

## The complaint

Mr F complains about the service he received from his financial adviser - AFH Independent Financial Services Limited trading as AFH Wealth Management (AFH) - when he was trying to get advice to transfer his defined benefit (DB) pension to a defined contribution (DC) arrangement.

Mr F says that AFH took too long to produce the initial abridged advice report. And that this delay prevented him from exploring other options. He also says that AFH didn't allow him to discuss the outcome of the abridged advice report with a transfer specialist. And it didn't offer him an insistent client option. He also says that AFH refused to offer him any assistance after he raised a formal complaint.

## What happened

Mr F met with his AFH adviser on 7 January 2022 to discuss his finances. He expressed an interest in transferring the benefits from a DB scheme. AFH then sent Mr F its Safeguarded and Defined Benefit Pension Transfer Guide to help him understand how valuable his DB scheme benefits were. The following week, AFH sent Mr F a Safeguarded Defined Benefit Pension Transfer Guidance Questionnaire.

AFH said that its adviser emailed Mr F on 24 January 2022 to confirm that if he proceeded to take DB pension advice, it would require a full financial review.

Mr F had a further meeting with his adviser on 31 January 2022 to discuss the advice process in more detail. A fact find was started during this meeting. This recorded that Mr F was married with two children who weren't financially dependent. He was earning £147K. He thought he would retire in 2023. He was already taking the benefits from another DB scheme. And had another income. The total income from these was around £25K a year. The fact find also recorded that Mr F's household expenditure was around £54K. And that he had significant cash deposits. And wanted to maintain an emergency fund of £50K.

The fact find further recorded that Mr F was in good health. And that he had no specific annual retirement income target. It also noted that Mr F had two personal pensions worth a total of around £280K. Additional notes recorded that Mr F had an: *"uncrystallised DB scheme. Will either take benefits or transfer by age 65"*. The DB scheme benefits were noted to be around £9K at age 65. And the current Cash Equivalent Transfer Value (CETV) for the pension was around £170K.

The fact find also recorded that the larger of Mr F's two personal pensions, held with a provider I'll refer to as provider S, was his current workplace scheme. Mr F had around £240K in this pension, currently invested in a lifestyling strategy in low-risk funds. He was still contributing to this pension.

On 23 February 2022, Mr F emailed AFH for an update on the transfer advice. And on 1 April 2022, Mr F contacted AFH again to ask why he hadn't heard anything about the transfer advice. Mr F's adviser replied the same day to tell him he'd had a positive initial case discussion with a Senior Advice Technician and was continuing to work on it. AFH also

sent Mr F a number of documents to sign on 8 April 2022, including a personal fact find, client risk assessment and client agreement. Mr F completed and returned these documents to AFH by 12 April.

AFH contacted Mr F on 20 April 2022 to arrange a further meeting. Mr F then met with AFH on 16 May 2022 to discuss the transfer advice. Following this, AFH emailed provider S on 18 May 2022 with a signed letter of authority and a request for plan information. It replied on 31 May 2022 to say it had a response turnaround time of seven to ten working days for such a request.

On 5 June 2022: Mr F emailed AFH to chase the transfer advice. It replied on 7 June 2022 to say that the request had gone through the initial assessment stage but further information was needed. Mr F provided the requested information on 13 June 2022.

Mr F electronically signed AFH's abridged advice fee agreement on 18 July 2022. AFH said this stated that AFH would provide Mr F with the following for a £400 plus VAT fee:

- Fact Finding to gather personal information about him
- A review of his Safeguarded Pension Benefits
- A written report which would confirm the outcome of whether he should remain in the scheme or if further detailed analysis is required.

On 18 July 2022, Mr F's adviser submitted his transfer for an approval decision. And on 19 July 2022, AFH chased provider S for a response to its request for plan information. Provider S provided that information on 26 August 2022. Then on 31 August 2022, Mr F's adviser stopped working for AFH.

On 5 September 2022, a new adviser from AFH called Mr F for an initial meeting. He also emailed him to request a letter of authority for Mr F's DB scheme. Mr F provided information he'd already given to his initial adviser. AFH then sent a request for scheme information to Mr F's DB scheme on 6 September 2022. And the new adviser emailed Mr F on 9 September 2022 to tell him no further information was required at this stage.

AFH received the requested scheme information on 15 September 2022. It then met with Mr F on 19 September 2022. A further fact find was carried out, including a detailed assessment of Mr F's likely post-retirement expenditure. A report dated 23 September 2022 showed that it would likely be around £48K each year. The report also recorded Mr F's desire to release the cash value of his DB scheme, as he didn't think he needed the income it would provide. And that he wanted to transfer the CETV of the DB scheme benefits into a DC scheme to provide flexibility to manage his income tax liability and to improve his succession planning.

On 11 October 2022, AFH requested some additional information from Mr F's former DB scheme. It received a response on 21 November 2022.

AFH completed the abridged advice report on 6 December 2022. It said that transferring Mr F's guaranteed benefits from his DB scheme wasn't required for him to be able to meet his objectives. And that it would expose him to unnecessary costs and risk.

On 9 December 2022, AFH invoiced Mr F for the abridged advice fee of £400 plus VAT. AFH carried out further internal compliance checks before calling Mr F to discuss its advice on 21 December 2022.

Mr F said that the initial feedback he'd received from AFH about his potential DB transfer

had been positive. So he was surprised and disappointed that AFH's report strongly recommended against the transfer. He questioned whether all relevant information about his circumstances had been understood and taken into account.

Mr F said that his adviser suggested that Mr F talk with the specialist who'd compiled the report. And that he make a complaint about the time it'd taken to produce the report. But that the adviser hadn't explained that if he made a complaint, he wouldn't be able to have any further discussions with his adviser or a specialist pensions adviser at AFH until his complaint was resolved.

AFH provided Mr F with a physical copy of the abridged advice report on 30 December 2022.

On 7 January 2023, AFH told Mr F that a call with the pension transfer specialist had been arranged for the following week. But it then told him on 12 January 2023 that no such discussions could take place until his complaint was resolved.

Mr F continued to raise questions about the outcome of his advice, as he was approaching the date he'd wanted his DB transfer to have completed. AFH said it couldn't help until the complaint investigation had ended.

AFH issued its final response to Mr F's complaint on 15 March 2023. It felt that its recommendation to remain in the DB scheme was reasonable. And that it'd clearly explained how the abridged advice process worked. But it also acknowledged that the level of service Mr F had received had fallen below expectations. To put things right, it offered Mr F £100 compensation for the delays and inconvenience it'd caused him.

Mr F replied to AFH's final response. He felt that its offer of £100 missed the point. He said he wanted a thorough explanation of why some of the delays had happened and why he'd been refused direct access to the transfer specialists.

Mr F brought his complaint to this service. To resolve his complaint, Mr F said he'd like an adequate investigation into AFH's failings; assurances that AFH's procedures have been changed; and compensation for the stress, frustration and upset he's been caused.

Our investigator was satisfied that AFH had made a reasonable recommendation. And felt that he hadn't seen any evidence that either the advice or the delay to it had led to a financial loss for Mr F. But he felt that AFH should've been able to tell Mr F on 29 August 2022 that it didn't recommend he transferred his DB pension. And that Mr F had been significantly inconvenienced by the four-month delay he felt AFH was responsible for. He felt this had led to Mr F's expectations not being managed. And forced him to wait for a response when he could've been seeking assistance elsewhere. Our investigator felt that total compensation of £450, rather than the £100 AFH had offered, would more fairly reflect the distress and inconvenience the poor service had caused Mr F.

AFH agreed with our investigator's recommendations.

Mr F didn't agree with our investigator. He made the following points:

- He didn't think AFH had ever asked him the full extent of any other income he might expect to receive after the DB pension he wanted to transfer had come into payment. He felt this was relevant because it would determine the level of tax he paid on his DB pension income, and therefore what he'd receive from it. And that it therefore should've impacted the transfer advice. He said this was the main reason he still felt the transfer specialist hadn't had all the relevant background information, which was

why he'd wanted to speak to him.

- He said all his trust in AFH had now gone. So he wanted to change adviser. But he said that under the terms of his client agreement with AFH, it was entitled to take further charges from his ISA investments for the remainder of the agreed five-year term. He wanted AFH to agree to let him move to a new adviser without incurring these charges.

AFH considered Mr F's request. But it didn't agree to it. It said the charges on the ISA investments weren't related to the complaint.

Our investigator considered Mr F's request. But felt that as Mr F's ISA charges weren't related to the delays or the abridged advice he'd received, he couldn't fairly or reasonably ask AFH to void these charges. He said this was because it wouldn't put right the impact of its error. But he said that if Mr F was unhappy with the charges, he could raise a separate complaint with AFH.

Mr F didn't agree with AFH or our investigator that the ISA fees were unrelated to this complaint. He felt that when AFH had prevented him from speaking to his adviser while his complaint was ongoing, it had also prevented him from speaking to his adviser about his other investments. He said that AFH's actions had led to him losing trust in AFH on all of his dealings with it. And that he therefore had no alternative but to change to a different adviser. He felt that this would involve significant expense in fees to any new adviser. And that it was unfair that he would therefore be further penalised by AFH exit charges, which AFH would benefit from,

Mr F provided detailed reasons for his loss of trust in AFH. In summary, he felt that in causing him disappointment and loss of expectation, AFH had also lost his trust. He also felt that putting him back to the position he would've been in without AFH's errors meant putting him into a new relationship with an adviser he could trust.

Mr F still felt that he was being penalised more than AFH. He felt that most people would've lost trust in their adviser in the circumstances he'd faced. And that most would want to change advisers.

Mr F also said that the delays AFH caused could've also led to a reduced CETV. He said that average transfer values fell by 23% over the time his transfer was being investigated. He accepted that this wouldn't have changed the abridged advice. But felt that if there hadn't been any delays he would've had time to take an alternative opinion.

As agreement couldn't be reached, the complaint has come to me for a review.

### **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.

Having done so, I'm going to uphold it. But I agree with our investigator that £450 compensation is reasonable under the circumstances. I'll explain the reasons for my decision.

Before I start, I'd like to echo our investigator's point that this service is a dispute resolution service which is intended to resolve individual complaints and put things right for consumers who have been treated unfairly. We're not the regulator. And we don't have any power to punish businesses or change policies and procedures. Therefore, while I know Mr F would

like AFH to change its procedures to ensure this situation couldn't happen again, I don't have the power to ask it to change those procedures.

I first considered whether AFH should've produced the abridged advice report sooner than it did.

*Did AFH cause delays to the abridged advice report?*

Mr F said that AFH took too long to produce the abridged advice report, and that the delay prevented him from exploring other options.

Our investigator went into great detail about what happened in his view. Having reviewed the timeline of events against what I feel should've happened, I agree that AFH caused avoidable delays to the abridged advice process.

In particular, I note that AFH failed to carry out all possible actions at the first opportunity. I can also see that there was some delay caused by Mr F's original adviser leaving AFH before the completion of the abridged advice process.

However, I'm satisfied that once AFH had all of the information it needed, it completed the necessary analysis, produce the abridged advice report and contacted Mr F with the outcome within a reasonable timeframe.

Overall, I agree with our investigator that if AFH had carried out the whole abridged advice process in line with a reasonable timeframe, it should've been able to discuss the outcome of the process with Mr F by the end of August 2022.

I also agree with our investigator that, had this been the case, Mr F could've then tried to find another adviser who could've provide him with transfer advice. He would've still had several months before his DB pension was due to come into payment.

I next considered whether AFH's advice was incorrect. And whether or not another adviser would've recommended a transfer.

*Is there any evidence that the advice not to transfer was incorrect?*

Mr F said that while waiting to receive the report, the only feedback he'd been given during the initial discussions was that his case looked positive. So he was surprised at the findings of the report, especially as he personally felt that the case for a transfer out was clear.

AFH should've only considered a transfer if it could clearly demonstrate that it was in Mr F's best interests. It said it hadn't been able to recommend the transfer due to Mr F having an income shortfall in retirement. It felt Mr F would need an additional guaranteed source of income to meet his expenditure in retirement before it could recommend a DB transfer.

The abridged advice report stated that transferring guaranteed benefits would expose Mr F to unnecessary costs and risk. And that while this may provide him with greater flexibility, it would be at the cost of a guaranteed income, which he needed to cover the retirement income shortfall the analysis had exposed. It also showed that given Mr F's retirement plans for the following year, he was likely to find himself in a situation where his guaranteed income was considerably lower than his expected expenditure.

The report also stated that if Mr F had been able to take full transfer advice, AFH would've charged him £6,865, less a £ 480 credit for the abridged advice fee.

I acknowledge that Mr F had considerable cash reserves. And that he felt he already had enough secure income. I can also see that Mr F felt he didn't need the DB pension income at that time. And that he felt he'd be better off with a larger cash pension pot as it would give him the flexibility to take only what he needed in a tax efficient way. He also wanted to improve his legacy planning.

But I also note Mr F's response to the Safeguarded Defined Benefit Pension Transfer Guidance Questionnaire. When asked:

*"What would be your feelings about your financial position should you live into your 90's?"*, Mr F replied:

*"We should be secure. Main risk is inflation but as the guaranteed increase on the pension I am considering is capped this does not give me protection from rampant inflation".*

I consider that this shows Mr F didn't fully appreciate the value of his DB pension. I say this because he didn't value the pension increases in that scheme, which were based on the rate of increase in the RPI or 2.5% if less each year. It should be noted that this level of pension increases would be likely to more than double the level of Mr F's DB pension after 30 years.

Overall, I'm not persuaded that AFH's advice was unsuitable. I say this because I've don't think Mr F's reasons for wanting the transfer were sufficiently compelling to outweigh the additional risks and costs he would've taken on. So I'm satisfied that AFH reached the correct conclusion based on the information it had available.

I've also considered whether, if Mr F had been given enough time to find another adviser after AFH had rejected the transfer, that adviser would've made a different recommendation.

I'm of the view that if Mr F had found such an adviser, there would've been no guarantee that they would've recommended the transfer. I say this because I've not seen enough evidence that clearly demonstrates a transfer would've been in Mr F's best interests.

I appreciate Mr F doesn't agree. But I'm not persuaded that another adviser would've agreed to facilitate the transfer.

In summary, I can see that AFH caused avoidable delays of approximately four months to Mr F's abridged advice. But I don't consider that these delays prevented Mr F from transferring the benefits from his DB scheme into a DC arrangement. However, I am of the view that AFH should've managed Mr F's expectations better. I'll cover the distress and inconvenience AFH's actions caused later in this decision.

I next considered if AFH did what it should when it provided the abridged advice.

#### *Abridged advice service*

In his view, our investigator went into some detail about the industry rules and guidance AFH was required to follow when providing abridged advice. I won't repeat that detail here. But I will say that I've found no issues with AFH's stated process for the provision of abridged advice. I say this because I'm satisfied that AFH provided Mr F with the service he'd agreed to pay for.

However, I don't consider that the Safeguarded and Defined Benefit Pension Transfer Guide AFH provided Mr F with was clear that he might not be able to proceed to AFH's full advice service. I say this because the guide stated that there were only two possible outcomes of the abridged advice process:

- *“We recommend you remain in the scheme*
- *The outcome is unclear You can then choose whether to remain in the scheme or move to our full advice service.”*

But AFH didn't permit Mr F to move to its full advice service after providing its abridged advice that Mr F should leave his DB benefits in the scheme. This wording flows through to the next part of Mr F's complaint that I considered – whether AFH should've allowed him an “insistent client” option.

*Should AFH have allowed Mr F an “insistent client” option?*

Mr F felt that AFH should've offered him an insistent client option. He said AFH didn't give him any reason for rejecting his request for this.

For a consumer to be defined as insistent, they must be acting against an adviser's recommendation.

There's no obligation on a firm to facilitate a transaction for an insistent client. But I need to consider whether AFH made clear prior to giving advice what its policy was.

I say this because where a firm isn't clear on this at the start of an advice process, it can lead to situations where a consumer who is insistent on transferring would end up out of pocket due to having to pay another adviser for full advice. This is because a transfer can't be facilitated following abridged advice only. So I'd expect a business to make it clear at the outset if it may not agree to proceed to full advice following a recommendation that transferring is unsuitable at the abridged advice stage.

AFH thinks it did make this clear to Mr F from the start. It said its DB Transfer Guide, which it felt it'd given Mr F sufficient time to review, stated:

*“We will also as part of this process provide you with guidance around whether we will offer an insistent option should you take advice and wish us to facilitate an action that is against our advice”.*

It felt that Mr F was aware that AFH could recommend that no transfer took place and that it might not offer him an insistent client option.

But I'm not persuaded that it did. I say this because the client agreement declaration which Mr F signed states:

*“you can then decide if you want to take no further action or proceed to full advice irrespective of the outcome detailed in our [abridged advice] report”.*

Having said that, I've not been provided with any evidence that Mr F did end up having to pay another adviser for full advice. So I've not seen any evidence of financial loss here.

I next considered whether AFH should've allowed Mr F to discuss the outcome of the abridged advice with a transfer specialist.

*Should AFH have allowed Mr F to discuss the outcome with a transfer specialist?*

The FCA requires individuals undertaking this decision making to hold a specific pension transfer qualification and they must also be authorised by the FCA to undertake this activity. AFH said it has a number of transfer specialists who undertake this activity on behalf of its

advisers. It also said that these individuals make the decision on whether a transfer should proceed or not, not the individual adviser a client meets with.

Mr F was concerned that the transfer specialist who'd produced the abridged advice report might not have been given all the information about his circumstances. He felt that if he could speak to the transfer specialist, he might be able to share information which changed the decision.

Mr F felt that AFH hadn't asked him the full extent of any other income he might expect to receive after the DB pension he wanted to transfer had come into payment. So he felt a discussion with the transfer specialist would ensure all relevant information would be considered.

AFH's adviser told Mr F he'd be able to discuss the abridged advice with a transfer specialist before a final decision was made. But AFH told this service that this was an error on the adviser's part. In fact, it wasn't possible for anyone using the abridged advice process to speak to a transfer specialist about the abridged advice.

I can see why Mr F is frustrated that he couldn't speak to the transfer specialist - he'd been told he would be able to. And he felt such a discussion may have ended up changing either the transfer specialist's or his own mind about whether the transfer was in his best interests. But I agree with our investigator that AFH was under no obligation to allow Mr F to speak to the transfer specialist. From what I've seen, it did everything it'd agreed to do under the abridged advice service. And I agree with AFH that in any event, discussing his case with the transfer specialist wouldn't have altered its opinion.

Mr F told this service that when AFH prevented him from speaking to his adviser while his complaint was ongoing, it'd also prevented him from speaking to his adviser about his other investments. He said his adviser didn't explain that he wouldn't be able to assist him any further until the complaint was resolved.

I've seen no evidence that Mr F's adviser explained the consequences of complaining in this way. So I accept what Mr F has said here. I consider that Mr F's adviser should've fully explained the complaint process. This would've better managed his expectations. And not left him unable to seek assistance elsewhere while he was waiting for a complaint response. However, I've not been provided with any evidence of financial loss caused by this failure.

I also consider that, even though AFH wasn't required to proceed to full advice after making its abridged advice recommendation that he leave his DB benefits where they were, Mr F had been led to believe that he'd be able to discuss the outcome with someone. And that the outcome might change.

AFH clearly understood Mr F's desired outcome, including the timing of it. So I agree with our investigator that even if it couldn't proceed further with transfer advice, it should've told Mr F he could still seek advice elsewhere.

From what I've seen, AFH should've again managed Mr F's expectations better. It incorrectly told him he could have a meeting with the transfer specialist. Then it told him he couldn't, due to him having an active complaint, before finally correctly telling him that he wouldn't be allowed direct access to a transfer specialist in any circumstance as procedures didn't allow it.

I'll cover the distress and inconvenience the incorrect information caused later in my decision.



I next considered Mr F's request for AFH to agree to let him move to a new adviser without incurring any further contractual charges.

*Should AFH be required to release Mr F from further contractual charges?*

Mr F said all his trust in AFH had now gone. So he wanted to change adviser. But under the terms of his client agreement with AFH, it can still take further charges from his ISA investments for the remainder of the agreed five-year term. Mr F doesn't think this is fair. He feels that he's being penalised for AFH's mistakes, rather than AFH.

Mr F felt that when AFH had prevented him from speaking to his adviser while his complaint was ongoing, it'd also prevented him from speaking to his adviser about his other investments. So he felt that any future ISA fees were related to his current complaint. He said that this had led to him losing trust in AFH on all of his dealings with it. So he felt he had to change adviser. He also said that the delays AFH caused could've also led to a reduced CETV.

I've carefully considered Mr F's testimony on this point. And while I completely understand why he feels this way, I can't fairly and reasonably ask AFH to waive contractual fees on an investment-product which is unrelated to the pension transfer advice this complaint is about.

I say this because, while I acknowledge Mr F no longer has trust in AFH, I agree with our investigator that this service considers a loss of trust to be a practical and/or emotional impact, which we cover with an award for distress and inconvenience. I'll cover that next in my decision. I also note that until AFH made the mistakes I've outlined in my decision, Mr F stressed that he had: *"always been happy with AFH's investment advice"*. And I've seen no evidence relating to the quality of investment advice.

I've also considered Mr F's point about the delays AFH caused potentially leading to a reduced CETV. But, as I explained earlier in my decision, I'm not persuaded that Mr F would've found an adviser who would've recommended the transfer, even if there hadn't been delays. So I'm not persuaded he's lost out here.

In summary, I don't consider that AFH should be required to release Mr F from further contractual charges.

As I've noted a number of areas where AFH made mistakes during the process of providing the abridged advice, I finally considered the distress and inconvenience these caused Mr F.

#### *Distress and inconvenience*

From what I've seen, AFH did the following:

- Delayed the outcome of Mr F's abridged advice by around four months. This caused Mr F considerable inconvenience and stress given his requirement for the transfer to take place by a certain date.
- Provided unclear information about the two outcomes of the abridged advice service. And the ability to discuss the transfer with a specialist, or to proceed as an insistent client. While I don't think these errors directly caused financial loss, I do consider they caused Mr F a loss of expectation. And caused the frustration and anger he's clearly experienced.
- Mr F also said that his adviser had suggested he complain about the time it'd taken to produce the abridged advice report using AFH's internal procedures. He felt that in

doing this, he'd been cut off from receiving further advice from his adviser.

This has caused Mr F to lose trust in AFH. And has therefore led to the further inconvenience of him feeling he needs to find a new adviser.

Mr F told this service that he was made to feel as if his opinion didn't matter and that he wasn't in control of his own financial information. He also said that the process was hugely frustrating and time-consuming. And that he was furious that somebody wouldn't allow him to do what he wanted with his money without even discussing it.

Mr F also said that he would never know whether he'd lost out financially or not. And that the main impact on him had been the amount of time he'd had to spend on the process and the frustration, upset and stress it'd caused.

I acknowledge that the delays and poor service AFH provided caused Mr F considerable distress and frustration over several months. And that Mr F became so angry and frustrated with his treatment that he felt he had no option but to find a new adviser. But I agree with our investigator that a total compensation payment of £450 - inclusive of any compensation already paid to Mr F – is reasonable here.

### **Putting things right**

I require AFH Independent Financial Services Limited trading as AFH Wealth Management to pay Mr F a total of £450 compensation for the distress and inconvenience its poor service has caused him.

If AFH Independent Financial Services Limited trading as AFH Wealth Management has already paid Mr F the £100 it offered him initially, it should subtract this from the compensation it now pays.

### **My final decision**

For the reasons set out above, I uphold Mr F's complaint. AFH Independent Financial Services Limited trading as AFH Wealth Management must take the actions detailed in the "Putting things right" section above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F to accept or reject my decision before 2 January 2024.

Jo Occleshaw  
**Ombudsman**