

## Ombudsman's Determination

Applicant	Mr N
Scheme	FDR Limited Pension Scheme ( <b>the Scheme</b> )
Respondent	FDR Pension Scheme Trustee Limited ( <b>the Trustee</b> )

## Outcome

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

## Complaint summary

2. Mr N complained that the Cash Equivalent Transfer Value (**CETV**) illustration he received in September 2017 was lower than the CETV illustration he received in November 2016.

## Background information, including submissions from the parties

3. The sequence of events is not in dispute, so I have only set out the salient points. I acknowledge there were other exchanges of information between all the parties.
4. On 14 November 2016, Capita (**the Administrator**) sent Mr N a CETV illustration for his benefits within the Scheme. The illustration was guaranteed until 14 February 2017. The CETV quoted was £269,708. Mr N decided not to transfer.
5. On 23 March 2017, a triennial valuation of the Scheme and a review of the CETV basis were completed. On 1 August 2017, the assumptions used to calculate CETVs changed, particularly the discount rate and mortality assumptions.
6. On 8 August 2017, Mr N requested a new CETV illustration.
7. On 25 September 2017, the Administrator sent Mr N a new CETV illustration. On 26 September 2017, the CETV illustration was issued to Mr N's independent financial advisor (**the IFA**). It was guaranteed until 23 December 2017. The CETV quoted was £227,971.
8. On 29 September 2017, Mr N made a telephone call to the Administrator. He queried the reduction in the CETV figures since November 2016. The Administrator agreed to investigate the matter.

9. On 3 October 2017, the Administrator emailed Mr N. It stated that the main reason for the CETV decrease was that the Trustee had updated the CETV assumptions following a new actuarial valuation. Mr N rejected the explanation.
10. On 20 October 2017, Mr N complained to the Administrator about:
  - the time taken to calculate the CETV;
  - its reduction;
  - the explanations given for its reduction;
  - the fact that he had not been warned of the new CETV calculation basis; and
  - associated discounts.
11. Mr N completed the CETV transfer forms which were received by the Administrator on 29 November 2017.
12. On 6 December 2017, in response to Mr N's complaint, the Administrator stated that:
  - Mr N had been informed about when the CETV illustration would be provided;
  - the CETV calculation basis was changed on 1 August 2017; and
  - the discount rates would have been introduced in agreement with the Trustee.
13. On 7 December 2017, the Administrator paid the CETV to the receiving provider and issued a confirmation letter to Mr N.
14. On 18 December 2017, Mr N asked the Administrator about the rules of the Scheme and the duties of the Scheme providers.
15. On 20 December 2017, the Administrator explained to Mr N the duties of the Scheme providers and provided further information about the CETV calculation.
16. On 8 January 2018, the Administrator emailed Mr N information about the Scheme's Internal Dispute Resolution Procedure (**IDRP**).
17. On 26 January 2018, Mr N emailed the Administrator. He stated that he had been given mixed and contradictory messages regarding the CETV calculation.
18. On 9 February 2018, the Administrator emailed Mr N. It summarised the process for determining CETVs and provided information about the timescales and calculations involved.
19. On 25 February 2018, Mr N questioned the basis upon which his CETV was calculated. He compared its decrease to an increase in the value of other defined benefit pensions for which he had received the cash equivalent.

20. On 13 April 2018, the Administrator emailed Mr N. It apologised for its delay in providing a full response to his complaint and informed him that the Trustee was liaising with the Scheme actuary and legal advisors.
21. On 30 April 2018, the Administrator apologised to Mr N again for the delay in responding to his complaint and offered him a telephone call to discuss the matter and explain the relevant processes.
22. On 1 May 2018, Mr N informed the Administrator that he would like a telephone call only if it could discuss a financial conclusion to his complaint.
23. On 1 May 2018, the Administrator informed Mr N that it would not be able to discuss a financial conclusion to his complaint. It proposed that it finalise the written response so that if Mr N was not happy with it, he had the information required to take the matter further.
24. On 25 May 2018, the Trustee, in its full response to Mr N's complaint, stated that Mr N was not given misinformation during his telephone calls with the Administrator. The Trustee explained the CETV calculation process and addressed Mr N's questions in detail. It offered to send him an information booklet. The Trustee concluded that it and the Administrator had followed the correct process and procedures.
25. The Trustee stated that it recognised that Mr N was disappointed that the CETVs quoted had decreased between November 2016 and September 2017, but Mr N had a choice over whether to continue with the transfer when given the lower CETV valuation. The Trustee considered it inappropriate to enhance Mr N's CETV, and therefore considered the complaint to be closed.
26. Mr N maintained that the CETV illustration should have been higher than it was in September 2017, and that he should receive compensation for this. He would like £41,737 plus interest as a minimum. This represents the difference between the CETV he expected and the CETV he received in September 2017.
27. The Trustee maintained that it and the Administrator followed the correct process and procedures, and that it would be inappropriate to enhance Mr N's CETV.
28. Mr N submitted a complaint about this to the Pensions Ombudsman on 19 June 2020.

### **Adjudicator's Opinion**

29. Mr N'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 Administrator informed Mr N that each CETV illustration was guaranteed for three months. When Mr N was given a CETV illustration in November 2016, he

decided not to proceed with the transfer, in the belief that a similar or higher value would be achievable in the future. There is no evidence to suggest that this belief was due to any information issued by the Administrator.

- As the CETV illustration guarantee expired on 14 February 2017, Mr N could not have reasonably expected that the CETV would be guaranteed to be any specified figure beyond that date.
- The Trustee is entitled to update the CETV assumptions following completion of a new actuarial valuation. It is not required to notify members that this is being undertaken. There was also no certainty about how the update would affect the CETV until its completion. So, it is not certain that notification of it would have changed Mr N's decision about when to transfer out of the Scheme.
- The Trustee did not tell Mr N anything that would induce a reasonable belief that the CETV would be guaranteed to exceed a particular value in September 2017. The Trustee did all it reasonably could to help Mr N understand the relevant processes.

30. Mr N did not accept the Adjudicator's Opinion, and the complaint was passed to me to consider. Mr N provided his further comments which do not change the outcome. I agree with the Adjudicator's Opinion.

### **Mr N's additional comments**

31. Mr N said that when consolidating his defined benefit scheme pensions, all apart from the Scheme had increased in value. In his view the reduction in the CETV was not due to market fluctuations, but instead due to FDR (**the Employer**) deliberately altering valuations so as to inflate its sale price.

### **Ombudsman's decision**

32. I have taken account of the additional arguments Mr N made and I do not find that he had a reasonable basis upon which to base his assumption that the quoted CETV would remain above a certain amount. The Administrator specifically informed him that each CETV illustration provided was guaranteed for only three months. This put Mr N on notice that the quoted CETV may rise or fall after the end of the relevant three-month period. If Mr N was unsure of the implications, he should have contacted the Administrator to clarify matters.

33. The Administrator provided Mr N with all the information necessary for him to make decisions about his pension in the Scheme and did not induce his personal assumptions regarding the extent to which the CETV might increase or reduce. It was Mr N's responsibility to ensure that he understood the relevant information when reaching his decision whether or not to transfer.

34. Mr N suggested that the reduction in the CETV was due to factors other than market fluctuations and was potentially linked to the intended valuation of the Employer. Mr N has not provided any evidence that this is the case. The Trustee has explained that the main reason for the reduction in the CETV was because assumptions used when calculating CETVs were changed following a triennial valuation of the Scheme. I find the Trustee acted correctly in accordance with the legislative requirements. It was legally required to monitor and review the appropriateness of the actuarial assumptions and actuarial factors used in the calculation of transfer values.
35. I find that the information regarding the CETV guarantee periods was clear. It is understandable that Mr N was disappointed that the CETV had decreased. However, that decrease does not in and of itself reflect maladministration.
36. I do not uphold Mr N's complaint.

**Anthony Arter**

Pensions Ombudsman  
15 December 2022