

## **The complaint**

Mr S complains that he asked True Potential Wealth Management LLP ('TPWM') for advice as he wanted to transfer his ('DB') occupational pension scheme. TPWM decided that it would not provide advice. The transfer value of his DB pension has since fallen. And Mr S says TPWM has therefore caused him a loss.

## **What happened**

Mr S holds benefits in a DB scheme pension relating to a period of employment between 1989 and 1995. In early 2022 he was in touch with TPWM for advice about potentially transferring these pension benefits.

On 24 March 2022 the trustees of the DB scheme provided TPWM with a transfer quotation. This said that the cash equivalent transfer value ('CETV') of Mr S' DB scheme benefits was £170,745.08.

Mr S says that the adviser he was speaking to indicated they'd be recommending a transfer to a personal pension with TPWM. And on 31 May 2022 an online account was set up for Mr S with TPWM, in anticipation of this.

On 9 June 2022 TPWM's administrative team issued a letter to Mr S' adviser saying, after collecting and reviewing information about Mr S' circumstances it was declining to provide financial advice in his case. The letter said this did not infer a recommendation not to transfer – but that it would not be providing advice. A copy of this letter was provided to Mr S by email in October 2022. Mr S says that the adviser informed him over the phone that it was TPWM's compliance department that had taken the decision not to provide advice.

The trustees of Mr S' DB scheme pension calculated an updated transfer value in October 2023. The CETV being offered at that time was £98,484.05.

Mr S complained to TPWM about what had happened and that it had declined to advise him, as the adviser he was speaking to had said they would be recommending a transfer.

TPWM did not uphold Mr S' complaint. It acknowledged that the adviser, who held the relevant qualification to advise on a DB transfer had prepared a recommendation. But it explained that its process was that this would be reviewed by its compliance team. That review had led to it declining to provide advice. It said this was in line with its terms of business, which had been shared with Mr S, and guidance set by the regulator, the Financial Conduct Authority ('FCA').

Mr S referred his complaint to our service. He said he'd wanted to go ahead with the transfer and had been happy the adviser was going to recommend that he do so. He said TPWM had not sufficiently explained why TPWM's compliance department had declined to advise, against what the original adviser was recommending. Nor had it shown that the compliance department held the relevant qualification to advise on DB pension transfers. He said TPWM's actions had caused him a financial loss due to the fall in the CETV and prevented him from accessing his pension in the way he wanted to.

One of our Investigator's considered the complaint. He didn't think TPWM had made an error. He thought the process that TPWM had followed was something it was allowed to do. And he thought its actions were fair, when considering the rules set by the regulator in relation to DB pension transfers. Overall, he was satisfied that TPWM was within its right to decline to advise, and this hadn't prevented Mr S from taking advice from elsewhere.

Mr S asked for his complaint to be reviewed by an Ombudsman. He said the Investigator hadn't established why TPWM's compliance department had disagreed with the original adviser or if they were suitably qualified, as he'd asked. He also said the Investigator hadn't considered what TPWM's motivations for declining to advise were.

The investigator wasn't persuaded to change their opinion, so the complaint was referred to me to make a final decision.

### **What I've decided – and why**

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

I think it is worth starting by saying that, because of the informal nature of our service, I've summarised what has happened. I appreciate Mr S has said he wanted our service to get answers from TPWM in relation to specific points he was concerned about. But, while I appreciate this may come as a disappointment to him, that isn't our role. The role of our service is to informally review individual disputes on a fair and reasonable basis. We aren't a regulator. We look at what has happened in the specific circumstances of a complaint and decide whether a business has acted fairly or if it has made an error. So, while Mr S has asked for answers to specific concerns, my decision will address what I consider to be the key issues in deciding what is fair and reasonable.

Mr S wanted to transfer his DB scheme benefits and has said he wanted to be able to access these benefits flexibly in a way that suited him. But, while Mr S might've had a plan in mind, he was required to take regulated financial advice before he could transfer from his DB scheme. A transfer couldn't proceed without him taking this advice.

Mr S asked TPWM for advice about a DB transfer and to facilitate this. And the crux of the complaint is that it did not do this.

Advising on a potential DB transfer is not straightforward. There are a number of rules, regulations and requirements that a business providing advice must consider. Not least the provisions the FCA sets that deal with making a personal recommendation and a set of provisions that specifically deal with DB pension transfers. These state that the starting assumption for a transfer from a DB scheme is that it is unsuitable. So, in the event that TPWM provided Mr S advice, its role wasn't just to put in place what Mr S might've wanted. It was to give suitable advice on what was in his best interests.

But here TPWM decided that it was not willing to provide advice on this potential transfer. And I'm satisfied this was a decision TPWM was entitled to make. TPWM is entitled to decide whether or not it is willing to provide advice or any other services. It is under no obligation to do so, particularly when no fee has been charged for a service – as was the case here. TPWM came to the conclusion that it wasn't prepared to provide advice. And I'm satisfied that its terms of business make it clear that this is a possible outcome.

Mr S has questioned the timing of this decision – which he says was after a detailed fact-find had been conducted and the adviser he was speaking to indicated that they would be recommending a transfer. But I don't think TPWM taking the decision that it would not

provide advice after a fact-find had been completed was unreasonable. I think it is fair that it would want to understand Mr S' circumstances and objectives before it concluded whether it could assist him. And TPWM's terms of business state that the circumstances in which it may decline to provide DB transfer advice include "on assessment of your current and future circumstances, needs or goals".

TPWM acknowledged that its adviser thought they'd recommend a transfer. But its process, which is a matter for its commercial judgement, was for this opinion to be reviewed by its compliance department. And I haven't seen evidence of a suitability report having been produced or regulated financial advice having been confirmed before this took place. Mr S has pointed to an online account having been set up as evidence that a transfer was recommended. But I don't agree that this confirms advice was given. Rather I think it was likely done to save time later, in anticipation by the adviser of the compliance department agreeing with their position.

Mr S has questioned the motivation for TPWM taking this decision as well as whether the person who made it holds the relevant qualifications to advise on DB transfers. Notwithstanding that TPWM said in its response to the complaint that the staff members held the relevant qualifications, as I've explained, I'm satisfied no advice was given here. And that this was a decision that TPWM was entitled to make. So, I don't think it has made an error here.

Mr S has said that TPWM's decision has caused him a financial loss because the transfer didn't take place and the CETV the DB scheme is offering has reduced. But although he was required to take regulated financial advice, he didn't have to take this from TPWM. He was free to approach another provider after it said it wasn't going to advise him.

I can appreciate why Mr S is upset that the CETV has been recalculated and reduced. But the CETV is not the same as a fund value of an investment linked pension. An investment linked pension's value rises and falls based on the investments held and their performance. The benefits in a DB scheme do not have an investment linked value though – as the underlying benefits are guaranteed.

The CETV is a value determined by actuarial principles, taking into account factors including personal circumstances of the pension holder, contributions to the pension and market factors and requiring assumptions to be made about how future events might influence the members benefits. It is generally based on the providers best estimate of the expected cost of providing the guaranteed benefits. So, a fall in this is not a reduction in benefit value. And here Mr S has retained the benefits under the DB scheme and still has access to them. So, while the CETV the trustees have offered has fallen, he hasn't incurred a loss of pension benefits under the scheme.

### **My final decision**

For the reasons I've explained I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 5 June 2024.

Ben Stoker  
**Ombudsman**