

Ombudsman's Determination

Applicant	Mr E
Scheme	Kelda Group Pension Plan (the Plan)
Respondents	Kelda Group Pension Trustees Limited (the Trustee) Capita (the Administrator)

Outcome

1. I do not uphold Mr E's complaint and no further action is required by the Trustee or the Administrator.

Complaint summary

2. Mr E complains that he received an incorrect annual benefit statement from the Administrator. Mr E would like a review of the error and the impact that this has had on himself and the other affected members.

Background information, including submissions from the parties

3. The Plan is a defined benefit pension scheme and Mr E is a contributing member. On 16 February 2017, following a request from Mr E, the Administrator sent him an estimated cash equivalent transfer value (**CETV**) illustration of his Plan entitlement which stated that his pension was valued at £502,000.
4. On 10 October 2017, Mr E received an annual benefit statement that stated the estimated CETV illustration of his pension was £520,000. The statement also stated that Mr E would have to opt-out of the Plan if he wanted to receive a guaranteed CETV and transfer his entitlement.
5. In December 2018, Mr E received an annual benefit statement stating that his CETV illustration was £500,000. The Administrator said that:

“You may notice the value of your benefits have decreased this year compared to last year. This was due to an administrative error and we apologise for any confusion caused. Please contact us if you require further clarity on the amount of your cash equivalent transfer value.”

6. After further exchanges of correspondence with the Administrator, Mr E complained under the Scheme's internal dispute resolution procedure (**IDRP**). In response to Mr E's complaint, the Trustee said that:

- Mr E was sent CETV illustrations of £502,000 in February 2017, £520,000 in October 2017 and £500,000 in December 2018.
- The CETV illustrations were estimates and dependent on market conditions.
- The error on the October 2017 statement was identified in March 2018. The error was a result of a previous transfer to the Plan being double-counted and only a small number of members were affected.
- When preparing the 2018 benefit statements, the Administrator was asked to carry out calculations to compare the current and incorrect transfer values. Had the error not occurred, the correct CETV illustration in October 2017 should have been £490,000.
- As the differences were small, the Administrator was instructed to include an explanation in the 2018 statement to inform members of the potential reduction in value. It felt that the explanation was sufficient, and members were advised to contact the Administrator to obtain further clarity of the figures provided.
- The incorrect CETV illustration was a result of an administrative error by the Administrator. As no member had suffered financial loss and the errors were corrected, the issue was not escalated to the Trustee when it was discovered.
- In recognition of the error the Administrator had offered Mr E £200. It felt that the Administrator's offer was sufficient.

7. Mr E appealed the IDR 1 response, he said that:

- The offer of £200 would not cover the impact that the error would have on his future retirement plans.
- He had received incorrect information on numerous occasions.
- Mr E did not agree that it was sufficient to include a statement informing members of the error and to ask members to contact the Administrator. The Administrator should have contacted all affected members to provide an explanation.
- He did not agree that the difference of £30,000 was insignificant.
- He had relied on the transfer values provided as an indication of his benefits. As they were not accurate, it would impact his future retirement plans.

8. At IDR stage 2, the Trustee said that:

- It was satisfied that the error was dealt with correctly and that it would not have expected the error to be escalated to the Trustee.

- The difference in the CETV illustrations was small for most of the members affected by the error and it had decided that it was sufficient to include a statement in the next annual benefit statement.
 - Mr E received an incorrect CETV illustration on one occasion. Mr E received correct CETV illustrations in February 2017 and September 2018.
 - There was no evidence of financial loss as a result of the incorrect CETV illustration.
9. In response to the complaint the Trustee reiterated the comments made in its IDRPs responses and said that Mr E had not provided any evidence to show that he has sustained a financial loss by relying on the incorrect statement.

Adjudicator's Opinion

10. Mr E's complaint was considered by one of our Adjudicators who concluded that no further action was required by the Trustee or the Administrator. The Adjudicator's findings are summarised below:-
- The October 2017 CETV illustration stated that the value was estimated and not guaranteed. In order to receive a guaranteed transfer value, Mr E would have had to opt out of the Plan.
 - There was no evidence to suggest that Mr E had acted on the October 2017 CETV illustration, or that he had sustained a financial loss as a result of receiving the incorrect information.
 - The Adjudicator acknowledged that the Administrator could have addressed the error when it was first recognised in March 2018.
 - The Administrator did provide an incorrect explanation of the error when Mr E contacted the Administrator in December 2018, but he did not receive a full explanation until February 2019.
 - The Adjudicator thought that the award of £200 was sufficient for the level of distress and inconvenience caused.
11. Mr E did not accept the Adjudicator's Opinion and the complaint was passed to me to consider. Mr E provided his further comments which do not change the outcome. I agree with the Adjudicator's Opinion and I will therefore only respond to the points made by Mr E for completeness.

12. Mr E said, in summary:-

- The Adjudicator had not addressed his complaint about the level of service he had received and how the error was handled.
- The Administrator had not been held responsible for the error or for how they had dealt with it.

Ombudsman's decision

13. The Administrator sent Mr E an incorrect CETV illustration in October 2017, and addressed the error in the next benefit statement sent to Mr E in December 2018, and not when the error was identified in March 2018. Mr E has not faced a financial loss as a result of the delay in informing him.
14. The Trustee agreed that the Administrator should include a notification on the December 2018 benefit statement to inform members' of the error. Mr E believes that the Administrator should have contacted each of the affected members with a full explanation. The Trustee had considered the impact of the error and decided that the affected members did not face a financial loss and in most cases the difference was minimal. I am satisfied that the error was sufficiently addressed in the December 2018 statement.
15. When Mr E initially contacted the Administrator, he was provided with an incorrect explanation of the error. The Administrator has offered Mr E £200 in recognition of this and for providing the incorrect estimate in 2017. Based on the circumstances of this matter I find that the offer is a sufficient award.
16. I do not uphold the complaint. Mr E should contact the Administrator if he wishes to accept the offer.

Anthony Arter

Pensions Ombudsman
25 February 2020