

## Ombudsman's Determination

Applicant	Mr N
Scheme	The Tullis Russell Pension Scheme ( <b>the Scheme</b> )
Respondents	Aon Hewitt Limited ( <b>Aon</b> ), Tullis Russell Group Limited ( <b>Tullis</b> )

## Outcome

1. I do not uphold Mr N's complaint and no further action is required by Aon or Tullis.

## Complaint summary

2. Mr N has complained that he received unsuitable advice from Tullis and Aon to transfer his accrued benefits in the final salary section of the Scheme to the money purchase section which has caused him a loss of overall benefits. Tullis was Mr N's employer and Aon are the administrators of the Scheme.

## Background information, including submissions from the parties

3. Mr N joined the Scheme in April 1988 which was at the time a defined benefit or final salary scheme. In April 2002 all future final salary accrual ceased for all active members and a new defined contribution (money purchase) section was introduced for service from 6 April 2002.
4. In 2008 Mr N agreed to transfer the cash equivalent of his final salary benefit entitlement to the money purchase section. The Cash Equivalent Transfer Value (**CETV**) payable by the Scheme was enhanced by approximately £10,000 which was funded by Tullis as part of an enhanced transfer value exercise (**ETV**).
5. Mr N remained a member of the Scheme until he left the company in April 2015. In October 2016 Mr N transferred his full fund from the money purchase section of the Scheme to the Prudential.
6. Mr N said that he was wrongly advised to transfer to the money purchase section of the Scheme. He was told that the final salary pension was crippling the company and it needed to get the workers to move over to the money purchase section. Tullis employed financial advisers to talk to him and they advised him to transfer, as it would help the company and avoid job losses. He believes that if he had stayed in the final salary section of the Scheme, he would have a bigger benefit. He said that

he knows people who stayed in the final salary section who have received a lot more money than he has.

7. Tullis has responded to Mr N's complaint and confirmed that it initiated the ETV exercise, and this was facilitated by the Trustees. Aon acted as administrator and actuary to the Scheme and assisted the Trustee in facilitating the ETV offer. The ETV offer was not compulsory, and members were free to reject the offer.
8. Tullis also said that at no time was there any suggestion made to any employee or Scheme member that it "needed to get the workers out of the final salary pension" or that it was "crippling the firm and there were going to be job losses if it didn't happen." There is no evidence to support these assertions. There were various representative bodies, recognised trade unions and staff associations representing the employees and the Employee Ownership Board (Tullis is an employee-owned company) who were provided with regular updates on the Company's performance. Any concerns could be raised through these forums.
9. Tullis recommended that members seek independent financial advice regarding the ETV and agreed to pay for this advice. MacDonald Reid Scott Financial Advisors (**the IFA**) was appointed to provide advice to members. Mr N met with the IFA in March 2008, who recommended that Mr N accept the ETV and transfer his accrued benefits from the final salary section to the money purchase section of the Scheme. Mr N subsequently confirmed in writing that he wished to accept the ETV and transfer his accrued benefits to the money purchase section.
10. Tullis also said that at no time did it, Aon or the Trustee of the Scheme, provide financial advice to Mr N.

## **Adjudicator's Opinion**

11. Mr N's complaint was considered by one of our Adjudicators who concluded that no further action was required by Aon or Tullis. The Adjudicator's findings are summarised below.
12. Mr N raised a number of concerns over the transfer that he agreed to in 2008 to transfer his accrued benefits in the final section of the Scheme to the money purchase section.
13. Mr N said that he believes he was wrongly advised and that other people he knows have received more money (pension) than he has. Mr N has not provided any evidence to support his complaint and the complaint seems to be based on his perception that others may have received a better benefit than he has by remaining in the final salary section of the Scheme.
14. Mr N has provided a part of the recommendation provided by the IFA. This shows that the recommendation from the IFA was to transfer his accrued final salary benefits to the money purchase section of the Scheme. There is no mention of any

involvement from either Tullis, or Aon and it would be surprising if there were as neither is authorised to give individual personal financial advice to Mr N.

15. In the Adjudicator's view the ETV exercise was conducted in a professional manner and Mr N was provided with sufficient information, at the time, to make an informed choice whether or not to transfer to the money purchase section of the Scheme. Mr N made a decision to transfer, and he should have been aware that any such decision included a degree of risk that the eventual pension from the money purchase section could be lower than the pension from the final salary section. By signing the form agreeing to the transfer Mr N accepted the inherent risk.
16. In hindsight, Mr N now believes that he may have made a wrong decision and has complained that Aon and Tullis wrongly advised him. But neither Aon nor Tullis were responsible for the advice that Mr N received, as this was provided by the IFA. Mr could possibly bring a complaint to the Financial Ombudsman Service (**FOS**) regarding the advice provided by the IFA but, given the length of time that has elapsed since the transfer in 2008, FOS may not be able to accept the complaint.
17. Mr N did not accept the Adjudicator's Opinion and the complaint was passed to me to consider. Mr N provided his further comments which do not change the outcome. I agree with the Adjudicator's Opinion and note the additional points raised by Mr N.
18. Mr N said he is not blaming Tullis or Aon, but he is blaming the IFA McDonald Read Scott, who told him to accept the offer. He agreed to the transfer because he thought that was the best decision for the company as they did say that they needed to get people to change over. The Adjudicator seems to be taking the Tullis version over his own version of events. At the time he was not sure what was happening and for some of the questions that he was asked and could not answer the adviser said he would just put that he did not know for now. As far as he is concerned, he was badly advised by the IFA who has now been taken over by another firm.

### **Ombudsman's decision**

19. Mr N said that he is not blaming Tullis or Aon but feels that the fault lies with the IFA who was the adviser at the time of the transfer. Mr N has however raised his complaint with this office against Tullis and Aon, as the Employer and administrator of the Scheme. I cannot accept a complaint against the IFA as this does not lay within my jurisdiction.
20. As The Adjudicator has said any complaint against the IFA should be raised with FOS who have jurisdiction over IFAs. I understand from Companies House that MacDonal Reid Scott is now known as Towergate Financial (Scotland) Limited (**Towergate**) and is part of the Ardonagh Group. Mr N should direct any complaint against Towergate to both Towergate and FOS.

CAS-30229-Q0Q5

21. I do not uphold Mr N's complaint.

**Anthony Arter**

Pensions Ombudsman  
23 August 2021