

Transcript for DBAAT video

Completing suitability tabs

Screen 1

DBAAT training

Completing the suitability tabs

Screen 2

This video provides an overview of the two 'Suitability' tabs in the assessment tool. This includes the purpose of these tabs and how to complete them.

Screen 3

The two tabs reflect the two pieces of advice being delivered:

The 'transfer advice' on whether to transfer or retain DB scheme benefits; and

The 'investment advice' on the proposed destination for transferred DB scheme benefits.

The approach and format for both tabs is identical.

Screen 4

The assessment tool adopts an 'examples based approach' to help you assess whether the recommendation is likely to be suitable.

Screen 5

You must consider whether, based on the evidence of the client file, one of a number of 'examples of unsuitability' is present.

Screen 6

[Visuals: shows DBAAT Excel sheet]

For each example, answer 'yes' or 'no' to indicate whether the example is present.

If an example is present on the client file it will tend to indicate failure to comply with the suitability requirements.

Once you have considered all examples, the assessment tool will suggest a rating.

If one or more examples are present, the assessment tool will suggest the advice is likely to be 'Unsuitable'.

If no examples are present, the assessment tool will suggest the advice is likely to be 'Suitable'.

The assessment tool will only suggest a rating. It is for you to decide, taking into account all of the available evidence, whether the advice is suitable.

In all cases the assessor must explain their reasoning for their judgment in the freetext box provided.

Screen 7

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

Screen 8:

1. The client is, or will be, reliant on income from this scheme.
2. 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.
3. 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.
4. 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.
5. 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.
6. The client wants to retire early but can meet their objective(s) while remaining in the scheme.
7. The client wants guaranteed income or returns.
8. The client does not have the necessary attitude to transfer risk.
9. The firm's transfer analysis does not support a recommendation to transfer.
10. 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.
11. The recommendation to transfer is unsuitable for the client's investment objectives or financial situation for some other reason. (Please state reason in the freetext box below).
Please state the reason(s):
12. 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 9

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 10

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

Screen 11

1. The recommendation is unsuitable for how or when the client intends to access their pension savings.
2. The client was in ill health or had lifestyle factors indicating eligibility for an enhanced annuity but has been recommended a standard annuity.
3. The client has incurred unnecessary or excessive adviser or product charges.
4. The recommended solution requires ongoing review and rebalancing but this has not been explained or arranged.
5. The client was not willing to take the required risk with the sum invested.
6. The client does not have the capacity to bear the risk of this investment.
7. The client did not have the necessary knowledge and experience to understand the risks of investing in the proposed arrangement.
8. The recommendation is not suitable for the client's investment objectives or financial situation for some other reason. (Please state reason in freetext box below).

Please state the reason(s):

Screen 12

Further information about the topic covered in this video is found in the instructions in sections 2 and 3.

Screen 13

FCA

Financial Conduct Authority