

The complaint

Mr B complains that Carpenter John Financial Services Ltd (CJFS) and County Financial Consultants (CFC), a trading name of Pembrokeshire Mortgage Centre Ltd, advised him to transfer his Defined Benefit (DB) pension with British Steel (BSPS) to a personal pension. He says this was unsuitable advice and they didn't act in his best interest.

CFC has since gone into liquidation. This decision only deals with the complaint against CJFS.

What happened

Mr B contacted CJFS in summer 2017 as he wanted advice on his BSPS pension. He said he spent 20 minutes with CJFS during which it was observed how much the transfer value had increased. Mr B says CJFS told him it was a "no brainer" to transfer out of his DB scheme and that he could expect a pension pot of around £480,000 at age 55 based on returns of 4-5%.

They then referred Mr B to CFC to provide the transfer advice as CJFS weren't authorised to do this. Mr B was shown to the back of CJFS's office where he met with an adviser from CFC who completed a fact find and an attitude to risk questionnaire. CFC subsequently recommended Mr B to transfer his BSPS pension into a personal pension. The suitability report recorded CFC would become the ongoing adviser firm on Mr B's new pension plan. However, it seems CJFS became the ongoing adviser later on.

Mr B's representative says there was a joint venture between the two adviser firms and CJFS is liable for Mr B's losses he incurred by transferring valuable benefits. CJFS say they purely introduced Mr B to CFC and didn't provide him with any advice.

Our investigator didn't think Mr B's complaint should be upheld. He didn't think there was any evidence CJFS had advised on the transfer and he didn't think that they were responsible for any losses he suffered in this respect. Mr B's representative disagreed and so the complaint has been referred to me for a 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.

Mr B's representatives say CFC and CJFS should both be liable for his losses. They say both firms advised him to transfer and there was a joint venture between the firms. They say CJFS failed to act in Mr B's best interest and treated him unfairly by knowingly collaborating in a manner that led to unsuitable advice.

CFC is in liquidation, so Mr B made a claim against them to the FSCS who upheld his claim and found the losses to be over £94,300. Mr B received £85,000 in compensation as per the compensation limits of the FSCS. He would like to be compensated for his full losses through his complaint against CJFS.

I carefully considered whether CJFS can be held responsible for Mr B's losses here in some form, however I don't think they can.

I appreciate that Mr B is unhappy that he was advised to transfer out of his BPS scheme and he hasn't been able to receive full compensation, however the firm responsible for this advice is CFC. They were the firm who had the relevant permissions and provided the formal recommendation to transfer out of his DB scheme. They did a transfer analysis and issued a suitability report to Mr B. It's worth remembering that Mr B could not have transferred his DB pension without CFC's advice.

I don't know what exactly was discussed between CJFS and Mr B, however I haven't seen evidence that CJFS actually recommended Mr B to transfer. I don't doubt Mr B's recollections that their attitude towards a transfer would have been positive. And they seem to have become the ongoing advisers on Mr B's new pension. So they may have been hoping he would transfer. I've also considered the possibility that they inadvertently strayed into advice, even though I haven't seen any evidence to say that this is what happened. However, even if they did, in my view none of their interactions with Mr B and possible failures in this regard ultimately caused the potential losses he suffered.

CJFS did not have the required permissions to give advice on a DB pension transfer, so they couldn't be expected to recommend Mr B not to transfer. I think there was nothing generally wrong with referring Mr B on to a firm who could provide advice on his DB pension. And it's clear from Mr B's submissions that he understood the advice came from CFC.

Mr B's representatives say CJFS referred a number of clients to CFC and most were advised to transfer out. However, even if this was the case, I think on balance it's more likely they referred customers to CFC on the understanding they would provide suitable advice rather than on the premise that CFC would recommend a transfer whether it was suitable or not. And it's acceptable for one firm to provide transfer advice and for another to provide ongoing investment advice.

I don't think it's reasonable to expect that a firm who does not have permissions to provide DB pension transfer advice should identify whether advice given by a firm who does have those permissions was unsuitable. I think they were allowed to expect and rely on CFC, who were regulated and had the relevant permissions and advisers with the necessary qualifications, to provide suitable advice.

It was ultimately CFC's obligation to provide Mr B with independent and suitable advice. And if it wasn't suitable for Mr B to transfer CFC should, as the experts in this field, have clearly told him so and provided reasons why. If they had done so, I don't think any discussions with CJFS would have likely made Mr B go against this advice.

In summary, I'm satisfied it was CFC's positive recommendation that caused Mr B to transfer and that they are fully responsible for any losses caused by an unsuitable transfer. I don't think Mr B's potential losses here are caused by CJFS's actions and so I don't consider it fair or reasonable to uphold this complaint.

My final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 30 October 2023.

Nina Walter
Ombudsman