Guide — Information Only

DB Pension Transfer Mis-Selling

General information guide. Not financial or legal advice. For a free assessment visit redressadvisory.com

Information only — not advice. This guide is for general information only and does not constitute legal or financial advice. Redress Advisory Ltd is applying for authorisation as a Claims Management Company (FCA reference: to be confirmed). You may pursue a pension complaint directly and free of charge via the Financial Ombudsman Service or the FSCS.

What Is a Defined Benefit Pension?

A defined benefit (DB) pension — also called a final salary pension — pays a guaranteed income for life, calculated on salary and years of service. Common examples include NHS, teachers', local government, armed forces, and civil service pensions.

DB pensions are highly valuable because the income is guaranteed regardless of investment performance or longevity. Once you transfer out, you permanently give up those guaranteed rights.

What Is DB Pension Transfer Mis-Selling?

DB transfer mis-selling occurs when a financial adviser recommends transfer out of a DB pension without adequate reasons — failing the FCA's "compelling reasons test" under COBS 19.1.6.

Common forms include: failing to calculate the critical yield properly; not assessing capacity for loss; not explaining the guaranteed benefits surrendered; recommending transfer to generate commission; or arranging the transfer via an unregulated introducer.

The Compelling Reasons Test — COBS 19.1.6

Every FCA-authorised adviser giving DB transfer advice must start from the assumption that transfer is unsuitable. Transfer may only be recommended where the adviser can demonstrate, on contemporary evidence, compelling reasons why it is in the specific client's best interests. The FOS upholds 55–77% of DB transfer complaints nationally.

The Critical Yield

The critical yield is the annual investment return your SIPP would need to achieve to match what your DB pension would have paid. A critical yield above 7% is extremely difficult to sustain. Where an adviser recommended transfer with a high critical yield without adequately explaining the implications, the advice was likely unsuitable.

How to Claim

DB transfer claims can be brought through the FOS (if the firm is still trading), the FSCS (if the firm has failed), or civil court proceedings under FSMA s.27 (if an unregulated introducer was involved). Time limits apply — obtain a formal assessment immediately.

Your rights and our fees

You do not have to use us

You can complain directly to the firm, refer to the Financial Ombudsman Service (www.financial-ombudsman.org.uk · 0800 023 4567) or apply to the FSCS (www.fscs.org.uk · 0800 678 1100) — all completely free. If you use the free routes, you keep 100% of any compensation.

Our fees — CMCOB 5.2 sliding scale, success only

Redress received	Max %	Max fee
Up to £1,499	30%	£420
£1,500–£9,999	28%	£2,500
£10,000–£24,999	25%	£5,000
£25,000–£49,999	20%	£7,500
£50,000 and above	15%	£10,000

Compensation paid directly to you. We invoice after you receive compensation. Nothing to pay if unsuccessful. Source: FCA PS21/18 (Chapter 2, Table 1) & CMCOB 5.2. Excl. VAT.

14-day right to cancel

Cancel any agreement within 14 days of signing, without charge or obligation.

Complaints

Contact complaints@redressadvisory.com. If unresolved, refer to the Financial Ombudsman Service free of charge within 6 months of our final response.