

FSCS Podcast #30 Customer story: I nearly lost £60k of my pension

Lila Pleban 00:01

Welcome to protect your money with FSCS, the podcast from the Financial Services Compensation Scheme. I'm Lila Pleban, Chief Communications Officer at FSCS. And in this series, the fantastic FSCS team will help you understand how we can help to protect your money so you can feel confident your money is safe. I hope you enjoy the podcast.

-Jingle-

Jess Spiers 00:29

Welcome to the FSCS podcast. I'm your host, Jess Spiers, and I'm Senior Content Manager at FSCS. So, at FSCS, we protect customers of authorised financial services firms that have gone bust by paying eligible people compensation. Now, we protect lots of financial products, but not all of them. And usually on the podcast, we aim to explain our protection in simple terms. Today, though, we've got something a little bit different for you. I'm going to be talking to one of our customers about his experience of claiming compensation with FSCS. It's actually no exaggeration to say that getting compensation from FSCS can be life changing and I think the story you'll hear today is a great example of this.

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So let me introduce our guest, Graeme Elliott, who is better known by his nickname, Buzz, and Buzz is going to be telling us his story today. Welcome Buzz.

Buzz Elliott 01:28

Hello, Jess, it's nice to talk to you.

Jess Spiers 01:30

You too Buzz. And just before we get into the story, I just want to mention that the views that Buzz expresses are his own and not necessarily the views of FSCS. So, Buzz I know yours was quite a complex case that went on for quite a few years. So where should we start? Where did it all begin?

Buzz Elliott 01:47

I think it was probably around about 2016. At that point, I would have been 54 years old. And I was starting to think about early retirement, you know, maybe at around the age of 60, or something

like that. I was starting to think ahead, what might be possible. I wasn't sure what to do. I had a final salary pension with my previous company that I used to work with. And I had about £200,000 in there, just over, and I wanted to move it into something that was more flexible, more accessible. And I know that because I had a final salary pension, that might not have been advisable, you know. But if I left it where it was at, I couldn't really do what I wanted to do.

So, I took some professional advice, and my first point of contact was a thing in Ayr, in Scotland. The Advisory Partnership it was called. And I assumed that this was the company that was going to be doing the pension. I hadn't realised that this was just like a broker. Then, these people recommended a company to me called Huntsman Hawkes. I also didn't know at that time anything about Clear Capital Management, which was something to do with that company. I don't know how they work together but right from the beginning, any information I got from them, there was always information about Clear Capital Management in their pouches and things. But at that time, Huntsman Hawkes was like a financial adviser who was going to deal with the transfer of the pension from the company pension at Iggesund across to their control.

Jess Spiers 03:06

And so that wasn't made clear to you?

Buzz Elliott 03:08

No, but when I first contacted the Advisory Partnership up in Scotland, like you say, I assumed that was the company I was going with. And it wasn't really made clear to me, I didn't think anyway, that I was going to be going with somebody else, you know. And of course, between those two companies, my funds were transferred and put on like a like a platform, you know, one of these where your money spread across about 20 different things on the platform.

Jess Spiers 03:35

So, at this point Buzz, had you had any sort of conversation with the people dealing with your pension about your risk appetite, so how much risk you wanted to take with your money?

Buzz Elliott 03:43

There's like a load of questions that they would ask you on all kinds of things. But when it comes down to the risk thing, I mean, I've never been a risk taker in my life. You know, the closest I get to gambling is a lottery ticket. It's just not my style. I'm very thrifty and old fashioned that way. So, when I was asked about my feelings on the risk factor, I didn't want any high risk at all, you know.

What actually happened, in fact, was once they took control of all my funds, everything seemed fine at first. But it was probably about a year, maybe a year and a half when trouble started. And it turned out that against my sort of wishes and the way I filled the forms in and the conversations that I'd had, they'd actually put a full third of my fund into a thing called a Corporate Finance Bond, which had actually run into trouble. And it got to the point where the amount of money, so we were looking at like probably about £64/65,000, something like that – it just kind of disappeared out of my fund and just wasn't even there.

Jess Spiers 04:41

So, you hear that a vast amount of your money is potentially at risk. How do you feel at this point?

Buzz Elliott 04:46

I was devastated to be honest; I didn't really know what to do. After quite a long time, I mean, I'm talking like months if not a year of stress and going through all that, trying to sort things out myself. And there was no way that was going to happen. The next thing that happened was that the financial advisors, Huntsman Hawkes, went into receivership. But all their customers, including myself, were in the same boat. And it was actually the receivers that advised me to contact the FSCS. And I know that the place I was with was FSCS protected, I'd seen the logos and stuff. But I'd never really thought about what it was or that it was some kind of insurance protection against this type of thing, you know.

Jess Spiers 05:25

Yeah, and I think you're in a very similar position to a lot of people in that you'd seen our logo, but you didn't know exactly who we are or what we do. And that's why we do things like this podcast to try and raise awareness of who we are and explain why FSCS protection is so important.

Buzz Elliott 05:39

Like I say, I wasn't really aware of the FSCS, or even the Financial Ombudsman you know. A lot of things I've learned along this last five years, during the course of what I've been having to deal with, you know. It amounted to about four to five years of real stress and worry, before I finally came to a conclusion, you know. It wasn't really until these two companies went down, that people were able to then sort of actually do something.

Jess Spiers 06:02

Okay, so you hear from the receivers who are dealing with the Huntsman Hawkes collapse that you should get in touch with FSCS. And that's kind of the first contact you have with FSCS. So, talk us through what happens next.

Buzz Elliott 06:14

There were a few questions and form things to fill in. Just to try and get the process started. Once it's been agreed that they will look at your case, you've got to start to provide information. And you know, I've got a briefcase completely full of letters that were coming and going. And the FSCS wanted as much information as possible to be able to look at the case. I mean, everything I had was scanned in, sent across, because I understand how complicated it must be, you know.

But once Huntsman Hawkes had gone down, there was still a problem, because Clear Capital Management, the other company they dealt with, it turned out they were still in operation. Because of that, the FSCS said they couldn't deal with it because my claim is not against Huntsman Hawkes now, it's against the company who was still trading. This is where my case became particularly complicated. And so, I went down that route, for several months. I got the Financial Ombudsman on board with that to help. And that was about a nine-month stretch. And then what happened was Clear Capital Management went into receivership as well. At that point, the Ombudsman said to me, because this has happened, 'we can no longer deal with this, you need to go back to the FSCS.'

At which point, the FSCS agreed to reopen the original case, because now there was more evidence. So, instead of having to send all that stuff in again, they just reopened my case, and a lot of what was needed was already in place. And from the whole thing starting to this point, we looking at about four and a half years, I would say. So, it's a long time.

Jess Spiers 07:45

Yeah, it's a really long time to wait when you potentially lost a massive amount of money. So, the Ombudsman refer you back to FSCS. We reopen your old case, so you don't have to rescan all your documents and start your claim again. So how do things go from here?

Buzz Elliott 07:59

You know, it was fairly speedy after that. It was just the whole lead up to it. A few years of worry, and stress. A very complicated situation.

Jess Spiers 08:10

Absolutely. It was a complex situation, and it took years to come to a close. But you did then find out from FSCS, that we could compensate you. Tell us about that.

Buzz Elliott 08:18

If this all hadn't happened, that money would have been expected to make a certain amount of money, something like you know, a little bit between 5- 8% - that sort of interest will be expected on that sort of thing. So, this was actually considered as well, when I got the final settlement. That, as well as getting back the bit that I've lost, it was kind of made up to what it should have been really, if the trouble hadn't occurred. So, then I got the settlement in the end, it was just such a relief after so long. I had actually got to the point where I'd written it off - I didn't think I was going to get it back. I just started thinking 'well I can't go through the rest of my life fretting about the £60,000 that's gone missing. I'm just going to have to accept that that's happened and move on.' And that's the state of mind that I got into.

Jess Spiers 09:04

Absolutely. And I'm very glad that you didn't have to face that reality. And am I right in saying that you got the maximum £85,000 compensation?

Buzz Elliott 09:12

I did, yes. Because it kind of went over that, you know, the amount that should have been in my pension fund would have probably gone over that threshold.

Jess Spiers 09:18

Yeah. And that was for the unsuitable advice you've received to transfer your pension?

Buzz Elliott 09:23

That's correct, yeah. You know, rewinding back to some of the things they were saying to me, you know, I thought it was doing the right thing. Because what happened was because this all happened, it actually ended up delaying my early retirement what I was thinking. The whole reason I moved it was to do the early retirement, and it actually ended up making me having to work longer than I planned. I was nearly 62 by the time I finished. I had other plans what I wanted to do with my life. So, I wanted to get out and enjoy life a bit.

Jess Spiers 09:50

Yeah, that's right. And you know, you thought you were doing the right thing moving your pension so you could get that early retirement you wanted.

Buzz Elliott 09:55

And it all worked out in my head. It was just that I wasn't expecting to get totally ripped off, you know.

Jess Spiers 10:00

No, and it's great that we could compensate you after all those years of stress thinking you'd lost a large amount of money. So, Buzz, after going through everything you went through, what is your advice to others thinking about moving their pension?

Buzz Elliott 10:12

Probably my advice to anybody who's listening to this would be to think seriously about moving it.

Jess Spiers 10:16

Yeah, and if I can add a little something here myself, I think I'd just say that it's really important to make sure that any financial adviser you use is FCA authorised and that you'd have access to FSCS protection if you did need it and you can just ask your adviser to make sure of this.

So, thank you so much Buzz for sharing your story with us today. And I really hope everyone listening has enjoyed the podcast. If you do want to hear more from FSCS, you can find all our podcasts on our website and wherever you usually find your other podcasts. Please do follow us wherever you listen, so you never miss a new episode. Thanks for listening.

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