

Financial firms could be made to pay compensation after bad pension advice given to steelworkers

Firms found to have provided bad advice to former members of the British Steel Pension Scheme have been warned they will be expected to pay compensation.

The Financial Conduct Authority is launching a redress scheme after hundreds of losses were discovered.

In what has been described as a “highly exceptional case”, analysis indicates 47 per cent of those involved received unsuitable advice, against a base level of 17 per cent in case reviews involving other higher-risk firms.

Read more: [Steelworkers' pension advice under scrutiny after firms crumble leading to £30m compensation pay-out](#)

More than 1,000 former steelworkers have already received compensation with six financial advisory providers going under. Now others have been written to, with a freeze on assets over and above normal trading activity instructed.

A consultation is being prepared under Section 404 of the Financial Services and Markets Act, with a March 2022 start date anticipated as further evidence is gathered.

Sheldon Mills, executive director for consumers and competition at the FCA, said: “Since 2017 we have been reviewing the advice given to members of the British Steel Pension Scheme. Our work to date shows high levels of unsuitable pension transfer advice were given to British Steel Pension Scheme members. These levels of unsuitable advice are

higher than those we have seen for advice given to members of other defined benefit pension schemes.

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“Under a redress scheme, firms which advised on British Steel Pension Scheme transfers would be required to review their advice. If the advice is unsuitable and resulted in a financial loss for former British Steel Pension Scheme

members, the firms would be required to provide compensation.”

The letter issued by the FCA has set out its expectation that firms in the scope of a potential redress scheme, warning of “action as it deems necessary” if a firm attempts to avoid redress liabilities.

Advice given between March 1, 2017 and March 31, 2018 is being investigated. Until a restructuring of the scheme, many members were advised to transfer out to personal pensions.

The redress action follows a range of support measures, culminating in recent face-to-face meetings with former members in Scunthorpe and South Wales.

The FCA is urging former BSPS members to continue to check whether they received unsuitable advice and find out how to complain at fca.org.uk/bsps.

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