

[Please delete or amend any drafting instructions in italics before sending]

Rydym yn hapus i ddarparu copi o'r llythyr hwn yn y Gymraeg ar gais. Cysylltwch gyda ni ar cymraeg@fca.org.uk ac fe wnawn anfon copi atoch.

[Firm details]

[Date]

[Consumer details]

British Steel consumer redress scheme

ACTION REQUIRED – Payment for unsuitable advice to transfer out of the British Steel Pension Scheme

Dear *[Insert name]*,

[If applicable: You were introduced to our firm by *[insert name of introducer firm]* for advice about your British Steel Pension Scheme benefits]

[If not owed money]

We wrote to you on *[insert date]* to tell you that the advice we gave you to transfer out of the British Steel Pension Scheme (BSPS) was unsuitable. We have now found that we do not owe you money for the advice we gave you to transfer out of the BSPS.

[If owed money]

We wrote to you on *[insert date]* to say that we owe you money for the advice we gave you to transfer out of the British Steel Pension Scheme (BSPS) *[, and you told us you would like us to calculate how much of this money can be paid into your pension – delete if not applicable]*.

[If not owed money]

We have found that we do not owe you money for the advice we gave you to transfer out of the British Steel Pension Scheme (BSPS).

[If owed money]

We have calculated the amount we owe you.

[Where the money is paid as augmentation]

- If you want to have the money we owe you added to your pension, the total amount that will be added to your pension is £*[insert amount including HMRC relief]*; or
- If you do not want the money we owe you added to your pension, we can pay you a lump sum of £*[insert amount]*.

[Where the money is paid part augmentation part lump sum]

- If you want to have the money we owe you added to your pension, the total amount that will be added to your pension is £*[insert amount including HMRC relief]*, and we will pay you the rest of the money we owe you in a lump sum of £*[insert amount]*; or
- If you do not want the money we owe you added to your pension, we can pay you all the money we owe you in a lump sum of £*[insert amount]*.

[Where augmentation is not possible]

We have calculated that we cannot add the money we owe you into your pension. So we will pay you the money we owe you in a lump sum of £*[insert amount]*.

[Where consumer did not ask for augmentation or provide the necessary information to calculate this]

We were not able to calculate how much of the money we owe you can be paid into your pension because you *[did not ask us for this / asked for this but did not provide us with the information we needed – delete as applicable]*. [We wrote to you on *[insert dates of initial letter and reminder letter]* to tell you that we needed information from you to complete the calculation. We also tried to contact you *[insert details]* without success – delete if not applicable.]

So, we calculated the money we owe you in a lump sum of £*[insert amount]*.

[If a consequential loss claim was submitted and the information to calculate this was provided]

This amount includes £*[insert amount]* for the other losses you told us about / does not include any extra money for the losses you told us about because *[insert reason]*.

[If a consequential loss claim was submitted, but the information to calculate this was not provided] You asked us to calculate other losses, but you did not provide us with the information we needed to calculate this. [We wrote to you on *[insert dates of initial letter and reminder letter]* to tell you that we needed information from you to complete the calculation. We also tried to contact you *[insert details]* without success – delete if not applicable.] We have therefore been unable to calculate your claim for other losses.

What should you do now?

Look at the calculation report and check that the information about you which we used for the calculation is right. *[If owed money]* This is to make sure we are offering you the right amount.

Contact us immediately if any information in the calculation report is wrong.

[If the comparator scheme used for the calculation provides lower redress]

Pay close attention to the BSPS scheme we used for your calculation when you check the calculation report to make sure the money we owe you is the right amount.

[Where full or part augmentation possible]

Decide if you want the money we owe you added to your pension or if you prefer to be paid in a lump sum.

[Where consumer arranges payment into their pension]

If you want the money we owe you added to your pension, contact your pension provider or adviser to arrange this.

If you would like to accept this offer, you must sign and return the attached ‘Settlement form’ by *[Insert date – 3 months from date of this letter]*.

[All letters]

If you are unhappy with our decision, you should contact the Financial Ombudsman Service within 6 months of the date of this letter. We have enclosed a referral form that you can use to refer your complaint on to them.

You can contact the Financial Ombudsman Service by telephone on 0800 023 4567 or 0300 123 9123 or by email addressed to BSPS@financial-ombudsman.org.uk.

[If owed money]

The payment aims to put you back in the financial position you would have been in if you had been given suitable advice and stayed in the BPS. that the redress calculation assumes this payment will be invested for your retirement and paid directly into your current pension where possible.

Pensions are designed to help support you financially in your retirement. Adding this payment to your pension will help improve your retirement income. This amount is intended to provide you with the extra retirement income you would have been given if you had stayed in your BPS. If you receive the payment as a lump sum, you should get advice on how to invest it. If you do not invest it, you risk losing out on the income this money is meant to give you during your retirement.

Paying the money we owe you into your pension

[Where the money is paid as augmentation]

If you accept this offer we will arrange to pay £*[insert offer amount]* into your current pension / to send you a cheque for £*[insert offer amount]*, which you should arrange to pay into your current pension with your pension provider or adviser.

Your pension provider will claim £*[insert amount]* tax relief from HMRC, which means the total amount that will be added to your pension is £*[insert amount]*.

If you want to accept our offer to pay the money we owe you into your pension, you must tell us by *[insert day date month year]*. Please *[confirm/sign below/etc.]* by *[insert date]* and we will arrange payment to you.

[Where the money is paid as part augmentation part lump sum]

If you accept this offer we will arrange to pay £*[insert offer amount]* into your current pension / to send you a cheque for £*[insert offer amount]*, which you should arrange to pay into your current pension with your pension provider or adviser. Please see the attached report for a breakdown of how we have calculated this amount.

Your pension provider will claim £*[insert amount]* tax relief from HMRC, which means the total amount that will be added to your pension is £*[insert amount]*.

We will also pay you £*[insert amount]* as a lump sum.

If you want to accept our offer to pay the money we owe you into your pension and the rest of it in a lump sum, you must tell us by *[insert day date month year]*. Please *[confirm/sign below/etc]* by *[insert date]* and we will arrange payment to you.

[Where augmentation is not possible]

We have calculated that we cannot add the money we owe you into your pension. So, we will pay you the money we owe you in a lump sum instead.

[if owed money]

Paying the money we owe you in a lump sum

[Where full or part augmentation offer available]

If you do not want the money we owe you added to your pension, you can choose to receive the money we owe you in a lump sum instead.

[If owed money]

We have calculated that we owe you £*[insert redress amount]* as a lump sum. *[If applicable]* We did not calculate how much of the money we owe you can be paid into your pension, because you asked us not to *[OR]* We were not able to calculate how much of the money we owe you can be paid into your pension, because you did not *[ask us for this/provide us with the information – delete as applicable]*.

[If consumer did not indicate whether they wanted an augmentation calculation]

If you would like us to, we can work out how much money you can pay into your pension under current tax regulations. We can do this free of charge whether you choose to invest in your pension or not. You may have to give us additional information so we can do this. If not all of the money can be paid into your pension, then the balance will be paid to you as a lump sum. If you would like us to do this, please complete and return the attached 'Payment into a pension' form by *[insert date – 3 months from the date of this letter]*.

[If owed money]

If you are thinking of saving or re-investing the money we owe you, MoneyHelper is there to help. Backed by the government, it ensures that everyone in the UK can easily access the information they need to make the right financial decisions.

The service is free and impartial, and you can visit the website at www.moneyhelper.org.uk or call 0800 138 7777 for money advice, 0800 011 3797 for pension advice.

You can also contact an FCA-regulated financial adviser to seek advice, but you may have to pay for this service. You may also find the FCA's Scam Smart guidance helpful. **How did we reach this decision?**

[All letters]

We have calculated this amount with the FCA calculator based on the FCA's rules.

We have enclosed a summary of the information about you that we used to calculate the amount owed to you, and you should carefully check that this information is right *[if owed money]*, to make sure we are offering you the right amount. If any of the information is wrong, you should contact us immediately. You can also ask us for a full calculation report, which includes all the information we used to calculate your offer.

[If the comparator scheme used for the calculation provides lower redress]

Pay close attention to the BSPS scheme we used for your calculation when you check the calculation report, to make sure the money we owe you is the right amount.

Our information shows that if you had stayed in BSPS, you were likely to have chosen the *[select as appropriate: New BSPS scheme or Old BSPS scheme]* / We did not have any

information to show whether you were more likely to choose the Old BPS scheme or New BPS scheme if you had stayed in BPS, so the FCA's rules say that the New BPS scheme should be used for your calculation.

If the [select as appropriate: New BPS scheme / Old BPS scheme] had been used instead, we would owe you an extra £[enter difference between higher paying scheme and lower paying scheme].

[If a consequential loss claim was submitted and the necessary information was provided]
This amount includes £[insert amount] for the other losses you told us about [[add if partially including the amount claimed for] and we did not pay you the full amount you asked for because [reason]] [OR] This amount does not include any extra money for the losses you told us about because [insert reason].

[All letters]

If you are not happy with the amount we are offering, you can contact the Financial Ombudsman Service or the FCA helpline.

What should you do now?

Look at the calculation report and check that the information about you which we used for the calculation is right. [If the comparator scheme used for the calculation provides lower redress] Pay close attention to the BPS scheme that we used for your calculation. This is to make sure we are offering you the right amount.

[Where full or part augmentation possible]

Decide if you want the money we owe you to be added to your pension or, if you prefer, to be paid in a lump sum.

[Where consumer arranges payment into their pension]

If you want the money we owe you to be added to your pension, contact your pension provider or adviser to arrange this.

[If money is owed]

If you would like to accept this offer, you must sign and return the attached form by [insert date – 3 months from the date of this letter].

[All letters]

If you are unhappy with this outcome, you should contact the Financial Ombudsman Service within 6 months of the date of this letter. The Financial Ombudsman Service will decide whether we have followed the rules of the scheme correctly.

[If owed money]

Help with your decision

If you are not happy with the amount we are offering, you can contact the Financial Ombudsman Service or the FCA helpline. If you are unsure about how to invest any money we owe you, you can contact free guidance services such as MoneyHelper or you can contact an FCA-regulated financial adviser to seek advice. You may also find the FCA's Scam Smart guidance helpful.

Your offer also covers your future investment costs, and this money is there to help reach your retirement goals. [*Only for consumers entitled to initial advice fee*] Your offer also includes £[*insert amount*] for you to get advice from another financial adviser if you want to. This is because [*delete as applicable: you are not currently getting advice, and you may decide you now want advice / your current advice arrangement with us is more expensive than the amount allocated in the money we owe you, and you may want to use another adviser*]. You can find out more about the level of investment costs your payment allows for in your calculation report.

What should you do if you want to accept this offer?

You must accept this offer by [*insert Day Date Month Year – 3 months from date of this letter*].

If you want to accept this offer, please [*confirm/sign below/etc.*]. We will arrange for you to receive the money we owe you through the method you chose, within 28 days of receiving your acceptance. We will also calculate how the money we owe you would be expected to grow in the period between the date it was calculated and the date you receive it. This amount will be added to your payment.

You do not have to accept this offer, but if you want to, you must respond by [*insert date – 3 months from date of this letter*], unless there are exceptional circumstances.

If we do not pay or contact you within 28 days of receiving your acceptance, you can contact the FCA using the details below.

[*Optional wording*]

If you accept this payment, it will be in full and final settlement of all claims against [*me/us/name of firm which provided the advice*] for the advice given by [*me/us/it*] to you to invest in the above-named fund.

[*All letters*]

If you are unhappy with this outcome, you should contact the Financial Ombudsman Service within 6 months of the date of this letter. The Financial Ombudsman Service will decide whether we have followed the rules of the scheme correctly.

We have enclosed a leaflet explaining the role of the Financial Ombudsman Service, as well as a referral form you can use to refer your complaint on to them. If you decide to complete and send this referral form on to them, they will contact you to set up and look into your complaint. Please inform us if you would like an electronic version of these documents, so that you can email a completed referral form to the Financial Ombudsman Service email address below.

You can find out more information on how the Financial Ombudsman Service can help if you want to complain about the result of our calculation at www.financial-ombudsman.org.uk/consumers/complaints-can-help/pensions-annuities/transfers-from-workplace-pensions-and-the-pensions-review/british-steel-pension-scheme.

You can contact the Financial Ombudsman Service by:

- telephone: 0800 023 4567 or 0300 123 9123; or
- email: BSPS@financial-ombudsman.org.uk.

You can find out more about the BSPS consumer redress scheme at www.fca.org.uk/bsps. If you want to contact the FCA you can:

- call its Consumer Helpline on 0800 098 4100; or
- email consumer.enquiries@fca.org.uk.

If you would like to contact the FCA using next generation text relay, please call on (18001) 0207 066 1000. If you would like to contact the Financial Ombudsman Service using next generation text relay, please call on (18002) 0207 964 1000.

If you have any questions about the offer or this letter, you can phone or email us [*insert contact details*]. We are available between [*insert contact hours*].

Yours sincerely,

<signature>

<name of adviser or customer service>

Enclosures as applicable:

1. Settlement form
2. Payment into a pension form
3. Summary calculator report
4. Pre-paid envelope
5. FAQs
6. Financial Ombudsman Service leaflet and bespoke referral form

Settlement form

[Insert firm file reference for the offer]

Method of payment

[I/We] have enclosed 2 copies of this settlement form.

If you would like to accept this offer:

- 1) Tick the box next to your preferred payment method on 1 copy of the letter;
- 2) Complete any required fields;
- 3) Sign and print your name; and
- 4) Send the completed letter to [me/us] by [date].
- 5) Keep your letter and 1 copy of the settlement form for your records. On the settlement form you keep, you should mark which choice you selected.

CONFIRMATION OF ACCEPTANCE OF OFFER AND PAYMENT METHOD

In accepting this offer of payment and indicating my preferred method of payment, I am communicating a demand for payment and/or assertion of a right to payment from you and/or making a complaint to you.

[If method of payment is augmentation]

I would like:

£[insert amount] to be paid into my current pension by [name of the firm].

Or:

£[insert amount] to be paid to me as a lump sum, and I will arrange payment into my pension with my adviser or pension provider.

Or:

£[insert amount] to be paid to me as a lump sum, and I do NOT want the payment to be added to my pension.

[Where method of payment is part augmentation, part lump sum]

I would like:

- £[insert amount] to be paid into my current pension by [name of firm] and £[insert amount] to be paid to me as a lump sum.

Or:

- £[insert amount] to be paid to me as a lump sum, and I will arrange payment into my pension with my adviser or pension provider.

Or:

- £[insert amount] to be paid to me as a lump sum, and I do NOT want the payment to be added to my pension.

[Where offer on a lump sum basis only]

- £[insert amount] to be paid as a lump sum.

[All letters]

Where money is paid to me, I would like to receive the payment:

- By cheque
- By payment into bank account

Sort code: _____ Account number: _____

Print name: _____

Signed:

Payment into a pension

[Insert file reference]

- I would like *[name of firm]* to calculate how much of the money they owe me can be paid into my pension

[Where consumer will be arranging payment into their pension directly with their pension provider or third-party adviser]

If you select this option, you should contact your pension provider or adviser as soon as possible to let them know you are planning on paying some money into your pension, and what steps you should take to do so.

- I am NOT interested in having my payment paid into my pension

Name: _____

Signed: _____

Date: _____

FAQs

1. What is redress for unsuitable DB pension transfer advice and what should I do with my payment?

We must provide a payment if we gave you unsuitable advice to transfer out of your defined benefit (DB) or 'final salary' pension scheme and you have lost out as a result. The payment aims to put you back in the financial position you would have been in if we had given you suitable advice and you had stayed in your DB scheme.

You should invest the payment in a personal pension – usually the one that you moved your DB pension funds into when you transferred out. The aim is that the topped-up pension grows to an amount that allows you to buy an annuity which provides a guaranteed income when you retire. The aim is that this income will be similar to what you would have received from your original DB scheme on retirement.

The FCA calculation rules expect your payment to grow to the amount you will need if it is invested prudently, and if the amount you pay for your investment costs are covered by your payment. The information about the investment growth and investment costs is included in your calculation report. You can use this information to decide how to invest your payment or check with your adviser or pension provider.

You do not have to buy an annuity, but it is the best way to get a guaranteed lifetime income, similar to the benefits from your DB scheme. So this is what the redress calculation assumes you will do.

2. How do I accept the offer?

If you would like to accept the offer, please sign and return the attached form by the date given in the letter.

3. Can I negotiate the offer?

No. The offer is not negotiable. We have calculated the amount based on FCA rules and guidance.

4. Do I have to accept the offer?

No. You do not have to accept the offer if you do not want to do so. If you have any questions about the offer, you can contact us.

5. How did you calculate the amount of money I am owed?

We have to use the FCA's method of calculation. This explains how we should carry out the calculation fairly. We have to use various assumptions about things like future inflation and investment returns to estimate:

- in retirement, how much money you would have been given each year from your DB pension
- on retirement, what it would cost to buy an annuity that provides a guaranteed income similar to what you would have been given from your DB pension

- what that annuity would cost in today's money. If the cost of the annuity today is greater than the current value of your personal pension, then we will make up the difference.

6. Why does the payment I receive depend on when the calculation is carried out?

The payment you receive depends on when the calculation is done and your own individual circumstances. Comparing payments – even with those who appear to be in a similar position – will not tell you whether the offer you have been given is fair.

The method of calculation aims to work out how much money we should pay so that you have enough when you come to buy an annuity on retirement. This should provide a guaranteed income similar to what you would have been given from your DB scheme.

The amount you will need to buy this annuity on retirement will depend on the economic situation until that time. As such, the methodology uses up-to-date, publicly available information from formal sources (including the Bank of England) about what financial markets think will happen in the future. These expectations tend to change when economic conditions change, so redress calculations done at different times can result in different payments.

For example, people may be receiving lower redress payments than if their redress was calculated at a different time. One main cause may be annuities becoming cheaper (and are expected to remain so) because of changes in the economy, such as rising interest rates. If annuities are estimated to be cheaper in the future, you will likely need less money now to buy one when you retire. But if annuities were estimated to be more expensive in the future, then you would need more money to buy one when you retire.

The calculation also takes account of your individual circumstances, which may be different to others. Things that can make a major difference to the calculation include your age, length of service (or date you joined your DB scheme) and what your personal pension is worth when we calculate your offer.

7. Should I delay accepting the offer because of changes in the economy?

The methods for calculation take into account economic changes – see question 6.

You should not wait to accept your offer just because of the changes in the economy.

8. What should I do if I think that the offer is incorrect?

If you have any questions about how we have calculated the offer, you can contact us. If you are unhappy with the offer, you can refer the matter to the Financial Ombudsman Service, who will consider whether we followed the scheme rules when we calculated the offer. If you want to refer the matter to the Financial Ombudsman Service, you must do so within 6 months of the date of the original offer letter.

9. What should I do if I think that the information used to calculate the offer is wrong?

If you think the information we have used to carry out the calculation is wrong, please contact us. If you are unhappy with the offer, you can refer the matter to the Financial

Ombudsman Service, who will consider whether we have followed the scheme rules when we calculated the offer. If you want to refer the matter to the Financial Ombudsman Service, you must do so within 6 months of the date of the original offer letter.

10. If I am unhappy with the offer, can I take legal action or refer my case to the Financial Ombudsman Service?

If you are unhappy with the offer, you can refer the matter to the Financial Ombudsman Service, who will consider whether we have followed the scheme rules when we calculated the offer. If you want to refer the matter to the Financial Ombudsman Service, you must do so within 6 months of the date of the original offer letter.

11. What impact will accepting the offer have on my personal tax allowance or tax liabilities?

Your payment has been calculated with the information you provided so that you should not incur any tax charges. If you are unsure how accepting the offer may affect your tax position, including whether getting your payment as a cash lump sum may create an unauthorised payment or unauthorised payment charges, you may want to contact HMRC.

12. Who can I contact if I am not sure how I would like the payment to be paid?

If you are thinking of saving or re-investing the money you may get, MoneyHelper is there to help. Backed by government, it ensures that everyone in the UK can easily access the information they need to make the right financial decisions.

The service is free and impartial, and you can visit the website at www.moneyhelper.org.uk or call 0800 138 7777 for money advice, 0800 011 3797 for pension advice.

You can also contact an FCA-regulated financial adviser to seek advice, but you may have to pay for this service. You may also find the FCA's Scam Smart guidance helpful.

Mailmerge insert to go with FCA letter to consumers where redress calculation concludes no redress/redress amount is not what the consumer expected. Details in *Italics* to be pre-populated.



[*Customer name*]
[*Address 1*]
[*Address 2*]
[*Postcode*]
[*City*]
[*Email address*]
[*Telephone number*]
Firm Name: [X] (the 'Firm')
Firm Reference Number: [X]

British Steel Pension Scheme Consumer Redress Scheme - Complaint to the Financial Ombudsman Service about Redress Calculation

I have received a letter from my firm saying that the advice I received to transfer out of my British Steel Pension Scheme was unsuitable, but I am not owed any money.

(OR (delete as applicable))

I have received a letter from my firm saying that the advice I received to transfer out of my British Steel Pension Scheme was unsuitable and that I am owed money, but I am not happy with the amount they are offering.

(OR (delete as applicable))

I have received a letter from my firm saying they are calculating the money owed to me on transferring out of my British Steel Pension Scheme, but they are not able to calculate how much of that amount I can pay into my pension and/or have not included any amount for other losses I claimed. This is because they say I have not provided further information they requested.

I would like my firm's assessment to be reviewed by the Financial Ombudsman Service (FOS).

I understand that FOS will contact me to set up my complaint and will request further information. Please tick:

- I confirm the contact details at the top of this letter are correct; or
- The contact details are not correct and I have updated this information below:

Customer name: _____
Address 1: _____
Address 2: _____
Postcode: _____
City: _____

Email address: _____

Telephone number: _____

How would you like FOS to contact you? Phone Email Post

There will be times FOS need to write to you, for example, to send you the outcome of your complaint. When FOS do, would you prefer an email or letter? Email Post

Have you used FOS services before? Yes No
(This is so FOS can link records)

Do you have any practical needs where we could help by making adjustments – like using large print, Braille or a different language?

Please sign to confirm you would like the FOS to contact you to look into your complaint:

Signed:

Date:

Please return this letter to the Financial Ombudsman Service using their Freepost address at:

Freepost BSPS REDRESS SCHEME

Financial Ombudsman Service

London

E14 9SR

For information on the Financial Ombudsman Service's privacy notice for consumers on how they use your personal information when you contact them, or bring a complaint to the Financial Ombudsman Service, please visit:

- www.financial-ombudsman.org.uk/privacy-policy