DRN-4596951

The complaint

Mr T complains about advice provided by Grove Pension Solutions Limited to transfer his defined benefit (DB) pension to a self-invested personal pension (SIPP). He believes the advice to transfer was unsuitable and has caused a financial loss. His complaint has been brought with the assistance of a claims management company (CMC).

What happened

Mr T was due to reach age 55 in September 2019. He had already obtained a DB transfer value quotation of £128,416 in February 2017. He'd been a member of the scheme from April 2006 to December 2013, when the scheme was closed to future accrual. He was still working full-time for the scheme's sponsoring employer as an engineer. He'd been working in his industry for 31 years.

The unrevalued DB pension as at December 2013 was £4,725pa, with a normal retirement age of 65 and spouse's pension of 50% (before any commutation of tax-free cash). The scheme was approximately 98% funded at the time and didn't contain any Guaranteed Minimum Pension (GMP).

On 10 October 2019 the scheme carried out a mailing exercise on Mr T reaching his 55th birthday, quoting him an immediate index-linked early retirement pension of £3,591pa (or £2,819pa plus tax-free cash of £18,790). The alternatives were to leave his benefits in the scheme and receive a projected pension of £6,548pa from age 65 (or £4,685pa plus tax-free cash of £31,233); or to take an transfer value of £168,556. That transfer value was estimated to secure an immediate tax-free cash amount of £42,139 and residual annuity on the open market of £4,290pa – this wouldn't be index-linked but did include a 50% spouse's pension.

Mr T also had an additional £90,100 left in the defined contribution (DC) section of the same scheme, which wasn't included in these figures and still remains in that scheme. The scheme offered access to its own appointed financial adviser, but Mr T chose to seek independent advice from a firm who then referred him to Grove.

Grove completed a fact find on 4 November 2019 to establish Mr T's circumstances:

- Mr T was age 55, married with a spouse 5 months younger and had two grown up children
- He earned about £43,000pa and his wife £56,000pa
- They owned their own home worth £285,000 with an outstanding mortgage of £30,000 (the only liability)
- They had £141,000 in a joint bank account but some of this was earmarked for a car purchase
- They held £40,000 joint life assurance cover maturing in five years
- Mr T had £17,000 in an ISA and £8,000 in shares with a stockbroker
- He had a second DB pension with a transfer value of £260,769. This was projected to provide a pension of £19,319pa from age 65; or an early retirement pension of £8,453pa; or alternatively a stepped early retirement pension of £12,641pa reducing to £6,718pa from state pension age (67). A spouse's pension of 50% of the non-stepped pension was payable and tax-free cash was available by commutation

- Contributions to the DC section of his employer's scheme totalled £9,000pa (21% of his salary)
- He was an experienced investor with good investment knowledge
- Mrs T was a member of a public sector DB scheme, from which she would retire in six years' time at 60 with 37 years' pensionable service (the adviser estimated this would pay her half her salary, or £28,000pa, plus an £84,000 lump sum)
- He had no present requirement for a lump sum from his pension
- Their current joint monthly expenditure was about £2,660

Mr T was asked a number of questions relating to his priorities. He answered that death benefits were important to him "as long as I have enough income in retirement", but was interested in leaving the proceeds of his pension to his sons on his wife's death.

Grove says it also received a typed up a document setting out Mr T's objectives. It read as if it's from Mr T himself, but at one point refers to him in the third person. It may have been prepared by the adviser who referred him to Grove. I'll summarise it as follows:

- Mr T was hoping to be able to retire at aged 59, at which point his mortgage (his only liability) will be fully repaid – or "possibly earlier if feasible": he was overpaying to clear the mortgage within three years.
- He was looking for around £2,000 monthly income from his investments and pensions together to leave he and Mrs T with a little surplus over their outgoings, reducing to £1,500 monthly from age 75 as he would be older.
- "Obviously when my [and Mrs T's] state pension kicks in I would look to reduce what income I take from our other assets I expect a full state pension as does my wife."
- Mrs T was comfortable that the income from her DB pension would cover her own needs.
- Mr T had been giving a lot of thought to the transfer previously and was "fully aware of the risks involved…Over the past few years I have seen the transfer value increase by circa £ 100k in total".

Regarding his investment experience, Mr T had said: "I have a good understanding of investments & pensions and how they work. I currently hold Lindsell Train Global Equities and Fundsmith Equity within my ISA's along with other equity based investments and my Aviva [DC] Pension is more of a balanced approach. I have experienced investment volatility and market movements over many years. However at this time for these pension funds I am not looking to invest in high risk investments."

Mr T was looking to transfer for a list of reasons which involved a considerable amount of repetition, but essentially comprised:

- "I would prefer the flexibility offered to me via a personal pension rather than a fixed level of income that offers no flexibility on how and when I access the funds. I want the ability to vary my income requirements at any time."
- "I require an income from these funds at around age 59 (possibly earlier if feasible)…The scheme's [sic] do not facilitate the ability to draw a higher level initially and then downscale when other income kicks in (state pension)…I am very much of the principle that 'life is for living' especially in early retirement and that I want to front load my retirement income."
- "I am concerned that should I prematurely die [Mrs T] would not have sufficient income in retirement...Passing the funds as a capital amount is of more importance to me than a spouse pension…"
- "I would ideally like to leave a legacy to my beneficiaries in FULL (wife or sons) if I do not utilise all your retirement funds before I die which I am unable to do so via my

existing Scheme's." [sic]
- "I am not solely reliant on these pension funds…we also have other savings, investments, pension funds & my wife's final salary scheme. I feel by investing these funds I would be able to enhance my pension fund greater than the current inflationary increases it receives."
- "I have no great requirement for tax free cash all at once and like the idea of combining regular amounts of tax free cash and taxable income to maximise the amount of income and minimise the amount of income tax I pay."

It appears Mr T had obtained a further transfer value quotation dated 31 March 2020, on which the transfer value had increased to £169,093.

Grove then issued a suitability report on 13 May 2020, based on the earlier (but very similar) transfer value of £168,556. It recommended he transfer this DB scheme to his preferred SIPP largely because of the specific objectives he'd outlined, and also because he'd ranked the following generic objectives that Grove had described to him the most highly:

- Have pension in a different format than the scheme provides
- Improve death benefits before and after retirement
- Have control of pension benefits

The investment growth (critical yield) required to match the benefits being given up in the DB scheme by buying an annuity at age 65 was calculated by Grove to be 2.9%, compared with 11.8% for Mr T's other DB pension (which it wasn't recommending he transfer). But with the DB scheme Mr T was going to transfer, if he was going to invest on a risk free basis until age 65, he would need the transfer value to be £190,000 at outset (known as the Transfer Value Comparator or 'TVC'), rather than the £168,556 quoted.

Grove said that the 2.9% critical yield was likely to be achievable – this was based on a pension with inflationary increases in payment (limited to 2.5%pa) and including a pre-commutation spouse's pension of 50%. It said this meant the transfer value was a good exchange for the benefits being given up and demonstrated this in two further ways:

- If Mr T lived to his normal life expectancy of 86 having transferred and achieved returns of 2.4% above inflation (which were not guaranteed), he would gain £35,000 in total by the time he died.
- It would take until age 88 to receive more in gross income from the DB scheme than the transfer value (ignoring investment growth).

Grove also discussed Mr T drawing an early retirement pension directly from the DB scheme, which would produce a tax-free cash he could invest if he didn't require immediately. However Mr T didn't want to consider this option as he neither required income nor cash at that time. He was attracted to the split approach of transferring one DB pension to obtain investment growth prior to taking early retirement – as he felt it was a good time in the market to invest. He would then retain the other DB pension and make a decision on that later – particularly as with his wife's DB pension alongside, he didn't require all his pensions to have spouse's benefits.

On a scale of preferred volatility Mr T had selected "cautious – stock market" (one level lower than "medium" on a seven-point scale). This potentially meant he could see a best year of 14.4% growth and a worst year of a -9.2% decline. However, Mr T had also agreed that if he transferred his risk appetite would be "medium", defined as preferring to invest in a broad spread of sectors, which will include UK and foreign stock markets and typically property, fixed interest and cash or deposits. It meant he accepted the likelihood of capital loss, especially during periods of market volatility, particularly since roughly half of the fund would be invested in the stock market.

Grove would receive an initial fee of 1.6% of the transfer value, coming to about £2,700, but as Mr T was investing the funds himself it wouldn't take any further charges.

Mr T accepted Grove's recommendation on 21 May 2020. However it wasn't possible to achieve the latest transfer value which was guaranteed until 30 June, because the DB scheme said it hadn't received all its requirements in time. The scheme wrote to the SIPP provider on 18 August to confirm that it couldn't proceed, and Mr T had to be invoiced to obtain a new quotation. Mr T informed the scheme on 27 July 2020 that:

> "Considering that I started this procedure in September of last year and have diligently returned, calls, emailed questions and countless reams of completed paperwork I am flabbergasted that it is deemed that any of this extremely slow and protracted processes failings can be attributed to myself yet it is assumed that I am the one to cough up for the "new" figures. Covid, Brexit and everything in-between have been attributed as reasons for the extraordinary length of this process however these factors have not been taken into account when dispensing your companies rules and regulations. That being said if the new figures were to be in excess of the previous ones I would be overjoyed."

On 28 September Mr T impressed on the scheme that he'd been waiting to transfer for a year. He said, "All I had wished was to exit the DB scheme and start a SIPP pension for my future, these delays and red tape have ultimately cost me around £16k (a 10% return on the investments I had intended to make)". He said those investments were to be in Polar Capital Global Tech, LF Blue Whale Growth and Fundsmith Equity (which he already held in his ISA).

The scheme subsequently agreed to waive the recalculation fee and Mr T obtained a further transfer value of £166,053 on 19 November 2020 – only slightly lower than the £168,556 used in Grove's analysis. The transfer then went ahead on 3 February 2021. I'm not aware that Mr T obtained any other form of compensation from the scheme regarding his concerns about the time taken to transfer.

In December 2022 Mr T got in touch with a CMC and made a formal complaint that the advice to switch pension arrangements was "inappropriate and has resulted in significant losses to our client's pension fund value". He said the advice wasn't suitable for his low attitude to risk, and incurred unnecessary costs. Grove's final response to the complaint was brief, but denied that these allegations were correct and asserted that its pension transfer advice had been suitable for Mr T.

Unhappy with this response, Mr T referred his complaint to this service to be investigated. Grove provided us with a much longer 18-page rebuttal of the complaint, which I've read and considered in full. In summary, the key points are:

- The CMC had used a generic template to make a baseless complaint.
- Mr T instigated the transfer, having obtained the valuations to make the transfer himself, and in his own words was not a low risk investor.
- Mr T wished to manage the investments himself and his choice of SIPP provider – an execution only online broker with whom he already held his ISA – is evidence of that.
- When the process faltered due to transfer values expiring, Mr T was "instrumental in arranging for the transfer to proceed".
- The advice to transfer was suitable as it met Mr T's objectives (detailed in the background above) and there was an "absence of any viable alternative strategy acceptable to [him]".
- Grove explained the loss of guarantees inherent in such a transfer, both on his and his spouse's pension, and Mr T understood this at the time.

- He was offered the option of deferring the decision to transfer in the suitability report and decided to proceed.
- Mr T's real complaint was with the DB scheme for delaying his transfer.

Grove also told our investigator:

- Mr T wanted to transfer at that point to benefit from investment growth both up to and after age 59.
- This DB pension was "superfluous" to his retirement needs and was enabling him to retire early. His basic income needs were met by his and Mrs T's other pensions (including state pensions).
- By the time the transfer completed, the COVID-induced market turmoil had stabilised and Mr T was in fact complaining to the DB scheme that it had prevented him from gaining growth.
- The early retirement factors applying to age 59 would have resulted in a pension of £4,392pa rather than the projected £6,548pa at age 65. This would actually have resulted in a negative critical yield to that age, given the good value for money the transfer value represented.
- It estimated this by calculating that Mr T could have secured an annuity of £5,300pa with 3%pa increases from a projected personal pension transfer at age 59 of £187,000.
- By advising Mr T to wait until nearer age 59, Grove would have been risking a reduction in the high transfer values being quoted. It was in any event advising him to leave his larger DB pension intact.

As our investigator couldn't resolve the dispute, the complaint was passed to me for a decision. I asked her to check with Mr T's representative whether he recalled the typed up 'objectives' document. Mr T said he didn't type the document, but he agrees it's a reflection of his objectives at the time. She also asked Mr T how he would have achieved his objective of early retirement if Grove had advised him to retain both DB schemes. Mr T responded that the "Simple answer is I do not know". He added that the reason he was driving the transfer forward in 2020 was as a result of losing money when the transfer didn't take place in time in 2019, so "I was maybe a little more active and forthright with my correspondences."

I issued a Provisional Decision on 19 January 2024 which explained why I wasn't upholding the complaint. Grove didn't respond before the deadline of 1 February, but Mr T commented as follows:

> "I am depicted by Grove as a gung-ho cavalier type character flinging money around without consequence… In the 1st case [of attempted transfer] Grove failed to send the transfer papers to [DB administrator] in a timely manner resulting in the transfer not being actioned. The transfer eventually went through some 12 months or so later, as reported if the original transfer so poorly orchestrated by Grove had have been successful I would have gained circa £24k in returns from my intended investments. The fact is I took the advice given by [Grove] and lost out as a consequence. I still have the [other] final salary…pension this is the mitigation. I transferred the pension they advised me to and held onto the one the[y] advised was a risk to move. "

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 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 Businesses (PRIN) and the Conduct of Business Sourcebook ('COBS'). And 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 Grove'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.

Having considered all of this and the evidence in this case, I've decided not to uphold the complaint.

The regulator, the Financial Conduct Authority ('FCA'), states in COBS 19.1.6G that the starting assumption for a transfer from a DB scheme is that it is unsuitable. So, Grove should have only considered a transfer if it could clearly demonstrate on contemporary evidence that the transfer was in Mr T's best interests. Justifying this from retrospective arguments or calculations after the event isn't what the regulator intended to happen here. However, I've considered the totality of what Grove based its advice on.

In this particular case Grove was already in possession of quite a lot of information about Mr T's objectives at the time, which Mr T accepts was accurate, and some of which pointed towards potential arguments for transferring – as I'll discuss below. However it erred in its analysis by not demonstrating the critical yield or TVC to Mr T's intended retirement age, rather than the normal retirement age of the DB scheme. I accept that Grove was in part using the critical yield to assess whether the transfer value offered good value for money, but as it was using this in its analysis I think it should at least also have calculated it to Mr T's intended retirement age.

The financial viability of the transfer is the starting point for demonstrating that (either because of or in spite of this) the transfer is suitable, so I've considered this aspect first. And because of the other arguments that point towards a transfer potentially being suitable, which I'll go on to discuss, I'm prepared to consider the arguments Grove has made more recently on what the critical yield calculation to an earlier age would likely have shown.

Financial viability

I've looked at Grove's critical yield calculation because if a transfer looks to be viable based on Mr T purchasing an annuity at retirement, that's highly likely to mean that alternative strategies (such as drawdown) would be viable – providing of course those strategies were also achievable with Mr T's attitude to risk.

The critical yield to age 65 was calculated to be 2.9%pa, and I have little reason to doubt this given the favourable annuity comparisons contained in the scheme's own 55th birthday mailing pack. These suggested that even if Mr T took immediate early retirement after transferring he could receive more than twice as much tax-free cash and still more than £1,000pa extra income (albeit on a level basis) than doing the same from the scheme. Evidently the transfer value did represent good value for money and I'm not surprised that the scheme's mailing prompted Mr T into considering a transfer. The scheme had closed to future accrual, was almost fully funded, and potentially looking to reduce its liabilities by offering him advice on transferring out.

Retrospectively, Grove says that the critical yield to age 59 would have been a negative figure. Whilst I can't say for certain the figure would have been negative, I've considered Grove's calculations carefully.

The pension from the DB scheme would have had an early retirement factor of 0.77 applied for retiring six years early. This was 4.25%pa compound for each year the pension was taken early, and was also applied after only including revaluation on the pension up to age 59. So, this doesn't look obviously advantageous to Mr T compared with waiting until age 65. Grove's estimate of this figure of about £4,400pa looks to be broadly fair in my view.

Grove has projected Mr T's transferred fund forward to reach £187,000 by age 59, which amounts to about 3%pa growth net of charges in 3½ years. Again I don't find this to be unreasonable, and that in turn implies that Grove has used an annuity rate of 2.83% to convert this to an annuity Mr T could have bought of £5,300pa – instead of the £4,400pa the scheme would have provided.

If Mr T was buying a level pension with two-thirds spouse's pension on the open market, the rates at the time were around 3.5%, so I can see that Grove has also made some allowance for annual increases on the pension once in payment. And increases on most of the DB pension were capped at 2.5%pa. So I again I don't think Grove's estimate here is that wide of the mark. In any event, its calculations produced a £900 improvement in the pension as a result of transferring and retiring six years early. That's before the greater availability of tax-free cash on transfer compared with the scheme is also taken into account.

Unusually, there was no GMP in Mr T's scheme. I'm prepared to accept that the critical yield on early retirement *could* have been lower than 2.9%, as Grove argues. But at the very least, I don't find it likely that it would have been significantly higher than 2.9% (which was the figure to age 65). And I think that's all I need to decide here.

Prior to October 2017 'discount rates' had been published on our website for firms to use in loss assessment calculations. 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 closest available discount rate to when the advice was given was between 2.8% per year for 4 years to retirement and 3.0% per year for 3 years to retirement.

This suggests that Mr T was at the very least close to 'breaking even' on making the transfer and, if Grove's position is correct that the critical zero was closer to zero or even negative, he could have benefited significantly. I accept there would be little point in him giving up the guarantees available to him through the DB scheme only to achieve, at best, the same level of benefits outside the scheme. However I'm also mindful that Mr T wasn't necessarily constrained to buying an annuity with the transferred funds as this wasn't the most significant source of his, or his wife's, retirement income: their other DB schemes were.

The discount rates take into account a lowering of risk as investments are transferred into bonds in the final years prior to retirement, in order to purchase an annuity. As I consider Mr T would likely have had some greater capacity to take risk and hence investment freedom with this tranche of his pension funds, the regulator's projection rates of 2%, 5% and 8%pa are perhaps more representative of the range of growth he might expect to see dependent on his attitude to risk.

Grove assessed Mr T as a medium risk investor, whereas his CMC says he was only prepared to take a low risk. I've considered all the evidence as a whole: including the suitability report which was issued to Mr T; his capacity for loss as a result of having other pensions including a DB pension; and the prior investment experience shown from his self-invested ISA and stockbroking account. On balance, I prefer the contemporaneous evidence that Mr T was prepared to take a moderate amount of risk. This would suggest he was capable of achieving returns more in line with the regulator's middle projection rate which, even after charges, would still have been in the region of 4%pa. In my view this represented sufficient prospects for improving on the DB pension alongside the other potential advantages of transferring which I'll discuss below.

The investigator said that there was no need to transfer until Mr T actually needed an income. Often, I would agree. But in a case such as this where Mr T had the capacity to accept some loss – more than I often see in transfers of this nature – he was actually running the risk of losing out on better investment growth than the critical yield. And again although I would not normally find this persuasive as a reason to transfer alone, I think here Mr T was aware that the transfer value was attractive, represented good value for money, but could move against him if the transfer was postponed.

Whilst finding a transfer less advantageous in future wouldn't alter his preserved entitlement to the same early retirement pension he could always have had directly from the scheme, he would have lost out on the other features he was seeking. These included the flexibility to change his income and leave the full fund to his wife and children. So I've looked at the suitability of these features next.

Flexibility

Mr T didn't have any particular need for lump sums at the time of advice, but was contemplating giving up work altogether (from a salary of £43,000pa) and using this pension to tide him over until his other pensions became payable from 65; and his state pension from 67. The larger cash sum from the transferred DB scheme would go a significant way to meeting this need, as it was tax-free. And by not taking an annuity straight away Mr T could take higher levels of income from the residual fund also.

His larger DB scheme also offered an option to take a stepped pension which then reduced at state pension age. I think it's possible that Mr T could have considered a combination of taking both pensions early, or his other £90,000 DC pot (to which another £36,000 was going to be added over four years) could have been brought into play. So, Mr T actually already had a lot of flexibility with his different arrangements before even considering transferring.

However, given that I consider the transfer was also financially viable, I think the still greater amount of flexibility this gave him was an added benefit in the circumstances of this case. It didn't significantly increase the risk (or consequences) of him running out of money in later retirement, as I agree with Grove that his and Mrs T's income need of £2,000pm was amply covered by their other pensions. But it would produce a further sum to add to Mr T's DC pension, to allow him to tailor his pension planning more precisely. Including when some of his income requirements reduced as he got older but his other pensions would continue to automatically increase.

Death benefits

Mr T was married and I don't think the death benefits under the DB scheme were something to be written off lightly. It was also relatively unlikely Mr T would die whilst he still had a significantly-sized drawdown pot that hadn't yet been depleted. His wife was statistically likely to outlive him, making the scheme's DB pension attractive in my view. Particularly as after commuting a tax-free cash sum the spouse's DB pension was still 50% of the pre-commutation amount, resulting in an effective percentage of nearer two-thirds. So, I don't think Grove should have overly influenced Mr T's decision to transfer because of the seemingly attractive (but not financially significant) lump sum that he might have been able to leave to his children if his wife predeceased him.

I also found that Grove's advice was somewhat confused on this point - because it both referred to Mrs T having sufficient pensions of her own, but also Mr T being concerned that she *would not* have sufficient income if he died before her. Nevertheless, I think Mr T did have the freedom to leave lump sum death benefits without affecting Mrs T's security because she had her own substantial DB pension. And there were some attractions to providing spouse's benefits outside the DB scheme because in the less likely event Mr T died before age 75, they would be free of income tax. The DB spouse's pension would have been taxed as income in the same way his scheme pension would have been taxed.

In conclusion, whilst I think the death benefits shouldn't have been regarded as the most compelling reason to transfer, I can see why they still held some attraction to Mr T - and I don't think Grove could have discounted them altogether as part of the wider rationale for transferring.

Self-investment and Mr T 'driving' matters forward

Normally I would expect an adviser to recommend the investment strategy as well as the transfer itself, because they need to be able to demonstrate that the recommended funds are capable of achieving the returns necessary, and that the client understands the risks involved. But in this case, there is clear evidence that Mr T wanted to invest in a SIPP with the same provider with which he already held an ISA.

Grove refers to a Self Investment Questionnaire (which I haven't seen) recording that Mr T wished to invest 75% of the transfer value into the equity markets. I've no reason to doubt this given that when the transfer value was delayed, Mr T was quick to reference the funds he could have been in (which were equity funds) and the returns he'd missed out on.

I agree with Mr T that his comments shouldn't be taken out of the context they were made, which was a complaint against the DB scheme for its perceived delay in a transfer he had already resolved to make. I'm not saying those comments would have counted against him if Grove had actually recommended a transfer that I thought was unsuitable, and he simply didn't know that at the time. But I'm not persuaded the transfer was unsuitable, and there is no complaint about funds that Mr T considers Grove should have recommended to him. I'm satisfied there was a clear understanding at the time that Grove wouldn't be recommending any funds as Mr T had his own intentions for investment. To put it another way, I'm not persuaded that Grove making such recommendations would have altered what Mr T went on to do in the circumstances of this case.

Mr T was going to invest in equity-based funds, which it's evident were capable of exceeding the critical yield. From what I can see he was also motivated to do so at that particular time when he felt that markets were doing well. At the time he initially sought advice in 2019 Covid hadn't become a pandemic or significantly affected the markets. Although it did have a significant effect on markets during 2020, I can't fairly say that this should have altered Grove's advice – particularly after markets had already dropped and a recovery was in evidence. I say this as the DB transfer value had barely changed, so I think both he and Grove would have seen that Mr T could now buy into the market at a lower point.

I can certainly see why the market turbulence caused by Covid might have put a consumer in Mr T's position off continuing, regardless of Grove's advice. For instance, a consumer might have worried that Covid was going to have a further impact on the markets, or about how long they would take to recover if there was some lasting uncertainty. But particularly given the protracted period over which the transfer was happening in this case, I would expect to see some evidence of Mr T raising such concerns with Grove or asking for advice relating to this. The fact that he was still intent on self-investment is a further demonstration in my view of his confidence in proceeding based on his own investment experience.

In conclusion, when taking into account that this scheme wasn't the most significant part of Mr T's pension provision and the investment experience he already had, I don't think Grove acted wrongly in setting up Mr T's SIPP with funds sitting in cash at the outset. Both parties clearly understood that Mr T would be proceeding to make his own investment decisions and wouldn't be paying Grove for any ongoing services.

What has emerged from Mr T's response to my Provisional Decision is that he did appreciate that he was hedging the risk of losing guarantees by transferring one DB pension and not the other. But he does also consider Grove played a part in him losing out on these investment returns when his transfer was delayed. I note that Grove devoted seven pages of its submission to this service to rebutting its role in this delay, but that was not the complaint Mr T asked us to consider at the time.

I think it would have been helpful for Mr T's representative to establish which issues Mr T was most concerned about before approaching this service. However, as I haven't found the transfer advice to be unsuitable – and Grove hasn't received a complaint about (or addressed in its final response letter) any issues of delay – Mr T is free to raise those concerns with Grove if he wishes to do so.

My final decision

I do not uphold this complaint or make any award.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 1 March 2024.

Gideon Moore
Ombudsman