

Ombudsman's Determination

Applicant	Mr R
Scheme	BAA Pension Scheme (the Scheme)
Respondents	BAA Pension Trust Company Limited (the Trustee)

Outcome

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

Complaint summary

2. Mr R has complained that he was given incorrect information about the pension he was due to receive upon his early retirement. He said he should receive the higher figure that he had previously been quoted.

Background information, including submissions from the parties and timeline of events

3. The sequence of events is not in dispute, so I have only set out the main points. I acknowledge there were other exchanges of information between all the parties.
4. Mr R was a member of the Scheme from 10 September 1990 to 27 February 2009. His retirement age under the Scheme was 60, which he reached in July 2022.
5. Mr R requested a quotation of his retirement benefits, which was sent to him on 3 April 2018, by Equiniti, the Scheme's administrator. This quoted a total pension due to him for retirement on 3 April 2018 of £22,168.32 per year.
6. In January 2019, Mr R requested a further quotation of his retirement benefits from Equiniti, which was sent to him on 29 January 2019. This quoted a total pension due to him for retirement in July 2019 of £20,130.48 per year.
7. In June 2019, Mr R requested a further quotation of his retirement benefits, which Equiniti sent to him on 26 June 2019. This quoted a total pension due to him for retirement in July 2019 of £20,130.48 per year.

8. On 9 July 2019, Mr R telephoned Equiniti. He said he would like to take the pension quoted to him on 3 April 2018, based on the value of £22,168.32 per year. He was told that he would be sent an updated quotation.
9. On 16 July 2019, Equiniti wrote to Mr R. It said an early retirement factor of 17% should have been applied to the total pension amount of £22,168.32 in the April 2018 quotation. This would have reduced the pension to £18,414.72 per year. It said the letter it had sent with the June 2019 quotation confirming the figure of £20,130.48 per year included an early retirement factor and was therefore correct at the time it was calculated.
10. On 19 July 2019, Mr R completed the retirement forms, included with the June 2019 quotation, for a pension of £20,130.48 per year to be put into payment from July 2019.
11. On 30 July 2019, Equiniti wrote to Mr R. It said the pension he would receive would be £19,318.92 per year, which was lower than the amount in the June 2019 quotation. This was due to a change in the revaluation factors being used.
12. On 22 August 2019, Equiniti wrote to Mr R. It said the April 2018 quotation was incorrect as an early retirement factor had not been applied. It also said the June 2019 quotation was incorrect as the wrong revaluation figure had been applied to the post-1997 element of Mr R's pension.
13. On 17 September 2019, Mr R wrote to the Trustee to raise a complaint about the incorrect information he had received from Equiniti. He asked that he be paid a pension of £20,130.48 per year, as he had been quoted in January and June 2019.
14. On 19 December 2019, the Trustee wrote to Mr R with its stage one response under the Scheme's two-stage internal dispute resolution procedure (**IDRP**). In summary, it said:-
 - It was required to provide benefits in accordance with the trust deed and rules of the Scheme (**the Rules**). It said the quotations of January and June 2019 confirmed the following:

“Equiniti is not authorised to bind the Trustees or the employer to provide benefits in excess of your entitlement under the Scheme nor to augment or amend your entitlement as defined in the Scheme rules. Therefore, in the event of an error in this quotation, your benefits will be limited to your entitlement as defined in the Scheme rules”.
 - The Trustee was obliged to pay Mr R the level of pension he is entitled to under the Rules, which was the amount funded for in respect of his benefits.
 - It could not reinstate Mr R's benefits based on the incorrect figure in the June 2019 quotation.

- It apologised for the incorrect quotations he had received and offered £500 for any distress and inconvenience caused.
15. On 11 March 2020, Mr R wrote to the Trustee to appeal the decision at stage one of the IDR. He asked that his pension be reinstated at £20,130.48 per year, and for any back payment to begin, and added to the sums payable at the end of March 2020, which represented the next month's payment.
16. On 5 August 2020, the Trustee wrote to Mr R with its stage two IDR response. It said it agreed with the decision made in the stage one IDR response and was not able to reinstate his pension benefits as requested. It reiterated that the offer of £500, for any distress and inconvenience caused, was still available to Mr R.

Adjudicator's Opinion

17. Mr R's complaint was considered by one of our Adjudicators, who concluded that no further action was required by the Trustee. The Adjudicator's findings are summarised below:-
- The incorrect quotations Mr R was sent in January and June 2019, were not clear and unequivocal representations. As there had been no relevant representation, there had been no negligent misstatement.
 - The provision of incorrect information was maladministration. However, the Adjudicator took the view that the Trustee was not bound to follow the incorrect information and Mr R was only entitled to receive the benefits provided for under the Rules.
 - Mr R said he made a decision about his retirement based on the incorrect information provided. In the opinion of the Adjudicator, as the quotations were not clear and unequivocal representations, it was not reasonable for him to have relied on them to make decisions concerning his retirement.
 - The Adjudicator's opinion was that Mr R has suffered a loss of expectation and not an actual financial loss, as he is receiving his correct benefit entitlement from the Scheme.
 - The Pensions Ombudsman publishes guidance on redress for non-financial injustice, which can be found on our website. Based on this guidance, the Adjudicator's opinion was that when taking into account the particular circumstances of the complaint, the distress and inconvenience Mr R suffered did not warrant an increased award in this regard. If Mr R wished to accept the offer made of £500, the Adjudicator said he should contact the Trustee.
18. Mr R did not accept the Adjudicator's Opinion and the complaint was passed to me to consider. Mr R provided some further comments in response to the opinion. Mr R said:-

- The Trustee had, until recently, always provided forecasts on the pension for the predicted retirement date, he was simply following up with that process.
 - The basis of his complaint is that he was lied to on three occasions, which has been acknowledged by the Trustee.
 - Being lied to and then having no consequences is unacceptable. Hiding behind the statement of not being entitled to the incorrect figure due to any warnings of the quotations containing errors, is a smokescreen. How was he to know if the figures provided were correct or likely to be honoured?
19. I have considered the additional points raised by Mr R, however they do not change the outcome. I agree with the Adjudicator's Opinion.

Ombudsman's decision

20. I have taken account of the additional arguments Mr R has made but I do not consider that he reasonably relied on the retirement quotations he was sent in January and June 2019, nor do I consider that he fundamentally changed his financial position to his detriment.
21. There is no dispute that misinformation was provided to Mr R within the retirement quotations. The provision of misinformation in this case amounts to maladministration. However, I would only direct redress if it can be shown that financial loss has flowed from the incorrect information given, and that Mr R has reasonably relied upon that misinformation.
22. Mr R has not supplied any evidence to show how he might have made up any perceived shortfall in his retirement income had he been aware of the correct position sooner. Nor have I seen any evidence of how any such steps would be financed. There is also no evidence that Mr R made financial commitments in reliance on the misinformation that he would not have otherwise taken had he received the correct information.
23. The Trustee is not obliged to honour the incorrect information contained in the retirement quotations. While the provision of incorrect information is maladministration, Mr R is only entitled to receive the correct benefits calculated according to the Rules, a copy of which would have been available to Mr R upon request.
24. Notwithstanding the above, Mr R was provided with incorrect information. The provision of incorrect information does amount to maladministration on the part of the Trustee. However, I find that the £500 already offered is appropriate recognition of the distress and inconvenience Mr R has suffered. Mr R should contact the Trustee if he wishes to accept the offer.

CAS-47275-C2W8

25. I do not uphold Mr R's complaint.

Anthony Arter CBE

Deputy Pensions Ombudsman

22 November 2023