- Other workplace pension arrangements which, if he remained working for 10+ years were likely in total to produce more income than the RST pension

Any suggestion that the transfer value was extraordinarily generous simply reflected the historically low gilt yields that underpinned the calculation of this value, and any arbitrage between the future assumed investment returns the scheme used to calculate this value versus what Mr E could reasonably achieve when investing after transfer. In other words, mainly the same considerations that apply to any DB transfer where the applicant hopes to beat the scheme pension by investing on the open market.

I therefore don't consider it was a foregone conclusion that Mr E was bound to out-purchase the scheme pension (which unless economic conditions substantially changed was likely to remain the projected £1,678pa RST at age 65). Indeed, his subsequent experience, albeit by investing in assets that weren't scrutinised in detail by Grove, shows the extent to which it was possible to underperform this. That was the risk inherent in making a DB transfer.

This case shouldn't be considered mainly on the basis of how much the transfer value had to be uplifted by to equal the cost of providing the RST. But rather according to all the usual considerations that apply to DB transfers – which I'll set out under various headings below, and to be fair to Grove, it did also take into account at the time of the advice. (It didn't use such extreme adjectives at the time to describe the transfer value, only going as far as saying it was 'good value', 'achievable', 'comparatively generous' and so on.) Before I do that, I'll address the CMC's point about Mr E's vulnerability.

Vulnerability

I don't dispute anything the CMC has said about how Mr E's conditions were, and still are, affecting him on a day to day basis – or that where these impairments were apparent, the considerations in FCA's FG21/1 would be relevant. The issue for this case is the extent to which Mr E's difficulties were reasonably apparent when Grove advised him.

Despite Mr E's disclosure of the brain injury and PTSD (plus physical injuries from his past occupation), these can affect each person differently – and I accept Grove's position that Mr E didn't otherwise display signs of vulnerability in the way he conducted his financial affairs. Grove was told, and noted on the fact find, that the brain haemorrhage had *"somewhat impacted your speech and short-term memory",* but in my view the adviser and Mr E were in a better position than either I or the CMC are today to judge the extent Mr E was able to engage with the discussions about transferring his pension. And the adviser clearly made notes as he went through the advice process on the views Mr E held about the value of this DB pension in his retirement planning.

I've no reason to doubt that Grove would have asked a third party to be present if it was apparent that Mr E was having difficulties engaging with the process. And I think the CMC's argument on this point is weakened by the fact that Mr E had remained in employment on reduced hours at the time (albeit undergoing health assessment as a result of his injury). And that as a result of engaging with the paperwork his DB scheme had sent him, he approached Grove under his own steam. In effect, he was acting similarly to many customers who saw their pension transfer values increase, became interested in transferring and sought out an adviser themselves.

Sometimes clients (some but not all of whom might be considered vulnerable) display a more determined position that they would even be prepared to act insistently against advice. But I think that was rendered more plausible in Mr E's case given that he referred to his past career and qualifications and displayed an above-average understanding of the RST to which he was entitled, as well as investments in general.

The CMC draws attention to the emotive phrases Mr E used when indicating his motivation to transfer, such as having 'nearly died' the previous year, and that he could achieve the

critical yield ‘in his sleep’. Whilst I accept that Mr E’s conditions might have affected his risk appetite and changed the focus of his objectives, these are arguably also understandable statements for someone to make who was concerned about their health, had above-average investment experience and as a result was already investing 100% in shares up to that point. A brain injury that Grove was told had affected Mr E’s speech and short-term memory didn’t preclude him from holding these views, and in my view it wasn’t for Grove to assume that they weren’t reasonably held.

I understand why the CMC says that Grove should have challenged Mr E more on his motivations for transferring, relatively soon after the head injury. But on the balance of probabilities, I don’t think this wouldn’t have resulted in a different outcome when he could plausibly refer to his past professional and investment experience and had already indicated the possibility he would be prepared to act against advice that was not to transfer.

Grove wouldn’t have had access to (and had no right to demand) a more detailed psychiatric assessment of the sort that Mr E obtained in 2024, and which the CMC has since sent this service. Whilst this expands significantly beyond Mr E’s description of short-term memory problems, I note that its overall conclusions are that Mr E has full capacity, his diagnosis mainly predates the head injury, and is consistent predominantly with attention deficit hyperactivity disorder (ADHD) rather than PTSD.

We are told that the symptoms of ADHD are more common in the population, albeit often undiagnosed. To the extent that Mr E was displaying some symptoms at the time of advice, I find it unlikely that how this presented to Grove would have stood out particularly as a sign of vulnerability, notwithstanding the disclosures he made. And Mr E was still entitled to the benefit of suitable advice on whether he should transfer his pension. I haven’t, therefore, found a reasonable basis to conclude that Grove should treated Mr E differently, or that if it had tried to do so it would have resulted in a materially different outcome.

Financial viability

Grove carried out analysis as required by the regulator to calculate the Transfer Value Comparator (TVC). This was an indication of the sum that would be required in 2021, if it grew at a risk-free rate up to age 65 and was then converted to an annuity, to provide the RST of £1,678pa (with its attendant 50% spouse’s pension and CPI increases). Essentially this was a similar process to that which the DB scheme went through to calculate the cash equivalent transfer value, except the scheme may not have assumed an entirely risk-free investment return or identical annuity rates to those which the FCA required Grove to use.

In a typical transfer, this means that the TVC is often more than the transfer value being offered, with the difference representing the additional investment risk Mr E would need to take (above a risk-free return) to end up in a better position after transferring. Here, Grove compared a TVC of £46,100 with the transfer value Mr E was offered of £67,405 and said this suggested the transfer was good value (and other words to that effect). It’s now saying that this shows the transfer value was ‘extraordinarily generous’.

But from what I can see, all the scheme had done was calculate the cash equivalent value of the RST, and then add on the value of Mr E’s contributions which he was entitled to in addition to the RST. Firstly, that means £60,750 (the RST cost included in the transfer value) was the right figure to compare with the TVC. Secondly, in a situation where the DB scheme wasn’t enhancing the transfer value above the true cash equivalent, I would have expected the two figures to be somewhat closer.

As the calculation behind the TVC hasn’t been provided, I’m not as confident to accept that this was likely correct as I am to accept that the critical yield of 1.2%pa looks reasonable. I

find it unlikely that if the TVC was this much lower than the transfer value, there would still have been a positive critical yield. Even if I am wrong on this and the TVC was correctly calculated, I don't think this matters when as Mr E himself noted at the time, even a critical yield of 1.2%pa was likely to be achieved even when investing fairly cautiously.

The critical yield was the FCA's measure of viability that predated the TVC and, as in this case, it has often continued to be provided by advising firms alongside the newer measure. It is easier to see that the critical yield looks reasonable by applying the projected RST figure at 65 to the typical rate, obtained from annuity rate tables in July 2021, for a male aged 65 with a 50% spouse's pension going to a spouse (for illustrative purposes also aged 65):

> £1,678 ÷ 2.4% = £69,900 approx purchase price to secure this annuity
> £69,900 ÷ £60,750 [non-AVC transfer value] = 1.15 [growth factor from age 50 to 65]
> This translates to 1.15 ^ (1/15) = 1.009 or about 0.9% annualised growth after charges

The critical yield would need to have the charges added on, which came to 1.9%pa on the A J Bell illustration Grove provided. Whilst that would suggest a critical yield of 2.8% rather than the 1.2% Grove calculated, there are limitations in my approximate calculation which likely lead to an overestimate of the critical yield. So I consider this shows Grove's calculation is likely to have been reasonable. The main limitations are:

- The annuity rate should be based on broad FCA assumptions for a rate in 15 years' time, which isn't likely to have been quite as low as the historically low rates in 2021.
- I was only able to obtain an annuity rate incorporating RPI increases whereas the RST increases at CPI, which has historically been about 1% lower than CPI.

As I accept the critical yield of 1.2%pa was likely correct, for further comparison the FCA's upper projection rate in standard illustrations at the time was 8%, the middle projection rate 5%, and the lower projection rate 2%. So in my view this shows that Mr E wouldn't need to take a significant investment risk at all to just achieve 1.2%pa. There would be little point in him giving up the guarantees available through his DB scheme only to achieve, at best, the same level of benefits outside the scheme. But here, I think Mr E was likely to receive benefits of a higher overall value than the DB scheme and by some margin.

Attitude to risk

Grove recorded Mr E as having the highest attitude to risk on its scale, which meant him acknowledging that he was willing to accept significant losses. He'd also stated he was prepared to transfer *"irrespective of the risk involved".* I acknowledge the CMC's point that his risk tolerance might have been heightened by his medical condition, however it can be seen above that Mr E didn't even need to take a high risk to likely benefit from making this transfer. I therefore don't think the recommendation to transfer was unsuitable, particularly when taking into account his other objectives which I'll also cover below.

Flexibility

In addition to thinking, reasonably, that he could better the RST income, Mr E also intended to scale down how much he worked at some point between age 50 and 65 and might work in a reduced capacity until age 70. The DB scheme provided a relatively low level of income on a guaranteed basis, but an attractive transfer value. So, I can see why he would have thought being able to flexibly access this pension if necessary before he reached age 65 would be a useful part of his retirement planning.

Mr E didn't have any other savings at that time to support him flexibly, although that picture was likely to change when he moved into one of the properties he was developing and was no longer paying rent. Whilst I understand the CMC's point that rental income from all the properties being occupied wasn't necessarily guaranteed, it would be reasonable to take into account the improvement to Mr E's asset position from owning one of them as his main residence. That would, for instance, allow him to clear his credit card debt relatively quickly. And in any event, he had an ongoing income (for as long as he continued working) resulting in increasing pension provision, plus his disability and eventually state and other pensions.

So in my view, Mr E not only had the capacity to take the risk of transferring the DB pension, it would also usefully form part of his retirement planning to dovetail into his other sources of income – some of which were guaranteed, and significantly more substantial than the RST of £1,678pa. Notably, transferring would also increase the tax-efficiency of drawings from the pension as 25% of it would become tax-free. If the pension remained in the DB scheme it would likely not have exceeded the RST and therefore would all have been taxed.

Death benefits

Mr E had both occupational injuries and was recovering from a brain injury which meant that, understandably, he had genuine concerns about providing for his wife and dependant son in the event of his death. Whilst he was fortunate to have four times salary death in service cover, this was attached to his then employer where he wasn't guaranteed to remain for up to fifteen years before he drew the DB pension. I can understand why there was a concern at the time that should Mr E wish to apply for further life insurance, there would be difficulties and cost associated with underwriting.

As a result, I think it's reasonable to say that the ability to pass on whatever remained of Mr E's pension to his family would always have been important to him. While the DB scheme provided a 50% spouse's pension, this would be insignificant in relation to his wife's own pension provision by retirement and I don't think this would've provided materially better security than the flexibility of being able to access a lump sum payment on his death.

Therefore, in summary I think that transferring out of the DB scheme was also in Mr E's best interests for the added flexibility it provided in income and death benefits, as well as the likely financial gain in the benefits payable overall in his lifetime.

The proposed investments

Where I consider Grove could have done better is in exploring what investments, specifically, Mr E intended to make with the transfer proceeds. COBS 9.2.2R in the FCA's handbook required the business to obtain the information necessary about its client to have a reasonable basis for believing its recommendation 'meets his investment objectives', that the client is able to 'bear any related investment risks' and that he had 'the necessary experience and knowledge' to understand those risks. An adviser needed to look at the suitability of the intended investment in order to consider the overall suitability of the transfer.

However, that was mitigated in this case by the clear demonstration of Mr E's background in financial services and understanding of investments, if not specifically the DB aspect of this pension transfer. I think Grove would have been entitled to take into account that he did have the necessary experience and knowledge to invest, for example, 95% into shares as he declared on the self-investment questionnaire.

Grove knew that the specific shares Mr E was already investing his SIPP in seemed to be focused in the technology sector. When we asked the CMC for details of the current value of his SIPP it didn't give a breakdown of the investments made after 2021, but I assume they

were likely to have been similar. This may have lacked the sort of diversification normally expected in a conventional (say medium risk) portfolio. But it was within the scope of somebody who was prepared to take risks in the highest category on Grove's risk scale, as Mr E was assessed to be. Given everything Grove knew about Mr E I don't think that was an unreasonable assessment.

I don't know for sure why Grove didn't explore a direct transfer into Mr E's execution-only SIPP, but it's likely to have been because this wouldn't facilitate a payment to an adviser. Mr E did need to pay for the advice and it was more tax-efficient (and it seems here, cashflow-efficient) to fund this from the SIPP. Mr E seems to have been content with this – there's no evidence of him requesting that Grove make the transfer directly to his existing SIPP, but it may well be that he was always expecting to make an onward transfer. Although this meant that Mr E incurred A J Bell's initial fee of £216, I agree with the Investigator that he suffered no further loss before the funds were received in the execution-only SIPP and he started to self-invest.

Naturally I have sympathy for the poor outcome Mr E has had from his investments and the impact this will have on his future retirement. I've considered whether Grove could have attempted to school him in 2021 on the importance of wider diversification in the shares or other assets he could select. However, I think there's enough evidence in this case to show on the balance of probabilities that this is unlikely to have been well-received advice. And in that event I don't think Grove would have been acting against the FCA's principles and rules to process this transfer without being involved in Mr E's onward investment strategy.

Notwithstanding any attempt by Grove to suggest a suitable portfolio, it would have remained reasonable to expect that Mr E had the background and experience to be responsible for his own investment choices. And I'm satisfied that, more likely than not, Mr E would have gone on to make the investments he ultimately made, and which seem to have unfortunately caused him significant loss. For that reason I consider those losses can only reasonably be Grove's responsibility and not Mr E's.

My final decision

I do not uphold Mr E's complaint and make no award.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr E to accept or reject my decision before 8 May 2026.

Gideon Moore
Ombudsman