DRN-3921046

The complaint

Mr G complained that he was given unsuitable advice to transfer his defined benefit (DB) British Steel Pension Scheme (BSPS), to a type of personal pension plan, in 2018.

QED Financial Associates Ltd is responsible for answering this complaint and so to keep things consistent, I'll refer mainly to "QED".

Mr G himself originally referred his complaint via a claims management company. However, I'll refer to all comments and opinions about the complaint as coming from Mr G himself.

What happened

In March 2016, Mr G's employer announced that it would be examining options to restructure its business, including decoupling the BSPS from the company. The consultation with members referred to possible outcomes regarding their preserved benefits, which included transferring the scheme to the Pension Protection Fund (PPF), or a new defined benefit scheme (BSPS2). Alternatively, members were informed they could transfer their benefits to a personal pension arrangement.

In May 2017, the Pension Protection Fund (PPF) made the announcement that the terms of a Regulated Apportionment Arrangement (RAA) had been agreed. That announcement said that, if risk-related qualifying conditions relating to funding and size could be satisfied, a new pension scheme sponsored by Mr G's employer would be set up – the BSPS2.

In October 2017, members of the BSPS were being sent a "Time to Choose" letter which gave them the options to either stay in BSPS and move with it to the PPF, move to BSPS2 or transfer their BSPS benefits elsewhere. The deadline to make their choices was 11 December 2017 (and was later extended to 22 December 2017).

Mr G was concerned about what the announcement by his employer meant for the security of his preserved benefits in the BSPS. He was unsure what to do and was referred to QED which is responsible for providing the pension advice. Information gathered about his circumstances and objectives at the time of the recommendation were broadly as follows:

- Mr G was 41 years old and married without any dependent children.
- Mr G owned a home jointly with his spouse and also had an investment property.
- Mr G earned around £42,000 (gross) per year but was anticipating this rising as he'd found a new job. It seems he and Mrs G enjoyed a reasonable amount of disposable income each month after essential spending.
- In addition to his salary Mr G said he received investment income and he had around £75,000 in other savings.
- With almost 9 years' service, the cash equivalent transfer value (CETV) of Mr G's BSPS was approximately £113,353. The normal retirement age (NRA) was 65.

- Mr G had joined the new TATA defined contribution (DC) pension scheme as a consequence of the BSPS ceasing new contributions.

- Mr G told the adviser he'd like to retire early, at 55 if possible.

QED set out its advice in a suitability report in February 2018. In this it advised Mr G to transfer out of the BSPS and invest the funds in a type of personal pension plan. QED said this would allow Mr G to achieve his objectives. Mr G accepted this advice and so transferred out. In early 2021 Mr G complained to QED about its advice, saying he shouldn't have been advised to transfer out to a personal pension.

Mr G referred his complaint to our Service in May 2022. One of our investigators looked into the complaint and said it ought to be upheld. But QED still said it hadn't done anything wrong and was acting on the financial objectives Mr G had at the time.

As this complaint can't be resolved informally it's been sent 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've also taken into account relevant law and regulations, regulator's rules, guidance and standards and codes of practice, and what I consider to have been good industry practice at the time. This includes the Principles for Business ('PRIN') and the Conduct of Business Sourcebook ('COBS'). 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 QED'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.

I have further considered that the regulator, the Financial Conduct Authority ('FCA'), states in COBS 19.1.6 that the starting assumption for a transfer from a DB scheme is that it is unsuitable. So, QED should have only considered a transfer if it could clearly demonstrate that the transfer was in Mr G's best interests.

I've used all this information we have to consider whether transferring away from the BSPS to a personal pension was in Mr G's best interests. I have also carefully considered the final response letter from QED. I've carefully considered too, the various other responses made to the points contained within our investigator's view. I have also recently contacted the parties myself to establish whether they have anything to add ahead of me making a decision.

Having done all this, I'm upholding Mr G's complaint.

Introductory issues

I'd like to start by referring to the 'timeline' of events. I've already described above how members of the BSPS were given until 22 December 2017 to decide whether or not to join the BSPS2. Until recently, it wasn't entirely clear if Mr G ever made that choice. I also noted that all the documentation about the advice sessions and transfer seemed to have been dated in January or February 2018 which was after the deadline. So I recently asked both parties for their recollections and any further evidence they had.

I've now been sent information that confirms that Mr G was sent a "Time to Choose" pack in November 2017 and that he selected moving to the BSPS2 as his preferred option. I know this because Mr G was sent a confirmatory letter dated 21 December 2017 from the BSPS trustees. This confirmed he'd made the choice and that he didn't have to do anything more at that stage. I've also seen a later letter, again from the trustees, re-confirming his selection and explaining what would happen in the near future. So, I think it's safe to say that Mr G definitely did opt into the BSPS2, even if only as a precaution whilst he sought financial advice from QED.

I should say that none of this really matters to the actual *suitability* of the advice – as I explain below, overall I think it was unsuitable. Nevertheless, it does matter to the *redress* that could be due for providing the unsuitable recommendation to transfer away: redress should be measured against as if the member would have joined the BSPS2, rather than the PPF. Even though QED's dealings with Mr G may have predominantly been in 2018, it should have known he had opted to join the BSPS2 when advising him.

Financial viability

QED referred in its transfer analysis and suitability report to 'critical yield' rates. The critical yield is essentially the average annual investment return that would be required on the transfer value - from the time of advice until retirement - to provide the same annuity benefits as the DB scheme.

The critical yield comparison was a requirement from the regulator at the time when advising clients on DB transfers. It's also important to point out that the critical yield comparison is only one of a number of different metrics I've used to compare the different schemes.

The critical yield required to match the benefits at the age of 65 in the existing scheme, was listed as 5.05% and for the age of 55, it was 7.23%.

The advice was given after the regulator gave instructions in Final Guidance FG17/9 as to how businesses should calculate future 'discount rates' in loss assessments where a complaint about a past pension transfer was being upheld. Prior to October 2017 similar rates were published by the Financial Ombudsman Service on our website. Whilst businesses weren't required to refer to these rates when giving advice on pension transfers, they provide a useful indication of what growth rates would have been considered reasonably achievable for a typical investor.

The relevant discount rate closest to when the advice was given which I can refer to was 4.6% per year for 23 years to retirement (age 65). For around 13 years to retirement, which would mean Mr G was 55, the discount rate was 4.1%. I've also kept in mind that the regulator's upper projection rate at the time was 8%, the middle projection rate was 5%, and the lower projection rate was 2%. At the time, QED assessed Mr G's attitude to risk (ATR) as "medium".

Looked at through this prism in 2017, there may have been a chance of Mr G's transferred funds growing by enough to match the critical yield if the age of 65 was used. I say this because the critical yield was 5.05% and the discount rate was 4.6%. So, this means annual growth in a personal pension plan would only have to marginally rise above the discount rate to reach the critical yield figure. But when considering an early retirement at 55, I think matching the critical yield of 7.23% was much more unlikely.

However, I think it's important to say that even though reaching growth of 5.05% might have been possible, there was still no guarantee he'd achieve this; and certainly less so that he'd *exceed* it. And there would be little point in transferring only to achieve broadly similar benefits. Even if I accept that a growth rate of around 4.5% -to- 5% was realistic and possible, I'd also need to still factor in the costs and fees associated with a personal pension plan and which Mr G didn't have in his existing BSPS, the BSPS2 or indeed the PPF.

It's also important to say that QED itself had accepted that Mr G's preferences were to retire early, rather than wait until the age of 65. So, I don't think there was any persuasive rationale for transferring away if we base it only on financial viability comparisons. If retiring at 55 the figures looked much less achievable. This is because here, the discount rate was only 4.1% whereas the critical yield was 7.23%.

I therefore don't think a persuasive case for transferring only on this basis was ever made out. The risks of receiving lower overall pension benefits at retirement were quite high.

Although I accept that upon entering the advice sessions with QED Mr G probably did not view the PPF as something he'd want to move to, the critical yields for this were not demonstrably different. Put another way, the PPF critical yield for retiring at the age of 65 was 4.59%. For the same reasons as I've set out above, broadly *matching* this growth rate may have been potentially achievable. But *exceeding* this, after the deduction of fees and charges, was much more uncertain. However, as I've explained, the preference accepted by all parties seems to have been for an earlier retirement. And the critical yield for retiring at 55 using the PPF comparison – this was 7.2% - was not realistically achievable either, in my view.

As I've said, the critical yield is only one aspect of assessing the financial viability of transfer such as this. I've also noted that using the NRA of 65, QED's own transfer analysis said that even in order to purchase an annuity to provide benefits of equal value to the estimated benefits provided by the existing scheme, assuming *no* spouse's pension, *no* increases in payment and *no* guarantee at retirement, the estimated fund required at 65 was £190,714. For retiring at 55, an annuity with *no* spouse's pension, *no* increases in payment and *no* guarantee the cost was £147,179. These figures were much more expensive than Mr G's CETV – and for a much inferior pension(s). So, in my view, these costs provide a revealing window into the real value Mr G could lose if he transferred out to a personal pension plan.

I therefore think it's fair to say that from a financial comparison perspective, QED's own figures, shown in its suitability report and transfer analysis documents, showed that transferring to a personal pension plan did not mean Mr G was more likely to receive higher pension benefits in the longer term. And QED was obliged to take note of the regulator's starting assumption for a transfer from a DB scheme, that it was most likely unsuitable.

I've also considered some projections QED used to help show that if he transferred out to a personal plan, the funds could last Mr G well into retirement. I think most of these were based on growth projections using past performance, which isn't ever guaranteed. It's also fair to say these were not comparing like-with-like. What QED was showing Mr G were comparisons with plans which lacked the wider guarantees and benefits of a DB scheme.

Of course, according to QED, its recommendation that he should transfer out to a personal pension was not wholly based on the financial comparisons with his current scheme alone. Rather, QED said Mr G also had other reasons to transfer away.

I've considered these below.

Other reasons to transfer

I've thought about all the other considerations which might have meant a transfer was suitable for him. I've done this by carefully assessing all the different documents from the time setting out Mr G's thoughts and those of the adviser. I've also got no doubt that Mr G probably went to QED with a somewhat fixed view of what he thought was a good idea - I think Mr G probably had a good degree of financial knowledge and investment experience. Mr G wanted to retire early if possible and was looking for ways this could be financially supported and I see that there were discussions about how he could grow his pension if he transferred out.

I've considered the 'fact-find' and suitability report in coming to a judgement about what Mr G's objectives were, and why the adviser chose to recommend the transfer to a personal type of pension arrangement. The following themes were given as rationale in QED's suitability report for its transfer-away advice:

- *The adviser took note of Mr G apparently wanting to retire early, with the age of 55 mentioned.*
- *25% of a transferred pension in a personal plan could be taken tax-free at age 55.*
- *Transferring presented a "broad range of investment opportunities offering enhanced flexibility".*
- *There would be better death benefits if he transferred to a personal scheme.*
- *There were tax efficient opportunities from saving into a pension*

I have therefore considered all these issues in turn.

- *Retiring early / taxing tax-free cash*

I think it's important to focus for a moment here on just how young Mr G actually was in pension terms. The evidence I've seen is that Mr G – understandably - had no plans whatsoever for his retirement. Even using a very early retirement age of 55, there was still over 13 years left to when he'd be actually contemplating giving up work and / or drawing his pension benefits. Whilst I'm sure, like most people, Mr G probably wanted to stop working as early as possible, I think what he and the adviser discussed could only ever have been vague retirement aspirations on his part. In reality, there was no plan to retire early.

I therefore think that everything that flowed from predicting Mr G's retirement was flawed. For example, I don't think there's any real credibility behind Mr G estimating how much he'd need to live on each month when he retired as this was so far away. The notes from the advice sessions said Mr G's target annual income in retirement was only £10,000 per year. This is quite low for someone in his position although I accept he had other investments generating income. But I think this reflects the challenges in predicting what retirement might look like, so far ahead of when it was actually due. Mr G still had a significant part of his life ahead of him and it's reasonable to assume he might encounter new things that would become financial priorities, which he couldn't foresee at the present time. I think the adviser should have noted a clear vulnerability here in advising someone still relatively young to irreversibly withdraw from a guaranteed pension.

I think it's also likely QED promoted to Mr G that he could access more tax-free cash if he transferred to a personal pension plan. It implied he'd be able to access 25% of his pension as a lump-sum and then use the remaining funds more flexibly. It's usually the case that more tax-free cash can be accessed from a personal pension when compared against a DB scheme; this is because the values and benefits of the two schemes are calculated differently. But QED should have been telling Mr G at the time that extra tax-free lump sums being removed from a personal pension, potentially in his mid-50s in his case, also came with consequences in that the amount left for his later retirement years would obviously decrease.

With all this in mind, with somewhere between 13 and 23 years still left to when he'd be actually contemplating retiring, there was simply no meaningful rationale brought forward as to why Mr G should have been deciding to transfer away. And doing so involved an investment risk which I've showed above would probably mean lower overall financial benefits at retirement.

- *Flexibility and control*

I can't see that Mr G required flexibility in retirement in the way the adviser suggested. In any event, flexibility was poorly defined by QED. For example, I've seen nothing that really showed Mr G required changing how his retirement benefits ought to be paid. I think this was very hard to predict whilst still so far away from retirement age.

Nevertheless, QED set out the estimated pension he'd get under the existing scheme. It said he'd get an estimated pension at 65 of £8,395 per year. At the age of 55, the pension estimated was £5,096.

QED accepted that Mr G might have needed around £10,000 per year which I've taken to be in 'todays' money – something I seriously question given the incredibly distant timescale. What the adviser was accepting here was that Mr G could estimate how much income he'd need in around 13 -to- 23 years' time (depending on what retirement age was used).

However, I don't think there's anything showing Mr G's pension entitlements and wider financial resources wouldn't have met his likely requirements, without any need to transfer from a DB scheme. I don't think QED adequately explained these things to Mr G as its advice simply discounted him transferring away to obtain flexibility which was poorly defined and which he didn't need.

I've noted Mr G had a significant amount of savings and although he had mortgage debt, this was being paid down in accordance with the relevant payment plan. He also had investment income which appeared to come from various different sources. In any event Mr G already had a new and more flexible DC pension with his existing job as a consequence of the old BSPS scheme being closed to new contributions. And there's evidence that upon changing his job shortly, there was every expectation of a pension which I've assumed would be contributed towards by both Mr G and his employer.

I’ve noted that Mr G received a type of abridged advice from QED and so there were several points in documents I’ve seen where key financial information wasn’t gone into in any real depth. QED says Mr G didn’t want to disclose or discuss all financial details about himself, but it’s hard to see how it could give suitable pension transfer advice without it.

So Mr G’s secondary pension provision wasn’t, in my view, either brought out into the open or fully discussed. But I think it’s easy to dismiss the future pension accruals Mr G could reasonably expect because he was still only 41. And if I accept he had a new pension going forward, it isn’t unreasonable to assume that by retirement, whenever it came, Mr G could have built up a substantial amount in a DC scheme. This was possible by taking the modest amount he already had in the TATA DC scheme and adding the future contributions in his new scheme over the next 13 -to- 23 years.

I can also see that Mr G appeared to have significant disposable monthly income at the time of the advice so he could easily have contributed a little more to his pension in the future. This would have added to his objectives of using money tax efficiently. He also anticipated an imminent pay uplift as a result of getting a new job. In my view, all this adds to the significant financial resources he could expect to grow in the years ahead. And if one adds only modest growth to his overall wealth, then I think the evidence here is of Mr G being able to easily retire early on what he told the adviser he would need. He could still do this whilst retaining membership of a DB type scheme.

I therefore think that Mr G’s current and future pension provisions – and his other financial resources – would have enabled him to reach very close to his preferred early retirement age. These resources would have afforded Mr G any flexibility he might have needed in the years ahead without the need to irreversibly withdraw from a guaranteed pension scheme with good benefits, at the age of only 41.

I’ve therefore seen nothing explaining why Mr G wouldn’t want to continue membership of a DB type scheme, such as the BSPS2, and to use that scheme in exactly the way it was originally intended. Indeed, I think that by retirement, whenever it eventually came, Mr G could have been in a reasonably agreeable position. On one hand he’d have a meaningful existing deferred DB scheme. This would contain all the guarantees and benefits that such schemes normally bring which tend to include a promise to pay a known pension for life. Significant indexation guarantees also existed and it was still underpinned by the PPF. On the other hand, he’d have also built up a substantial DC scheme over a long period of time and it’s not unreasonable to say he’d have amassed a substantial sum in this by retirement. Mr G also had other forms of income and all this is without assessing Mrs G’s pension provisions.

So, if Mr G ever found he needed flexibility, then he’d be able to use the other resources he had, rather than transferring away.

I’ve also seen no evidence that Mr G had either the capacity or true desire to exercise control over his funds. With his DB scheme, Mr G was being offered the opportunity to remain with the new BSPS2. It’s true there were some differences in this scheme when compared to the original BSPS, but it remained a DB-type scheme nonetheless and was run for him by trustees. Mr G himself did appear to have experience of these types of other DC ‘money market’ investments. But I also know he wanted ongoing financial advice which to me suggests he found the responsibility of managing over £113,000 of transferred funds to be onerous in the years ahead. Ongoing financial advice and support would cost him money which the DB scheme didn’t require from him.

So, I think Mr G’s circumstances here were much more aligned to him moving to the BSPS2 as planned and retiring from that when he felt he was ready to do so.

Death benefits

Death benefits are an emotive subject and of course when asked, most people would like their loved ones to be taken care of when they die. The BSPS2 contained certain benefits payable to a spouse if Mr G died. Mr G was married and I think the death benefits in the BSPS2 would have been of use to Mrs G. We know, for example, there were certain spouse benefits present if Mr G pre-deceased his wife; and these related to both pre and post retirement scenarios. There's no evidence that Mrs G's own pension provision was so generous or substantial as to make this BSPS2 benefit of no use to her. And I think that around 50% of Mr G's DB pension in retirement would have provided Mrs G with a degree of reassurance if he died first. This was guaranteed and it escalated – it was not dependent on investment performance, whereas the sum remaining on death in a personal pension was.

I see the subject of life insurance was discussed and I know Mr G probably already had some cover. But at 41 years old, an additional 'term' life insurance policy would have been a reasonably affordable product if Mr G really did want to leave a large lump-sum legacy for a specific relative or someone else. QED could also have taken into account the fact that Mr G could have nominated a beneficiary of any funds remaining in his other DC schemes. So, to this end Mr G already had plenty of options ensuring part of his pension wouldn't 'die with him'.

Overall, in this case I don't think different death benefits available through a transfer to a personal pension justified the likely decrease of retirement benefits for Mr G.

Concerns over financial stability of the DB scheme

It's clear that Mr G, like many employees of his company, was concerned about his pension. His employer had recently made the announcement about its plans for the scheme and I think to a degree, he probably lacked trust in the company. He'd probably also heard negative things about the BSPS2 and PPF and QED said he could have more control over his pension fund.

So, it's quite possible that Mr G was already leaning towards the decision to transfer because of the concerns he had about his employer and a negative perception of the BSPS2 and the PPF. However, it was QED's obligation to give Mr G an objective picture and recommend what was in his best interests.

I accept there had been several months of uncertainty about the BSPS. But I think that QED should have also reassured Mr G that the scheme moving to the PPF wasn't as concerning as he thought. The income available to Mr G through the PPF would have still probably provided a reasonable amount of the income he would have needed at retirement, and it was uncertain that he'd be able to exceed this by transferring out, given his ATR and the effect of pension charges and fees. And although the increases in payment in the PPF were lower, the income was still guaranteed and was not subject to any investment risk. So, I don't think that these concerns should have led to QED's recommendation to Mr G to transfer out altogether.

Suitability of investments

QED recommended that Mr G invest his funds in a personal pension. As I'm upholding the complaint on the grounds that a transfer out of the DB scheme wasn't suitable for Mr G and I don't think he would've insisted on transferring to a new personal pension if clear advice had been given to him, it follows that I don't need to consider the suitability of the investment recommendation. This is because he should have been advised to remain in the DB scheme as was on offer in the form of BSPS2. This means the investment in the new funds wouldn't have arisen if suitable advice had been given.

Summary

I don't think the advice given to Mr G was suitable.

He was giving up a guaranteed, risk-free and increasing income within the BSPS2. By transferring to a personal pension, the evidence shows Mr G was likely to obtain lower retirement benefits. And I don't think there were any other particular reasons which would justify the transfer and outweigh this.

Mr G still had many more years before he intended to retire and for the reasons I've explained, it was much too soon to advise him to transfer away. I accept that Mr G was likely a knowledgeable investor and he probably went to the sessions with some idea of what he wanted. I also don't doubt that the flexibility, control and potential for higher death benefits on offer through a personal pension would have sounded like attractive features to Mr G. But QED wasn't there to just transact what Mr G might have thought he wanted. The adviser's role was to really understand what Mr G needed and recommend what was in his best interests. And I don't think it was in Mr G's best interests for him to transfer his DB scheme to a personal pension when he had the opportunity of opting into the BSPS2.

I have considered, given the circumstances of the time, whether Mr G would have transferred to a personal pension in any event. I accept that QED disclosed some of the risks of transferring to Mr G, and provided him with a certain amount of information. But ultimately it advised Mr G to transfer out, and I think Mr G relied on that advice.

I'm not persuaded that Mr G would have insisted on transferring out of the DB scheme, against QED's advice. I think if QED had provided him with clear advice against transferring out of the DB scheme, explaining why it wasn't in his best interests, I think he would have accepted that advice.

In light of the above, I think QED should compensate Mr G for the unsuitable advice, using the regulator's defined benefits pension transfer redress methodology.

Putting things right

A fair and reasonable outcome would be for the business to put Mr G, as far as possible, into the position he would now be in but for QED's unsuitable advice. Mr G had already opted into joining the forthcoming BSPS2. I think he would have remained in this situation rather than transferring away to the personal pension, if he'd been given suitable advice. Compensation should therefore be based on his normal retirement age of 65, as per the usual assumptions in the FCA's guidance.

To be clear, QED should use the benefits offered by the BSPS2 for comparison purposes.

QED 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.

QED should use the FCA's BSPS-specific redress calculator to calculate the redress. A copy of the BSPS calculator output should be sent to Mr G and our Service, the Financial Ombudsman Service, upon completion of the calculation.

This calculation should be carried out using the most recent financial assumptions in line with 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 G's acceptance of my final decision.

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

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

Redress paid to Mr G as a cash lump sum will be treated as income for tax purposes. So, in line with DISP App 4, QED may make a notional deduction to cash lump sum payments to take account of tax that consumers would otherwise pay on income from the pension. Typically, 25% of the loss could have been taken as tax-free cash and 75% would have been taxed according to Mr G's likely income tax rate in retirement – presumed to be 20%. So making a notional deduction of 15% overall from the loss adequately reflects this.

Our investigator recommended that QED should pay Mr G for the distress and inconvenience caused by the unsuitable advice. I have considered the impact this would likely have had on Mr G in his particular circumstances. This pension at the time represented most of his retirement provision. In his situation I think the thought of losing material benefits would have impacted upon Mr G. So I agree the recommended payment of £300 for distress and inconvenience. QED should pay Mr G this amount in addition to the redress I've set out above.

Where I uphold a complaint, I can award fair compensation of up to £170,000, 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 £170,000, I may recommend that the business pays the balance.

My final decision

<u>Determination and money award</u>: I am upholding this complaint and I now direct QED Financial Associates Ltd to pay Mr G the compensation amount as set out in the steps above, up to a maximum of £170,000.

Recommendation: If the compensation amount exceeds £170,000, I also recommend that QED Financial Associates Ltd pays Mr G the balance. I would additionally recommend any interest calculated as set out above on this balance to be paid to Mr G.

If Mr G accepts my final decision, the money award becomes binding on QED Financial Associates Ltd.

My recommendation would not be binding. Further, it's unlikely that Mr G can accept my decision and go to court to ask for the balance. Mr G may want to consider getting independent legal advice before deciding whether to accept any final decision.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 9 November 2023.

Michael Campbell
Ombudsman