

Pensions and retirement planning

R04: 2023–24 edition

Web update 4: 30 May 2024

Please note the following update to your copy of the R04 study text:

Chapter 4, section A2, page 4/5

The first row in the table should be amended as follows (amendments to limit of award and date in **bold**):

Limit of award	Date complaint referred to the FOS	Date act or omission occurred
£430,000	On or after 1 April 2024	On or after 1 April 2019

Chapter 4, section A2, page 4/6

Example 4.1 and the subsequent paragraph should be amended as follows (amendments in **bold**):

Example 4.1

Giles, a trustee of the Jones Family Trust, believes that advice given to the trustees in January **2023** regarding investing the trust assets was unsuitable. In April **2024** he writes to the financial adviser laying out the trustees' complaint. At the date of the complaint the Jones Family Trust had net assets valued at £4,975,000.

The financial adviser rejects the complaint so Giles refers it on to the FOS on 1 July **2024**. At this time the net asset value of the trust has increased to £5,065,000. However, as the net asset value of the trust was below £5,000,000 when the complaint was first made, the FOS is able to handle the complaint.

As the action that gave rise to the complaint occurred after 1 April 2019 and the complaint was made **on or after 1 April 2024**, the award limit is **£430,000**.

After an investigation, in November **2024**, the FOS makes a money award of **£410,000** plus costs of £10,000 and interest of £15,000. As the money award does not exceed **£430,000**, the FOS is able to enforce its payment. It is also able to enforce the payment of the costs and the interest because, although the total amount awarded is **£435,000** and therefore exceeds the **£430,000** enforceable limit, the costs and interests are treated separately from the money award.

If in example 4.1 the FOS had made a money award of **£440,000** plus costs of £10,000 and interest of £15,000, it could enforce payment of the money award up to **£430,000** plus the costs and interest of £25,000. But it could only recommend that the balance of the money award (**£440,000 – £430,000 = £10,000**) is paid.

Chapter 4 question answers, page 4/40

4.2 The maximum money award that FOS can make if the complaint is made to them on or after 1 April **2024** and the act causing the complaint occurred after 1 April 2019, is **£430,000**.

Note

- This change will be examined from 1 July 2024.

