DRN-3390701

The complaint

Mr Y complains that he was given unsuitable advice by Bailey Richards Wealth Management Limited (BRWM) to transfer deferred benefits from his Defined Benefit (DB) pension with British Steel (BSPS) to a Self-Invested Personal Pension (SIPP).

What happened

In March 2016, Tata Steel UK Ltd 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 pension benefits, one of which was a transfer to the Pension Protection Fund ("PPF") – the PPF is a statutory fund designed to provide compensation to members of defined benefit pension schemes when their employer becomes insolvent. The BSPS was closed to further benefit accrual from 31 March 2017.

In January 2017, Mr Y contacted a financial adviser firm ('Firm A') for advice on his pension. They completed some of the initial paperwork for Mr Y, but as they didn't have the relevant permissions to advise on a pension transfer they referred him to BRWM for advice. Mr Y was advised by BRWM to transfer his DB benefits to a SIPP. After the transfer, Firm A became the ongoing adviser on Mr Y's plan.

A fact find, risk profiler and a retirement options form were completed in January 2017 which show:

- Mr Y was approaching 56, married and owned his home without a mortgage. He held £28,000 in cash savings and had no liabilities. He had an adult daughter who was financially dependent.

- He was working full-time for British Steel and earned £28,000 per year. He also had his own business which earned him about £14,000 per year.

- His wife was a year younger than Mr Y. She had an annual income of £7,200. She had her own final salary pension with 13 years of service and a state pension quote of £8,160 per year.

- Mr Y was concerned about the future of BSPS. He wanted full control over his funds and the investment of it.

- He wanted to retire immediately from his employed role at British Steel to focus on his self-employed business which he had run for a number of years. He was looking to take initial income of £13,200 per year from his pension in a tax-efficient manner to supplement his earnings.

- He required the ability to be able to change his income requirements throughout retirement.

- He had no previous experience of investing in equities. His attitude to risk was recorded as lowest medium.

A suitability report shows BRWM recommended Mr Y to transfer his BSPS benefits to a flexi-drawdown plan which would allow him to take income of £13,200 per year part from tax-free cash and part taxable income.

Mr Y complained to BRWM in 2019 about the advice he received. He said he felt the advice was flawed and he has lost out financially as a result. BRWM rejected his complaint.

Mr Y referred his complaint to this service. One of our investigators upheld his complaint. He thought BRWM had given unsuitable advice. BRWM still disagreed and so the complaint has come to me for 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.

Provisional decision

I issued a provisional decision and gave both parties further opportunity to provide any comments or information they wanted me to consider. BRWM disagreed with my findings and provided comments which I've carefully considered and addressed further below in this decision.

In my provisional decision I said the following:

The starting assumption for a transfer from a DB scheme is that it is unsuitable. BRWM should have only considered a transfer if it could clearly demonstrate that the transfer was in Mr Y's best interest. (COBS 19.1.6). And having looked at all the evidence available, I'm not satisfied the transfer was in his best interest. I'll explain why.

Deferring taking BSPS benefits

I think there's no real dispute about the fact that if Mr Y had kept his pension until age 65 his retirement benefits in the DB scheme most likely would have been higher than if he transferred. BRWM acknowledged this in their suitability report when they said:

'The above Critical Yields are all high and fall outside of your Cautious to Moderate investment risk profile. Therefore, if my decision to transfer was based only on the critical yields and if you did not require your benefits immediately I would recommend that the benefits remain within the scheme until age 65.'

Mr Y says this wasn't brought to his attention and he didn't know what benefits he would have been entitled to through BSPS. However, I've seen the suitability letter addressed to Mr Y and the accompanying letter explains that in a following meeting the content would be discussed. This meeting seems to have taken place as I've seen an email from Mr Y to BRWM a few days after the suitability report was issued where he asks BRWM to proceed as suggested during the adviser's visit.

I appreciate that the suitability letter was long and technical in parts. And I don't know what exactly was discussed in the follow up meeting and in what detail. However, I think the report clearly set out that estimated benefits at age 65 would be over £29,000 per year. And Mr Y also had previously received a transfer value illustration from BSPS which showed that his benefits at the date of leaving were around £23,000 per year. Both numbers were considerably higher than the £13,200 per year Mr Y would be taking from his SIPP.

He also received an early retirement quote from BSPS in July 2016 which estimated that he would receive £11,472 per year or a lump sum of £54,399 plus a reduced pension of £8,160 per year if he took benefits immediately. I think it's likely Mr Y understood that deferring his benefits until a later date would generally give him better benefits than taking benefits immediately.

And this is where Mr Y's objective to focus on his self-employed business comes in. This can't be ignored and should have rightly been given some consideration. Maximising income in retirement, whilst important for many, has to be weighed up against other objectives. Mr Y obviously wanted to leave his employment at British Steel and do something that he enjoyed more. He was prepared to live on a lower income. So maximising his income in retirement in my view was likely secondary to him than making a change to his lifestyle in this regard. He indicated as much in BRWM's fact find when he listed maximum pension as one of the lower priorities.

Having said that, the adviser shouldn't have simply tried to meet Mr Y's objectives without considering alternatives. I agree with the investigator that BRWM should have explored with Mr Y whether instead of taking income from his pension, he could work part-time in a different role (with British Steel or elsewhere) which might have allowed him to spend a bit more time on his business but defer taking his pension. I can't see that this was considered.

It's impossible to know what Mr Y would have done if BRWM had explored this route with him. Mr Y says he could have taken a part time role. However, I'm not persuaded that this would have been his preferred option. After the transfer Mr Y did quit his employed role and solely focussed on his business, so his plans were not just a random idea, but more concrete. I don't think he would have taken the decision to quit a full time employed role lightly. When his pension was reviewed in 2018 by Firm A, their notes indicate that Mr Y was enjoying his business and didn't know when he would fully retire. I think on balance Mr Y wanted to spend all his time on his business if this was reasonably achievable.

Taking DB benefits immediately vs transferring benefits to a SIPP

I then considered whether Mr Y could have met his objectives by taking his benefits immediately from BSPS and whether this would have been in his best interest rather than transferring.

Mr Y said he required £13,200 per year from the pension to supplement the revenue from his business. He was recommended to draw this income part in tax free cash and part as taxable income. I think he could have achieved the same using his DB benefits at least until age 67. The reduced pension was about £5,000 less than the income he wanted, so using his tax-free cash of around £55,000 would have been enough to supplement this income until state pension age.

Mr Y's income requirements over the full course of his retirement weren't established by BRWM as far as I can see. In their illustrations they assumed an ongoing income of £13,200 drawn from the SIPP which would supplement Mr Y's expected business income of £18,000 per year. However, during the review of his pension in 2018 Firm A's notes state that Mr Y said he could manage his outgoings on significantly less income than current if required. And Mr and Mrs Y's outgoing were recorded as about £1,700 per month (£20,400 a year).

So I considered what income Mr Y could have at age 67 if he stayed in BSPS. His reduced pension of £8,160 would have been subject to CPI increases. If I assume those to be 2% on average, this income would have increased to around £10,000 per year. This doesn't factor in that Mr Y's early retirement quote from BSPS was seven months old when he received advice, so the figures likely would have been slightly higher. Mr Y also would have been able to access his state pension at age 67. I don't have reason to believe Mr Y, nearly at age 56, wouldn't have had accumulated 35 years of employed work to qualify him for a full state pension which would have been over £9,000. His wife, who was only a year younger than him, had a state pension entitlement of £8,164 and had 13 years' worth of a final salary pension. Her retirement income would be more than her working income.

Based on the above I think it's a fair assumption Mr and Mrs Y could have had a joint income of around £27,000 from Mr Y's BSPS pension and both their state pensions when they reached state retirement age. In addition they also would have had Mrs Y's final salary income which I don't have details of, but given it was 13 years' worth of service will likely be another few thousand pounds per year. Of course it's also possible that Mr Y would still be working at 67 and earn additional income from his business. And if he needed less income, he and his wife could have chosen to defer one of their state pensions or Mrs Y's final salary pension.

If Mr Y had taken his BSPS benefits his entitlement would have likely been reviewed when the scheme moved to the PPF. However, early retirement factors were more generous in the PPF than in BSPS and outweighed the general 10% initial reduction in benefits. So I don't think it's likely Mr Y's benefits would have reduced further.

Based on their recorded outgoings of £20,400 per year, I think the couple would have had sufficient means to retire if Mr Y took his BSPS benefits straight away. This would have been guaranteed income which would increase every year.

I don't think Mr Y could have reasonably been able to draw a higher income from his SIPP without running the real risk of depleting his pension. The illustrations BRWM provided show Mr Y being left with a pension pot of only £22,400 at age 75 if he took an average income of £13,200 throughout retirement and his pension attracted returns of 0.9%. Assuming returns of 3.9% Mr Y would have more or less depleted his funds by age 90.

I note the illustrations took into account BRWM's initial advice charges and the product and investment charges. However, I can't see that ongoing adviser fees were included even though in the suitability report BRWM acknowledged that ongoing service would be provided by Firm A. And I think it ought to have been clear to BRWM that this service would likely not have been free. Mr Y ended up paid ongoing adviser charges to Firm A of 0.75% which would have meant funds would deplete quicker.

The regulators projections rates at the time of the advice were 2%, 5% and 8% for low, medium and high returns. Taking into account Mr Y's lowest medium attitude to risk and that he was advised to invest in a cautious portfolio, I don't think average returns above 3.9% were likely achievable year on year and there was a risk it could be less. Also the average life expectancy for someone Mr Y's age in 2017 was 82. And there was still a 25% chance he could live to age 90 and possibly beyond. So I think to keep levels of income withdrawals sustainable, Mr Y likely would have had to reduce annual average income levels. I think on balance those income levels were unlikely to be significantly more than the increasing income Mr Y could draw from his DB scheme every year and could quite possibly be less.

Overall, I don't think it was likely Mr Y would financially be better off by transferring to a SIPP. I also note that Mr Y's DB pension was his only retirement provision and so he didn't have the capacity to take much risk on it.

Death benefits and flexibility

BRWM say Mr Y wanted flexibility with his income. Whilst flexibility sounds attractive, I haven't seen persuasive evidence that Mr Y had a strong need for flexible income throughout retirement. As I said above, his plans in retirement weren't really explored. In any event, until age 67, Mr Y would have had a certain degree of flexibility with his DB benefits as he could use as much or little of his tax-free cash as he needed. The funds he didn't need could have been put in a savings account or a cash ISA. And once he stopped working, I can't see that a steady guaranteed income would have been to his disadvantage. The suitability report also said Mr Y would like the ability to not only leave any remaining funds to his wife but also to choose other beneficiaries after death.

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. So the thought of being able to leave a lump sum to his family when he died would have sounded a lot more attractive than the DB scheme where his wife would receive a reduced pension.

I think the existing death benefits with BSPS were underplayed. Mr Y's wife would have received a guaranteed spouse's pension for life which would have been valuable if Mr Y predeceased her. It also would have paid a dependent's pension to his daughter if Mr Y had died early into retirement. And if Mr Y lived a long life, there might not have been a large or any sum to leave to beneficiaries from the SIPP as explained above.

In any event, whilst death benefits might be important for consumers, there generally shouldn't be a disproportionate emphasis on this compared to their own retirement needs. Mr Y was in good health and so more focus should have been on ensuring Mr Y would receive his required income over a long period of time.

concerns about financial stability of BSPS

Mr Y was concerned about his pension. Lots of his colleagues at the time were transferring out of the scheme and he was worried his pension would end up in the PPF.
So it's quite possible that Mr Y was leaning towards the decision to transfer. However, it was BRWM's obligation to give Mr Y an objective picture and recommend what was in his best interest. Mr Y was particularly concerned about BSPS moving to the PPF. He was worried he could lose some of his pension. However, as I set out above, even if this happened, Mr Y was still likely to be better off not transferring. I can't see that this was properly explained to him or BRWM did enough to alleviate these concerns.

summary

It's possible that Mr Y was attracted by the idea of transferring. He might have heard from colleagues that this is what they were doing. And I don't doubt that flexibility, control and higher death benefits would have sounded like attractive features. But BRWM wasn't there to just transact what Mr Y might have thought he wanted. The adviser's role was to really understand what Mr Y needed and recommend what was in his best interest.

For these reasons, BRWM should have recommended Mr Y to stay a member of his scheme and not transfer his benefits. And if they had done so and explained their reasons properly why Mr Y would be better off staying in BSPS, I think Mr Y likely would have followed their advice.

Having looked at the risk questionnaires Mr Y completed both with Firm A and BRWM, it's evident that Mr Y had a relatively cautious attitude to risk and that he had never invested in equities before. He described his own attitude to risk in Firm A's fact find as *"somewhat risk averse".* I think he understood he needed to take a little risk in the SIPP to ensure it was growing sufficiently to provide him an income, so he might have agreed to accept the lowest medium risk category.

However, I think if he had been told that he could meet his objective of receiving £13,200 per year immediately and focus on his own business; as well as being provided with a secure, increasing income for life -even in the PPF-, he more likely than not in my view would have opted for this more secure option. I don't think the perceived advantages of flexibility and different death benefits justified taking unnecessary risks with his pension.

Responses to my provisional findings

BRWM disagreed with some of my findings and the outcome of my decision. I'll address what I consider to be their key points below:

- I said Mr Y's attitude to risk was recorded as 'lowest medium', however this isn't a risk level BRWM uses. They categorised him as "cautious to moderate" which is defined as follows in the annex to the suitability report:

  You are prepared to take some investment risk in order to increase the chance of achieving a reasonable return but would still like to ensure that capital protection is considered. A typical Cautious/Moderate risk investor will usually invest in a range of assets or funds to obtain diversification. There would be a lower proportion of equities and property compared to fixed interest and cash.

  BRWM says it's clear this risk profile does not mean Mr Y had no appetite for risk. This was not the lowest risk profile offered.

Having reviewed the file again I can see that it was Firm A who recorded Mr Y's risk level as 'lowest medium' and BRWM used 'cautious to moderate'. I apologise for this oversight, however I don't think it makes a difference to this complaint. I never said Mr Y had the lowest risk profile. As I said in my provisional decision, given his answers in both risk questionnaires I don't think Mr Y wanted to take a lot of risk. However, I think he understood he needed to take a little risk in the SIPP to ensure it was growing sufficiently to provide him an income, so he might have agreed to accept a risk category which lay between cautious and moderate.

- I acknowledged that Mr Y was informed that he would unlikely be better off by transferring. As Mr Y still wished to transfer, BRWM can't see how the complaint can be upheld.

BRWM have misinterpreted my findings in this respect. The suitability report pointed out that if BRWM's decision was only based on critical yields and Mr Y didn't need his benefits immediately, BRWM would recommend he should remain in his DB scheme until 65. And I explained in my provisional decision that this means Mr Y likely knew he would receive a higher income if he deferred his benefits to age 65. I mentioned this to demonstrate that I thought Mr Y had made a conscious decision to retire early and was willing to accept a lower income in return. However, I don't think BRWM made it clear that he was also better off retiring early from the DB scheme and that he didn't need to transfer to meet his objectives.

- BRWM addressed alternatives to a transfer and why these alternatives did not meet Mr Y's objectives. A part-time role would have been counterproductive to his objective of developing his self-employed business further. BRWM also doesn't think it's an adviser's role to provide advice in respect of a client's career.

Alternatives were mentioned but discounted due to Mr Y's objectives not being met. However as explained in detail, I think they could have been met by taking benefits from

BSPS early. I also don't think it's unreasonable to think it would have been possible for Mr Y to keep working part-time and still develop his business further. Maybe not as much as by fully retiring from his employed role, but he could have spent more time on his business. I wouldn't have necessarily expected the adviser to recommend Mr Y to continue working part-time, however the adviser should have discussed with Mr Y whether he had considered this option and what financial impact different options had, so Mr Y could make an informed choice. In any event, I've already said that I consider Mr Y likely would have chosen to retire fully from his employed role in any event.

- BRWM disagreed that Mr Y could have met his income objective of £1,100 per month with his BSPS benefits until age 67. They also think Mr Y's statement in 2018 that he could manage his outgoings on significantly less income was irrelevant as it was given a year after the advice. BRWM says if anything this shows he needed flexible income depending on how his business performed. Also, if he earned more than he needed he would be subject to more income tax.

In their calculations they assumed Mr Y wanted £1,100 net income but the fact finds and suitability report make it clear the figure quoted was gross. So I'm still satisfied his income objectives could have been met by taking benefits from BSPS. I do think Mr Y's statement about his required income is relevant even if it was given a year after the advice. My key issue here is that BRWM didn't seem to have probed Mr Y's income requirements and asked whether he could live on less before they gave their advice. It seems the required income was simply taken on face value. Mr Y's outgoings didn't change between 2017 and 2018, so the answer that he could live on less would have likely been the same. I also don't think potentially paying more income tax on money he might not needed to cover his outgoings, was a valid reason to forego likely higher and guaranteed benefits in retirement.

- Mr Y and Mrs Y's state pensions and Mr Y's final salary pension would have provided guaranteed income streams which would have been factored into Mr Y's capacity for loss.

Mr Y's DB scheme was a significant proportion of the couple's pension provisions. I agree they had other guaranteed income streams which gave them some security and which meant they could afford some losses. However, I still think they relied on Mr Y's pension income and his capacity for loss was still fairly low. And most importantly, there was no need for Mr Y to take any risk with his pension as his objectives could be achieved by taking his BSPS benefits.

- The average gross return of cautious portfolios (0%-35% invested in equities) between 1990 and 2021 was 6.35% a year. And Mr Y's recommended portfolio had grown by 23.62% in the last five years and by an average of 6.51% since launch in 2009. Even when taking into account ongoing charges of 0.75% these rates were well in excess of the 3.9% projected.

Historic performance doesn't guarantee future performance and the regulator's grow rates provide in my view a more objective and reasonable benchmark. I think Mr Y couldn't reasonably rely on achieving returns above the middle growth rate in a cautious portfolio and there was a risk returns could be lower over the long-term and Mr Y could run of funds unless he reduced income over time. I don't think this was a risk Mr Y needed to take.

- In response to my findings on flexibility, BRWM say they explored Mr Y's plans up until state retirement age and he didn't have concrete plans after that. They disagree

Mr Y excess funds could have been put into savings or cash ISAs as offer rates would have been eroded by inflation. Mr Y's daughter was 20 at the time of the advice so only would have been eligible for a dependant's pension until 23. The flexibility of death benefits was another reason for transferring.

The point I was making about the need for flexibility was that I can't see persuasive reasons why Mr Y couldn't have benefited from a steady income from his DB scheme. I set out how using the tax-free cash lump sum from BSPS would have provided some flexibility before age 67 and other pensions could have been deferred if they weren't needed. It's true that Mr Y's daughter likely wouldn't have benefited from a dependant's pension as on balance it was unlikely Mr Y would die within the next three years. However, as I said before the primary purpose of a pension is to provide retirement benefits and the longer Mr Y lived the less likely his daughter would be financially dependant on him in any event, so I don't consider the flexibility of death benefits here to be a reasonable justification for a transfer.

- Mr Y was given information about the PPF by BRWM and by the scheme, however his view was that he couldn't transfer from the PPF and that was an issue that was very important to him.

It's correct that a transfer from the PPF wouldn't have been possible. However, Mr Y should have been assured that it was in his best interest to remain in the scheme and take his benefits from there. So a transfer wasn't necessary. And even if the BSPS had not gone into the PPF, he couldn't have transferred after taking benefits from the DB scheme.

summary

Overall, BRWM strongly remains of the view Mr Y's objectives couldn't have been met by staying in BSPS and if they advised against a transfer, he would have used a different financial adviser to facilitate the transfer, like a vast number of his colleagues. However, for reasons set out in detail in my decision, I remain satisfied that Mr Y could have met his objectives by taking benefits from BSPS and the advice to transfer was unsuitable. And on the balance of probabilities, I think Mr Y would have listened to BRWM if they had properly explained to him why it was in his best interest to remain in his DB scheme.

I've carefully considered all of BRWM's comments, but they don't change my decision to uphold this complaint.

Putting things right

A fair and reasonable outcome would be for the business to put Mr Y, as far as possible, into the position he would now be in but for the unsuitable advice he was given. I consider he would have taken his benefits from BSPS immediately and subsequently moved with it to the PPF. So calculations should be made on this assumption. For the purpose of calculations it should be assumed he would have taken the BSPS benefits at the same time the transfer proceeded in 2018.

BRWM must undertake a redress calculation in line with the regulator's pension review guidance as updated by the Financial Conduct Authority in its Finalised Guidance 17/9: Guidance for firms on how to calculate redress for unsuitable DB pension transfers.

This calculation should be carried out as at the date of my final decision, and using the most recent financial assumptions at the date of that decision. In accordance with the regulator's expectations, this should be undertaken or submitted to an appropriate provider promptly following receipt of notification of Mr Y's acceptance of the decision.

BRWM may wish to contact the Department for Work and Pensions (DWP) to obtain Mr Y's contribution history to the State Earnings Related Pension Scheme (SERPS or S2P). These details should then be used to include a 'SERPS adjustment' in the calculation, which will take into account the impact of leaving the occupational scheme on Mr Y's SERPS/S2P entitlement.

If the redress calculation demonstrates a loss, the compensation should if possible be paid into Mr Y's pension plan. The payment should allow for the effect of charges and any available tax relief. The compensation shouldn't be paid into the pension plan if it would conflict with any existing protection or allowance.

If a payment into the pension isn't possible or has protection or allowance implications, it should be paid directly to Mr Y as a lump sum after making a notional deduction to allow for income tax that would otherwise have been paid. Typically, 25% of the loss could have been taken as tax-free cash and 75% would have been taxed according to his likely income tax rate in retirement – presumed to be 20%. So making a notional deduction of 15% overall from the loss adequately reflects this.

In addition BRWM should pay Mr Y £300 for the distress and inconvenience this matter has caused him.

The compensation amount must where possible be paid to Mr Y within 90 days of the date BRWM receives notification of his acceptance of my final decision. Further interest must be added to the compensation amount at the rate of 8% per year simple from the date of my final decision to the date of settlement for any time, in excess of 90 days, that it takes BRWM to pay Mr Y.

It's possible that data gathering for a SERPS adjustment may mean that the actual time taken to settle goes beyond the 90 day period allowed for settlement above – and so any period of time where the only outstanding item required to undertake the calculation is data from DWP may be added to the 90 day period in which interest won't apply.

Additional compensation

In October 2020, due to an improved funding position, the BSPS trustees bought an insurance policy as part of the process of the pension scheme exiting its PPF assessment and completing a buy-out. Pension Insurance Corporation plc (PIC) will become responsible for paying benefits directly to members. The process of the buy-out is currently expected to be complete by late summer 2022.

It's been announced that:

'When the buy-out happens all members whose PPF benefits are less than their full Scheme benefits (i.e. the amount they would be if the Scheme were not in a PPF assessment period) will see an increase to their benefits. All other members will see no change as a result of the buy-out.'

'For most members, PPF level benefits are less than full Scheme benefits. When the buyout happens, these members will see an increase to their current level of benefits so they will receive more than PPF levels. All other members will see no change to their current level of benefits as a result of the buy-out.'

As explained earlier I think Mr Y would have taken benefits early from BSPS. Due to the lower early retirement reduction factor which would have applied in the PPF, I think (albeit without certainty in advance of knowing the detailed terms of the buy-out) that entry into the PPF would have produced an overall better outcome for Mr Y than if he had received full scheme benefits from BSPS. As such, I think it's more likely the case that there would be no deficit in the PPF benefits which could be made up by the "buy-out" process.

For this reason I require BRWM to undertake a redress calculation on the current known basis, rather than wait for the terms of any future buy-out to be confirmed. This is in order to provide a resolution as swiftly as possible for both parties, and bring finality to proceedings. If Mr Y accepts my final decision he'll will be doing so on the basis of my understanding as set out above. It's important that Mr Y is aware that, once this final decision has been issued, if accepted, it cannot be amended or revisited in the future.

Where I uphold a complaint, I can award fair compensation of up to £160,000, 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 £160,000, I may recommend that the business pays the balance

My final decision

<u>Determination and money award</u>: I uphold this complaint and to ask Bailey Richards Wealth Management Limited to pay Mr Y compensation as set out above, up to a maximum of £160,000.

Where the compensation amount does not exceed £160,000, I additionally require Bailey Richards Wealth Management Limited to pay Mr Y any interest on that amount in full, as set out above.

Where the compensation amount already exceeds £160,000, I only require Bailey Richards Wealth Management Limited to pay Mr Y any interest as set out above on the sum of £160,000.

<u>Recommendation:</u> If the compensation amount exceeds £160,000, I also recommend that Bailey Richards Wealth Management Limited pays Mr Y the balance. I additionally recommend any interest calculated as set out above on this balance to be paid to Mr Y.

If Mr Y accepts my final decision, the money award becomes binding on Bailey Richards Wealth Management Limited. My recommendation is not binding. Further, it's unlikely that Mr Y can accept my final decision and go to court to ask for the balance. Mr Y 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 Y to accept or reject my decision before 22 April 2022.
Nina Walter
Ombudsman