

## Ombudsman's Determination

Applicant	Mrs D
Scheme	Principal Civil Service Pension Scheme ( <b>the PCSPS</b> )
Respondent	MyCSP

## Outcome

1. I do not uphold Mrs D's complaint and no further action is required by MyCSP.

## Complaint summary

2. Mrs D says that MyCSP failed to carry out sufficient due diligence before transferring her benefits in the PCSPS to the Bungalow 1959 Ltd Small Self-Administered Scheme (**the SSAS**).
3. She says that she wants to be put back in the position she would have been had the transfer not taken place as she is unable to access her benefits in the SSAS. In addition, she says that she should be compensated for the distress and inconvenience the matter has caused her.

## Background information, including submissions from the parties and timeline of events

4. The sequence of events is not in dispute, so I have only set out the salient points. I acknowledge there were other exchanges of information between all the parties.
5. Mrs D is represented by Pension Claim Consulting Ltd (**PCCL**).
6. On 22 August 1988, Mrs D commenced employment with HM Revenue & Customs (**HMRC**) and joined the Classic Section of the PCSPS.
7. In February 2014, HMRC notified Mrs D of her possible redundancy. She says that HMRC gave her the opportunity to attend a later life planning seminar (**the Seminar**), which was being organised by Calder Conferences. Mrs D accepted the invitation to the Seminar which she says was for HMRC staff at the office where she was based. That office was under threat of closure. Mrs D says that HMRC offered to pay for her attendance at the Seminar, including covering her costs.

8. On 15 March 2014, MyCSP sent Mrs D an estimate of her preserved benefits in the PCSPS. An information sheet was included which stated:

“Before deciding to go ahead with any transfer, you should understand what you are giving up and what you will get in return. If you need help with this, we recommend that you see an Independent Financial Adviser.”
9. In May 2014, Mrs D attended the Seminar, which she says included a session on pension planning, financial changes in retirement and the benefits of making financial plans for retirement. She says that she only spoke to one person at the Seminar concerning her pension, and he was one of the speakers who was representing First Review Pensions (**First Review**). She says that, during this conversation, it was suggested that she should see if her pension was in the right place for her, due to her change in circumstances. Also, she says that she was told that, if she transferred her benefits out of the PCSPS, she could have a flexible pension which she would be able to access in two years, as she had indicated she required. Mrs D says that she was offered a free pension review, which she accepted, and she provided her contact details.
10. On 9 July 2014, MyCSP issued Mrs D with details of her finalised preserved benefits in the PCSPS.
11. On 31 July 2014, Mrs D was made redundant.
12. On 15 August 2014, a Bede Wealth Management Ltd (**Bede**) letter of authority (**LOA**) was signed. The LOA appointed Bede and Life Compare Ltd (**Life Compare**) as Mrs D’s assistants in respect of her pension plans. A Financial Conduct Authority (**FCA**) reference number of 606578 was provided, which related to Bede. The Bede logo was present on the LOA and an address of Office 9 Unit H, Collma Avenue, Hylton Riverside, Sunderland, SR5 3XF was provided. This was the address of Life Compare.
13. On 2 September 2014, Life Compare sent the LOA to Capita, the previous administrators of the PCSPS. Life Compare requested a transfer value illustration in respect of Mrs D together with other information relating to her benefits in the PCSPS. It also asked for transfer discharge forms. Its covering letter referred to: “FCA registered number – Paul Lindsay – Bede Wealth Management Ltd – 606578”.
14. On 30 September 2014, MyCSP sent Life Compare a transfer value illustration together with the transfer discharge forms. A copy of the ‘Predator’s stalk your pension’ leaflet (**the Scorpion Leaflet**) was also enclosed.
15. Mrs D says that Mr K from Broadwood Assets (**the Agent**) visited her home. She believes that his visit had been arranged by First Review. During his visit she says she was told that she would be better off transferring her benefits in the PCSPS to another arrangement involving a low-risk investment. She also says the Agent said that, if she did not do this, her benefits would be sitting there, not growing, and he

assured her that her money would be safe if she chose to transfer. She says she was not told where the money would be transferred.

16. Mrs D says that, on 5 December 2014, a document handler came to her home with paperwork for her to sign. The document handler did not indicate which organisation had sent him. She felt under time pressure to sign all the documents and so she did not read them. She says she was comfortable with this approach as the Agent had notified her that a document handler would be sent, and he had also told her what would happen during the visit. It would appear that the documents Mrs D signed included:

- a letter dated 9 December 2014 (**the Basis of Transfer Letter**), providing confirmation of the basis on which she was requesting the transfer of her benefits in the PCSPS to the SSAS. An extract from this letter can be found in the Appendix;
- 'Part B – Application to transfer pension benefits to a money purchase occupational scheme (including a stakeholder arrangement)' of MyCSP's transfer discharge form. As well as confirming that she wished to proceed with the transfer of her benefits from the PCSPS to the SSAS, she ticked the declaration: "I hereby declare that I am an employee of Bungalow 1959 Limited which is a contributor to the money purchase scheme detailed on page one." The form stated that:

"The PCSPS accepts no liability to make enquiries or perform any function other than those necessary to fulfil its statutory obligations in relation to the application of my cash equivalent transfer value in accordance with this and any other requests made by me."

and

- a copy of the Scorpion Leaflet with a declaration dated 5 December 2014 which stated: "I can confirm I have read this document. I am not party to any such pensions liberation activity in anyway whatsoever."

17. On 15 December 2014, Bespoke Pension Services Limited (**Bespoke**), the administrators of the SSAS, wrote to MyCSP requesting that the transfer proceed. It enclosed:

- HMRC's notification of registration confirming that the SSAS was administered by Bespoke and was registered on 5 December 2014. The notification confirmed that the SSAS' pension scheme tax reference was 00818753RK;
- the completed transfer discharge paperwork;
- the Basis of Transfer Letter;
- a copy of the SSAS' trust deed and rules; and
- the Scorpion Leaflet signed by Mrs D confirming that she had read it.

18. On 14 January 2015, MyCSP paid a transfer value of £172,786.77 to the SSAS in respect of Mrs D's benefits in the PCSPS. It wrote to Mrs D and Bespoke to confirm that the transfer had been completed. The majority of the transfer value was invested in the Resort Group plc (**the Resort Group**), an investor in overseas property.
19. On 18 July 2019, following a request from PCCL, Bede emailed PCCL to confirm that it had never dealt with or had any connection with Mrs D.
20. On 11 September 2019, PCCL raised a formal complaint with MyCSP on Mrs D's behalf. In summary, it said:-
  - In February 2018, Mrs D became aware that she would not be able to access her pension funds in the SSAS due to the illiquidity of the underlying investments. Prior to that, she had received regular statements from Bespoke which had not caused her any concern. The investment in the Resort Group was unlikely to be redeemable as there was no secondary market for this investment. It was unregulated and high risk.
  - Mrs D was not experienced in investments. She had received no investment advice in the past and was a cautious person. She did not know that she held guaranteed benefits in the PCSPS or that those benefits would increase and bore no investment risk to her.
  - In February 2013, The Pensions Regulator (**TPR**) had published 'Pension liberation fraud - The predators stalking pension transfers' (**the 2013 Guide**). MyCSP should have been familiar with this guidance. However, there was no evidence that MyCSP carried out any due diligence. The SSAS was newly registered and MyCSP had failed to act on this.
  - It had been in contact with Bede, which was authorised by the FCA. Bede said that Mrs D had never been its client and it had never heard of Life Compare. Life Compare was registered with Companies House and its first annual return was on 26 October 2013, showing it as being dormant. It had been dormant thereafter. MyCSP had failed to verify that it was providing information to a trading or a regulated company. The FCA register would have verified that Life Compare was not authorised or connected to Bede.
  - MyCSP accepted the transfer discharge form with a ticked box declaring that Mrs D was employed by Bungalow 1959 Ltd which was a contributor to the SSAS. Bungalow 1959 Ltd was filed as a dormant company. Mrs D was never employed by it, and she had been a non-earner since her redundancy. Furthermore, Mrs D was not aware that she was a director of Bungalow 1959 Ltd.
  - There were serious concerns in relation to the Seminar that Mrs D attended in May 2014. It questioned the quality of HMRC's due diligence on the key speakers and topics and said that HMRC was responsible for the outsourcer's conduct. Mrs D said the fact that it had been arranged through her workplace gave her reassurance that she would not be exposed to detriment or harm. However, those

involved in the Seminar had a purpose to target individuals in order to acquire pension funds to be invested in the Resort Group.

- Had MyCSP carried out the correct level of due diligence and engaged with Mrs D, then Mrs D would not have transferred her benefits to the SSAS. She did not have a strong motivation to do so and would have been deterred by appropriate warnings. MyCSP contacted her only once during the transfer process to confirm the transfer had completed.

21. On 17 October 2019, MyCSP responded. In summary, it said:-

- It was not able to provide financial advice to members. It always advised that they should take independent financial advice.
- It had provided the necessary information to Mrs D in line with TPR guidance and its due diligence process. In particular, it had provided a copy of the Scorpion Leaflet which Mrs D had signed to indicate that she had read.
- It had reviewed a copy of the SSAS' HMRC registration and Mrs D had confirmed that she was employed by Bungalow 1959 Limited.
- Mrs D had signed the Basis of Transfer Letter confirming she understood the information provided to her and that she was aware of pension liberation.
- As Mrs D's request met the statutory requirements at the time, it was obliged to comply with her instruction and arrange the transfer. It was not for it to carry out research into the SSAS.

22. On 21 October 2019, Mrs D was able to withdraw £46,523.62 from the SSAS following her retirement.

23. On 3 March 2020, PCCL raised a complaint under stage one of the PCSPS' two-stage internal dispute resolution procedure (**IDRP**). It repeated a number of the points raised in its previous complaint and said that MyCSP had not explained the risks to Mrs D.

24. On 18 May 2020, MyCSP provided its response under stage one of the IDRP. It did not uphold the complaint and, in summary, it said:-

- The Seminar was run by a third party and not by MyCSP. It had no connection with Calder Conferences and was not involved in any way with the Seminar.
- Following TPR releasing the 2013 Guide, it had made a number of changes to its processes. These included issuing the Scorpion Leaflet and checking a 'Transfer Watch List' listing pension schemes and administrators brought to its attention as potentially being involved in fraudulent activities.
- PCCL had said there was no link between Bede and Life Compare. The onus was on Mrs D to ensure that the organisation she was receiving financial advice from

was regulated and not connected to the receiving scheme. This was highlighted in the Scorpion Leaflet. Even if MyCSP had identified that there was no link between Bede and Life Compare, it would still have been required to provide the transfer quote.

- Bespoke was listed with Companies House as incorporated on 22 March 2012 and was currently active.
- No act of maladministration had taken place. The correct process had been followed and appropriate checks undertaken.
- The fact that Mrs D had no concerns about the transfer until three years after it was finalised suggested there was no reason for MyCSP to question the transfer at the time.

25. On 6 July 2020, PCCL asked for the complaint to be considered under stage two of the IDR. It raised the following additional points:-

- MyCSP should have checked whether Bespoke was connected to an unregulated investment company. Bespoke facilitated the investment of Mrs D's transfer value in an unregulated investment.
- The Scorpion Leaflet should have been provided direct to Mrs D instead of being provided through Bespoke's document handler for her to sign on her doorstep.

26. On 4 January 2021, the Cabinet Office provided its response under stage two of the IDR. It did not uphold the complaint and, in summary, it said:-

- Mrs D had a statutory right to transfer her benefits to another scheme and the transfer process was followed correctly, including signed discharge forms and checking that the SSAS had been registered with HMRC.
- The Scorpion Leaflet was included with the discharge forms sent to Bespoke and Mrs D had signed it to confirm she had read it.
- There were no indications why the transfer should not go ahead. No areas of concern were identified so there was no need for further enquiries.
- Its 'Transfer Watch List' at the time did not include Bespoke or Bungalow 1959 Ltd. It had also had no contact with Mrs D until 20 November 2018, suggesting she had no issues with MyCSP completing the transfer.
- Mrs D requested the completion of the transfer having received no regulated professional advice. It was not MyCSP's responsibility to give her advice.
- Mrs D contended that her former employer introduced her to Life Compare. HMRC had no information dating back to 2014 in relation to the Seminar. However, Calder Conferences was only the administrative service used to book

accommodation for events. There was no evidence to support the claim that HMRC introduced Mrs D to Life Compare.

27. Following the complaint being referred to The Pensions Ombudsman, Mrs D and PCCL made further submissions that have been summarised below.

28. Mrs D provided the following additional submissions:-

- In relation to the regulatory status of any advice she received, she believed the Seminar offered a safe environment in which to discuss her pension. For this reason, she did not carry out any background checks on the parties involved in the transfer.
- She was not in financial difficulty at the time of the transfer as she had been working up to 31 July 2014 and received a redundancy package. She had some savings in an ISA. She had no other pension provision as she had transferred her pension with the NHS to her pension with the Foreign & Commonwealth Office and then to the PCSPS.
- She was not offered any incentives to transfer her benefits out of the PCSPS.
- The first time she became aware of the Scorpion Leaflet was after she realised there was a problem with the SSAS. She then got a copy of it from the Citizens Advice Bureau.
- She never appointed Bede or Life Compare to act on her behalf and had never heard of them until after the transfer had completed. She acknowledged it was a long time ago and she could not confirm or deny signing the LOA.

29. PCCL made the following additional submissions on behalf of Mrs D:-

- The complaint it was pursuing on behalf of Mrs D was against MyCSP. It had included details of Mrs D's dissatisfaction with HMRC in order to provide some background on her complaint.
- Mrs D had signed a declaration that she had read and understood the Scorpion Leaflet. However, the associated risks had never been clearly explained to her.
- The Basis of Transfer Letter was a templated letter created by Life Compare that Mrs D had been asked to sign.
- MyCSP had issued transfer documentation to a company that was imitating a regulated firm.
- MyCSP should have undertaken further checks as part of its due diligence, including investigations into the relationship between Life Compare and Bede, whether any FCA regulated entity was involved in the transfer, Mrs D's employment status at the time of the transfer and the suitability of the SSAS' underlying investments.

- Mrs D had contacted Bespoke, First Review and the Resort Group to try to get funds out of the SSAS. She had made every effort to try to find out how to sell the underlying property that makes up the majority of her remaining funds, but she discovered she was unable to sell it.

30. Bede advised that it had never heard of Life Compare and said that it suspected its identity was being cloned. It provided a copy of the letter of authority that it used.

## Adjudicator's Opinion

31. Mrs D's complaint was considered by one of our Adjudicators who concluded that no further action was required by MyCSP. The Adjudicator's findings are set out below in paragraphs 32 to 52:-

32. The Adjudicator reviewed the 2013 Guide referred to by PCCL and TPR's 'Pensions scams – A lifetime's savings lost in a moment' guide (**the 2014 Guide**) which was issued in July 2014. The 2014 Guide was in force at the time of Mrs D's transfer and was a relaunch of the 2013 Guide to include greater reference to the risks of pension scams.

33. The 2013 and 2014 Guides (**the Guides**) set out a two-stage due diligence process. The first stage was to check whether there were any factors that would indicate a pension liberation or scam risk. MyCSP said that its initial checks did not provide any indication that the SSAS was a high-risk transfer. In particular, MyCSP identified a number of checks it had undertaken which included:-

- The SSAS was registered with HMRC.
- Neither Bespoke nor Bungalow 1959 Ltd appeared on its 'Transfer Watch List' at the time of the transfer.

34. Furthermore, Mrs D had signed the Basis of Transfer Letter in which she confirmed that she was not seeking to access her pension before age 55 and that she had not been offered any cash or other incentives to transfer. In this letter she also confirmed that she had understood the risks associated with taking a transfer out of her existing pension arrangement.

35. In fact, the SSAS had been registered with HMRC on 5 December 2014 and the transfer completed on 14 January 2015. The check list in the 2014 Guide refers to the recent establishment of the receiving scheme being a possible warning sign. While this did not necessarily indicate a pension scam, in the Adjudicator's view, it would have been good practice for MyCSP to have discussed this with Mrs D. However, the Adjudicator noted that the Guides were not legally binding documents. It was for each transferring organisation to set up its own due diligence process that it considered to be adequate in the circumstances.

36. In addition, the Adjudicator's view was that it was reasonable for MyCSP to assume that Mrs D had some understanding of the risks involved due to the Basis of Transfer



Letter she had signed. This may not have provided MyCSP with an understanding of her exact level of knowledge. So, the Adjudicator considered this further in relation to the Scorpion Leaflet which, if read by Mrs D, would have provided more detailed information on the warning signs in relation to scams.

37. On 30 September 2014, MyCSP sent Life Compare an illustration of the transfer value in respect of Mrs D's benefits in the PCSPS. It also enclosed a copy of the Scorpion Leaflet. In the Adjudicator's view, best practice would have been to send the Scorpion Leaflet direct to Mrs D so that MyCSP could be sure that she had received it. However, a copy of the Scorpion Leaflet was returned to MyCSP on 15 December 2014 by Bespoke. Mrs D had signed the copy confirming that she had read it.
38. In the circumstances, the Adjudicator's view was that it was reasonable for MyCSP to have assumed that Mrs D understood the information in the Scorpion Leaflet as she had confirmed that she had read it and she had not made contact to raise any questions. So, MyCSP could be confident that Mrs D was aware of the warnings present in relation to scams.
39. Mrs D had also signed MyCSP's discharge form, stating that she was employed by Bungalow 1959 Limited. The Adjudicator's view was that it was reasonable for MyCSP to assume that this was correct, even though it had subsequently been proven to be false - the employer's name appeared to have been put together from Mrs D's home address which started with 'The Bungalow' and her year of birth.
40. PCCL identified a number of additional checks that it believed MyCSP should have undertaken as part of its due diligence. These included:-
  - The relationship between Life Compare and Bede and whether any FCA regulated entity was involved in the transfer.
  - Mrs D's employment status at the time of the transfer.
  - The suitability of the SSAS' underlying investments.
41. However, the Guides recommended a number of checks and MyCSP was not required to undertake them all before proceeding to payment of the transfer value. In relation to the second check, by signing the transfer discharge form, Mrs D had confirmed her employment status to MyCSP.
42. In view of the checks that were carried out, and its understanding of the information that Mrs D had been provided with in relation to pension scams, the Adjudicator took the view that it was reasonable for MyCSP to make the transfer payment to the SSAS.
43. The Adjudicator noted that there was some uncertainty in relation to which documents Mrs D signed and he acknowledged that, with the passage of time, it might be difficult for her to recall this. Nonetheless, Mrs D confirmed that she did sign the documents presented to her by the document handler in December 2014. Given the subsequent paperwork sent to MyCSP by Bespoke, it seemed likely that the

bundle of documents she was presented with included the Basis of Transfer Letter, the transfer discharge form and the Scorpion Leaflet.

44. There was less certainty over whether Mrs D signed the LOA and the validity of this document. The Adjudicator compared her signature on the LOA with the other signatures that The Pensions Ombudsman (**TPO**) hold for Mrs D, including that on her application to TPO and a transfer questionnaire that she completed for TPO. Based on this comparison, the Adjudicator was unable to say with certainty that the signature on the LOA was Mrs D's. However, his view was that it was similar enough for him not to expect MyCSP to have queried it at the time.
45. Comparing the LOA that Mrs D signed with the template LOA that Bede had provided, it was clear that they were very different documents. The Adjudicator had no reason to not believe Bede's assertion that it had never heard of Life Compare and had no prior dealings with Mrs D. On that basis, it appeared that Life Compare might have fraudulently used Bede's name and regulatory status. Bede had been authorised by the FCA since 28 November 2013, whereas Life Compare had no such registration. This was a criminal matter and outside the Pensions Ombudsman's remit to investigate.
46. If this was the case, then it was clearly unacceptable. However, while the LOA was part of the transfer process, it was not the document that resulted in MyCSP making the transfer payment. That was the completed transfer discharge form which, in all likelihood, was part of the paperwork that Mrs D signed on 5 December 2014.
47. However, this raised the question whether MyCSP released information relating to Mrs D's entitlement without a valid authority. The Adjudicator's view was that MyCSP should not have queried the validity of the LOA. The LOA included details relating to Bede, an organisation that was FCA authorised, and it included the Bede logo.
48. An information sheet had been provided by MyCSP to Mrs D with an estimate of her preserved benefits in March 2014. It recommended that she sought assistance from an Independent Financial Adviser (**IFA**) if she needed help assessing what she was giving up and what she would get in return when considering transferring her benefits out of the PCSPS.
49. Mrs D said that she did not appoint an IFA as she considered that the Seminar offered a safe environment in which to discuss her pension. Whether to appoint an IFA or not was Mrs D's decision. MyCSP provided her with an adequate recommendation in this respect. So, in the Adjudicator's view, MyCSP could not be considered responsible for the implications of her decision not to appoint an IFA.
50. Both MyCSP and HMRC were unable to provide any information in relation to the Seminar which covered a wide range of topics, many outside the pensions arena. The information provided to TPO on the Seminar, including details of Mrs D's discussions with one of the speakers, was based on Mrs D's recollection of events. The Adjudicator had seen no evidence to suggest that MyCSP was involved in any aspect of the Seminar. So, on the balance of probabilities, the Adjudicator's view was

that it could not be held responsible for subsequent events including the pension review Mrs D was offered.

51. There were a number of different parties involved in the transfer of Mrs D's benefits to the SSAS. Life Compare existed as a business at the time of the transfer, having been incorporated on 26 October 2012. Broadwood Assets was also an active business at the time, having been incorporated in May 2013. First Review was incorporated on 13 June 2012. While Life Compare (in April 2016) and First Review (in September 2017) had since failed, MyCSP would not have been aware of that in 2014. In all likelihood, MyCSP may not have been aware of the involvement of Broadwood Assets and First Review in the transfer. Nor would it have been aware of the Seminar or how Mrs D was approached.
52. While the Adjudicator sympathised with the position that Mrs D found herself in, his view was that MyCSP had carried out sufficient due diligence checks when transferring her benefits to the SSAS. It was unfortunate that Mrs D chose to sign paperwork without reading it. From the paperwork that she did sign, the Adjudicator's opinion was that MyCSP could reasonably assume that Mrs D had been adequately warned of the dangers of pension scams. However, with the benefit of hindsight, this was probably not the case.
53. Mrs D did not accept the Adjudicator's Opinion and the complaint was passed to me to consider. Mrs D provided her further comments in response to the Opinion which are summarised below:-
  - She did not sign or receive a copy of the Scorpion Leaflet during the transfer process. Furthermore, some of the dates on the paperwork relating to the transfer were in a different colour to her signature. She does not believe that all the signatures were hers, particularly that on the LOA.
  - The SSAS had been registered with HMRC less than two months prior to the transfer taking place. This should have been picked up by MyCSP as a warning sign.
  - MyCSP should have checked that the transfer payment was being paid into a safe arrangement. Furthermore, it should have been checked for money laundering.
  - Life Compare was regularly chasing for the completion of the transfer and this should also have been picked up as a warning sign.
  - She was not employed at the time of the transfer and MyCSP should have known this as it had her national insurance number. She was never contacted by MyCSP to discuss her employment status.
54. I have considered the additional points raised by Mrs D; however, they do not change the outcome. I agree with the Adjudicator's Opinion.

## **Ombudsman's decision**

55. I have considerable sympathy for Mrs D, who appears to have been the victim of a pension scam and is now unable to access her pension funds. However, this matter cannot be viewed with the benefit of hindsight, and it is the circumstances at the time of the transfer which are of importance.
56. Mrs D's complaint concerns the level of due diligence undertaken by MyCSP at the time of the transfer. In his Opinion, the Adjudicator considered the transfer in the light of the Guides. I have also reviewed the Guides when considering Mrs D's complaint.
57. MyCSP had a statutory duty to transfer Mrs D's benefits. It was required to act upon this duty when it received her transfer paperwork in December 2014, unless there were any indications of why the transfer should not go ahead, such as those concerning pension liberation fraud and pension scams.
58. The Guides provide an outline of potential warning signs which could suggest pension liberation fraud or pension scam activity was taking place.
59. Before considering these warning signs, I will consider Mrs D's claim that she did not sign or receive a copy of the Scorpion Leaflet and that some of the signatures on the transfer paperwork were not hers. Mrs D has also said that some of the dates on the paperwork were in a different colour to the signatures.
60. In December 2014, a document handler came to Mrs D's home with paperwork for her to sign. Mrs D has acknowledged that she did not read the documents that were presented to her. While normal practice would have been for Mrs D to have read, signed and dated the documents, it is possible that the dates could have been completed by a different party, either before or after Mrs D added her signature. This would explain the different colour ink that Mrs D says was used. Mrs D has already confirmed that she signed the documents on that day. I find that, on the balance of probabilities, the documents that Mrs D signed included:
  - the Basis of Transfer Letter;
  - MyCSP's transfer discharge form; and
  - a declaration in relation to the Scorpion Leaflet.
61. It is unfortunate that Mrs D chose not to read these documents as they contained important warnings that could have resulted in her reconsidering the transfer. They also included declarations that MyCSP relied on when undertaking its due diligence and which, with the benefit of hindsight, were not true. However, I cannot attach any blame to MyCSP for taking these statements at face value and for the assumptions that it made as a result. In particular, the documents Mrs D signed falsely stated that:
  - she was an employee of Bungalow 1959 Limited which was a contributor to the SSAS;

- she had read the Scorpion Leaflet; and
  - she had received detailed information about the risks associated with taking a transfer out of the PCSPS.
62. There is less certainty over whether the signature on the LOA is Mrs D's. Given subsequent submissions provided by Bede, it would appear that Bede had no relationship with Life Compare and the document is most probably a forgery. However, I agree with the Adjudicator's assessment that MyCSP cannot be held at fault for considering the LOA to be genuine at the time. While this may have resulted in information concerning Mrs D's benefits in the PCSPS being shared without a valid authority in place, Mrs D subsequently signed the transfer discharge form. So, the transfer proceeded with her authority.
63. Mrs D says the fact that the SSAS had been recently established and the frequency of Life Compare's requests to progress the transfer required MyCSP to engage directly with her. I would encourage providers to communicate regularly with their customers in relation to the dangers of pension scams. However, I note that MyCSP had received a declaration signed by Mrs D confirming that she had read the Scorpion Leaflet together with other information on the risks of transferring her benefits. So, I find that it was reasonable for MyCSP to assume that Mrs D was already aware of the risks of pension scams.
64. Furthermore, during the transfer process Mrs D demonstrated a willingness to proceed with the transfer without considering the warnings that were available to her. In particular, she chose to confirm that she had read the warnings in the Scorpion Leaflet when this was not the case. Mrs D could have asked for a copy of the Scorpion Leaflet, if one was not provided to her at the time and read it when she had time. The documents were signed on 5 December 2014 and the transfer value was paid on 14 January 2015. So, she had nearly six weeks in which she could have asked questions and either delayed or stopped the transfer if she had doubts. On the balance of probabilities, I find that the transfer would have proceeded even if MyCSP had spoken to Mrs D.
65. Mrs D also says that MyCSP should have known that she was not employed at the time of the transfer and could have contacted her to discuss this. I do not agree that it was necessary for MyCSP to undertake any further investigation in relation to Mrs D's employment status as she had signed the transfer discharge form confirming that she was employed.
66. Mrs D believes that MyCSP should have undertaken money laundering checks and further analysis in relation to the safety offered by the SSAS. I do not agree.
67. It is regrettable that the transfer of funds from the PCSPS has not transpired to be in Mrs D's best financial interests. However, I do consider that MyCSP fulfilled its due diligence obligations with the information it held at the time.

CAS-44594-N4P2

68. I do not uphold Mrs D's complaint.

**Dominic Harris**

Pensions Ombudsman

9 April 2024

## **Appendix**

### **Extract from the Basis of Transfer Letter**

“The purpose of this letter is to provide you with additional confirmation of the basis upon which I have made this request and to seek to provide a record of the fact that I am aware of the issues relating to pensions liberation. Indeed, I have carefully considered my decision to request a transfer to the Scheme and have not made it lightly. [...]

From guidance and information I have received in connection with this decision I appreciate that there has recently been a significant rise in cases of “pensions liberation” fraud. As a result there is increased concern and scrutiny around transfer requests being made, to ensure members fully understand the implications of making a transfer.

I therefore wish to confirm that the transfer request is being made in order that I can take advantage of investment opportunities available under the Scheme, none of which are in any way connected with pensions liberation. I have received detailed information about the Scheme, how it operates, who administers it and the risks associated with taking a transfer out of my existing pension arrangement.

In making this transfer I am not seeking to access my pension before age 55. [...] I also confirm that I have not been offered any cash or other incentive by any person as part of my decision to transfer my pension to the Scheme.”