

Screen 1:

DBAAT training

Completing the suitability tabs

Screen 2:

This video provides an overview of the abridged advice “compliance” and the two “Suitability” tabs in the DBAAT. This includes the purpose of these tabs and how they should be completed.

Screen 3:

The three tabs reflect that there are three pieces of advice being delivered:

The “abridged advice” regarding whether or not this was suitable/compliant;

The “transfer advice” regarding whether to transfer or retain DB scheme benefits; and

The “investment advice” regarding the proposed destination for transferred DB scheme benefits.

The approach and format for all tabs is identical

Screen 4:

All three tabs adopt an “examples based approach” to assist the assessor to determine whether or not the recommendation is likely to be suitable.

They ask the assessor to consider whether, based on the evidence on the client file, one of a number of “examples of unsuitability” is present.

Screen 5:

For each example, the assessor should simply answer “yes” or “no” to indicate whether or not the example is present.

If an example is present on the client file it will tend to show failure to comply with the suitability requirements for pension transfer advice.

Once you have answered all of the suitability questions the toolkit will suggest a rating. For example:

If one or more examples are present, the toolkit will suggest that the advice is likely to be “Unsuitable” and a transfer is not likely to be in the client’s best interests.

If no examples are present, the toolkit will suggest that the advice is likely to be “Suitable” and a transfer is likely to be in the client’s best interests.

The DBAAT will only suggest a rating. It is for the assessor to determine, taking account of the available evidence, whether the advice is suitable or not.

In all cases the assessor must explain their reasoning for their judgment in the free-text box provided. More information is found on paragraph 1.109 of the instructions.

Screen 6:

There are 9 examples of unsuitability/not compliant on the “Compliance – abridged advice” tab. These are:

Screen 7:

The client is, or will be, reliant on income from this scheme.

The client wants guaranteed income or returns.

The client does not have the necessary attitude to transfer risk.

The firm does not have a reasonable basis for believing that the client has the necessary knowledge and experience to understand the risks involved in transferring their DB pension.

The client is younger than the minimum age that they are permitted to draw from their pension.

The firm presented the client with a TVC or APTA in a way that is likely to have influenced their decision to proceed to full advice.

The client has concerns about the security of their DB pension but the scheme is not at risk or the Pension Protection Fund would provide an adequate level of protection.

The client wants to retire early but can meet their objective(s) while remaining in the scheme

The client can meet their objectives by remaining in the scheme.

Screen 8:

Further information on these examples, and what to look for on the client file, are found from page 42 of the instructions.

Screen 9:

There are 12 examples of unsuitability on the "Suitability – Pension transfer" tab. These are:

Screen 10:

The client is, or will be, reliant on income from this scheme.

The aim of the transfer is to maximise death benefits but there is insufficient evidence on the client file to demonstrate why this is in the client's best interests.

The aim of the transfer is to access flexible benefits but there is insufficient evidence on the client file to demonstrate why this is in the client's best interests.

The aim of the transfer is to maximise the pension commencement lump sum, or to take it early, but there is insufficient evidence on the client file to demonstrate why this is in the client's best interests.

The aim of the transfer is to protect the client's pension fund but the scheme is not at risk or the Pension Protection Fund would provide an adequate level of protection.

The client wants to retire early but can meet their objective(s) while remaining in the scheme.

The client wants guaranteed income or returns.

The client does not have the necessary attitude to transfer risk.

The firm's transfer analysis does not support a recommendation to transfer.

The firm does not have a reasonable basis for believing that the client has the necessary knowledge and experience to understand the risks involved in transferring their DB pension.

The recommendation to transfer is unsuitable for the client's investment objectives or financial situation for some other reason.

The adviser recommended that the client retains the benefits within the scheme when a transfer appears to be suitable and in the client's best interests.

Screen 10:

Further information on these examples, and what to look for on the client file, are found from page 65 of the instructions.

Screen 11:

When completing the "Suitability – Pension transfer" tab, you should remember the starting presumption of unsuitability.

The "Suitability – Investment advice" tab should only be completed where the same firm recommends the proposed arrangement. Do not complete this tab where, for example, the client is a self-investor.

Screen 12:

There are 8 examples of unsuitability on the "Suitability – Investment advice" tab. These are:

Screen 13:

The recommendation is unsuitable for how or when the client intends to access their pension savings.

The client was in ill health or had lifestyle factors indicating eligibility for an enhanced annuity but has been recommended a standard annuity.

The client has incurred unnecessary or excessive adviser or product charges.

The recommended solution requires ongoing review and rebalancing but this has not been explained or arranged.

The client was not willing to take the required risk with the sum invested.

The client does not have the capacity to bear the risk of this investment.

The client did not have the necessary knowledge and experience to understand the risks of investing in the proposed arrangement.

The recommendation is not suitable for the client's investment objectives or financial situation for some other reason.

Screen 14:

Further information on these examples, and what to look for on the client file, are found from page 100 of the instructions.

Screen 15:

FCA

Financial Conduct Authority