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Steelworkers win £49m compensation after being wrongly advised to give up gold-plated pension deals

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More than 1,000 former members of the British Steel Pension Scheme will get £49m in payouts after being wrongly advised to give up gold-plated retirement deals.

The Financial Conduct Authority (FCA) said rogue advisers out to 'enrich themselves' gave poor guidance to steelworkers, who will receive an average of £45,000 each.

Advisers must now pay compensation. If any have gone bust the Financial Services Compensation Scheme will step in instead.



Payouts: The Financial Conduct Authority said rogue advisers out to 'enrich themselves' gave poor guidance to steelworkers, who will receive an average of £45,000 each

From May 2016 to March 2018 around 8,000 staff transferred £2.8billion from the steel scheme when it was restructured.

They gave up defined benefit plans, which promise inflation-linked payouts for life.

Many were manipulated by unscrupulous financial advisers to transfer into defined contribution schemes, which offered less certainty about future payouts.

Most of those who switched used advisers. The FCA said almost half of the advice given was 'unsuitable', a level it called 'exceptionally high'.

FCA director of consumer investments Therese Chambers said: 'There are firms that took advantage of the situation and enriched themselves.'

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'There are firms that have not done the right thing by steelworkers who complained.

'And there are firms still seeking to avoid their accountability. We have decided to proceed with a consumer redress scheme so that steelworkers can get the retirement they worked for.'

Firms must review the advice they gave and pay out to those who lost money because of bad advice.

The FCA in April banned firms who wrongly advised steelworkers on their pensions from selling assets to avoid paying compensation.

It used the emergency powers without consultation over fears firms could dump assets to avoid paying out. Former pensions minister Baroness Ros Altmann said it was right that 'rogue' advisers were being made to stump up.

She said firms and advisers should not be able to 'walk away scot-free'. The FCA is in a court battle against two directors of collapsed Estate Matters Financial, which it said led consumers to exit defined benefit schemes against their best interests.

It has fined Geoffrey Edward Armin £1.3million for advising 174 people to transfer.

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The sole director of Retirement and Pension Planning Services has also been banned from 'any senior management function' at financial services firms. He is appealing the decision.

The FCA has around 30 more investigations going on, all at an 'advanced stage'.

Payouts are based on the amount needed to top up a pension to bring it in line with the income a worker would have received without switching, and are expected to begin next year.