

## Ombudsman's Determination

Applicant	Mrs N
Scheme	Principal Civil Service Pension Scheme ( <b>the Scheme</b> )
Respondents	MyCSP Cabinet Office ( <b>CO</b> ) Department for Work and Pensions ( <b>DWP</b> )

## Outcome

1. I do not uphold Mrs N's complaint and no further action is required by MyCSP, CO, or DWP.

## Complaint summary

2. Mrs N complained that the correct process was not followed when she partially retired from the Scheme. She has also complained that she was not given sufficient information to be able to understand the implications of retiring before reaching the Scheme's Normal Pension Age (**NPA**). She will now receive a lower pension in retirement than she had expected.

## 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 that there were other exchanges of information between all the parties.
4. On 10 August 1981, Mrs N began her employment with DWP. She joined the Classic section of the Scheme.
5. On 28 December 2012, MyCSP issued a quotation for partial retirement to Mrs N (**the December 2012 Quotation**). This was on the basis that Mrs N's partial retirement would be effective from November 2012, and she would receive a pension derived from all the benefits she had accrued in the Scheme up to that point. MyCSP explained that as Mrs N was below the NPA, her benefits would be actuarially reduced to reflect her early retirement. Enclosed with the correspondence were blank forms that Mrs N could complete if she wished to proceed. MyCSP also said that before making her decision, Mrs N must read the guidance booklet entitled 'Partial retirement – a guide for scheme members' (**the Partial Retirement Guide**).

6. The December 2012 Quotation set out the following information:-
- Mrs N's pensionable earnings were £18,746.13, based on the best of her last three years of reckonable service.
  - Mrs N's reckonable service was 19 years 130 days.
  - Mrs N's annual pension entitlement, for retirement at the NPA, was £4,535.67.
  - Mrs N's annual pension entitlement, for retirement in November 2012, was £3,374.54. This was calculated using an actuarial reduction factor of 0.7440.
  - Mrs N's pension commencement lump sum (**PCLS**) entitlement, for retirement at the NPA, was £13,607.01.
  - Mrs N's PCLS, for retirement in November 2012, was £11,130.53. This was calculated using an actuarial reduction factor of 0.8180.
  - Mrs N was able to commute some of her pension to increase her PCLS. The maximum PCLS available to her was £18,437.45. If she opted for the maximum lump sum, she would have to give up £608.91 of pension a year, leaving her with a pension of £2,765.63 a year.
7. On 7 January 2013, Mrs N completed the form setting out her wish to partially retire from the Scheme. Mrs N requested that she receive the maximum additional PCLS permitted under the Scheme's Regulations. The form did not indicate whether Mrs N wished to take the full pension available to her, or a proportion of this amount.
8. On 8 February 2013, MyCSP received confirmation from Mrs N that her pension for partial retirement should be paid using all of the benefits she had accrued in the Scheme up to that point.
9. On 13 February 2013, MyCSP wrote to Mrs N to confirm that it had actioned her request for partial retirement from the Scheme. It enclosed a statement of benefits, which it said reflected the choice she had made regarding the pension and PCLS she was to receive. The statement of benefits gave the following information:-
- Mrs N's pensionable earnings were £18,746.13.
  - Mrs N's reckonable service was 19 years 110 days.
  - Mrs N's full annual pension entitlement, for retirement in November 2012, was £3,364.99.
  - The annual pension Mrs N would receive was £2,757.80, as she had commuted some of her full entitlement to receive a higher PCLS.
  - The PCLS Mrs N would receive was £18,385.30.

10. On 11 April 2013, MyCSP wrote to Mrs N. It said it had revised her pension in payment to take account of a change in her reckonable service. MyCSP did not provide further details of this revision. It enclosed a statement which confirmed that Mrs N's annual pension would be £2,764.06. She was also due an additional PCLS payment of £41.77.
11. On 9 July 2014, MyCSP wrote to Mrs N in response to her request for an estimate of her benefits in the Scheme that had yet to be crystallised. MyCSP enclosed an estimate statement, which included the following information:-
  - Mrs N's pensionable earnings were £19,090.00.
  - Mrs N's reckonable service was 201 days.
  - Mrs N's annual pension entitlement, for retirement at the NPA, was £131.41.
  - Mrs N's annual pension entitlement, for retirement in June 2014, was £105.39. This was calculated using an actuarial reduction factor of 0.8020.
  - Mrs N's PCLS entitlement, for retirement at the NPA, was £394.23.
  - Mrs N's PCLS, for retirement in June 2014, was £339.83. This was calculated using an actuarial reduction factor of 0.8620.
  - Mrs N was able to commute some of her pension to increase her PCLS. The maximum PCLS available to her was £572.99. If she opted for the maximum lump sum, she would have to give up £19.43 of pension a year, leaving her with a pension of £85.96 a year.
12. On 30 June 2015, Mrs N took voluntary redundancy from her employment with DWP.
13. On 10 November 2017, MyCSP sent Mrs N an annual benefit statement for her deferred benefits in the Scheme. This confirmed that these benefits had been accrued up to 30 June 2015 and her pensionable earnings at her leaving date were £19,291. MyCSP set out that, as at the date of the statement, Mrs N's preserved pension entitlement was £224 per year, plus a PCLS of £672. This was based on retirement at the NPA.
14. In May 2018, Mrs N contacted MyCSP to request a quotation for her final retirement from the Scheme.
15. On 12 September 2018, MyCSP sent Mrs N a quotation for her deferred benefits in the Scheme and retirement at the NPA. It said that based on Mrs N's final pensionable earnings of £20,068.60, she could receive an annual pension of £230.92, plus a PCLS of £692.75. As before, she could commute some of her pension to receive a higher PCLS.
16. On 28 September 2018, Mrs N completed a form to claim her final benefits from the Scheme. She chose not to commute any of her remaining pension entitlement to receive a higher PCLS.

17. On 30 October 2018, MyCSP wrote to Mrs N. It confirmed that, based on the Scheme benefits Mrs N was set to crystallise, she would receive an annual pension of £230.92 and PCLS of £692.75.
18. In November 2018, Mrs N fully retired from the Scheme.
19. On 21 January 2019, MyCSP wrote to Mrs N. The letter was incorrectly dated as 2018, rather than 2019. MyCSP provided details of how it had calculated Mrs N's pension entitlements, following her partial and final retirement from the Scheme.
20. On 29 March 2019, Mrs N submitted a complaint under the Scheme's two-stage Internal Dispute Resolution Procedure (**IDRP**). She was concerned about the level of pension she was to receive from the Scheme and considered that it was an insufficient amount to live on. She said that as she had taken partial retirement, her annual pension had been reduced by £1,770, to approximately £2,700. She had been informed by MyCSP that her pension would be reduced by 5% for each year of early retirement, but MyCSP had not provided specific figures regarding her entitlement. She added that she was suffering from a mental illness at the time, so was not in a position to make an informed decision about her retirement.
21. On 12 June 2019, MyCSP issued a response to Mrs N under stage one of the IDRP. MyCSP said that it could not comment on whether Mrs N's pension from the Scheme was of a fair level, only whether it was in accordance with the Scheme's Regulations. It considered that Mrs N's pension entitlement had been correctly calculated. MyCSP explained the basis on which Mrs N's pension had been actuarially reduced, following her partial retirement from the Scheme. It said that the usual NPA, for members of the Classic section of the Scheme, was 60. Mrs N had not attained this age when she partially retired from the Scheme, effective in November 2012.
22. MyCSP referred to the guidance for partial retirement that was available on the Scheme's website at the time of Mrs N's partial retirement. It said this highlighted that any actuarial reduction would be permanent. It also referred to the December 2012 Quotation, which explained the reduction applicable for early retirement. MyCSP considered that Mrs N had been given adequate explanation of the early retirement process and that no suggestion had been made at the time that any actuarial reduction of her benefits would be temporary.
23. MyCSP explained that when Mrs N took partial retirement, she chose to receive a pension derived from all the benefits she had accrued in the Scheme up to that point. She then continued to accrue further benefits, which were drawn at her final retirement date. MyCSP said that, as Mrs N had at times been employed part-time, her reckonable service was calculated on a pro rata basis for any periods of part-time employment. This was why Mrs N's reckonable service in the Scheme was less than the 34 years for which she had been a member of the Scheme.

24. On 25 September 2019, Mrs N completed a form to move her complaint to stage two of the IDR. CO said it received this appeal on 4 November 2019. Mrs N reiterated her concern about the level of pension she was to receive from the Scheme. She enclosed details of her calculation of the financial loss she believed she had suffered; the total loss amounted to £47,595. She said that she took partial retirement from the Scheme due to her poor health. However, she asserted that if she had been fully aware of the pension she would receive, she would not have made this decision. She considered that she was financially worse off due to having retired early.
25. On 11 December 2019, CO issued a response to Mrs N under stage two of the IDR. CO agreed with MyCSP's position that Mrs N was in receipt of the correct pension from the Scheme. CO said that Mrs N's application form for partial retirement (**the CSP15**) was no longer on file. However, CO asserted that DWP had received a completed CSP15 from Mrs N, and this would have included a declaration for Mrs N to sign, acknowledging that she had read the Partial Retirement Guide. CO added that the December 2012 Quotation had given Mrs N an estimate of the actuarial reduction that would apply, if she took partial retirement before the NPA. Although these figures were subsequently revised, CO considered that the estimate had highlighted to Mrs N that there would be an actuarial reduction.
26. Following the referral of the complaint to The Pensions Ombudsman (**TPO**), the parties have made further submissions which are summarised below.

**Mrs N's position:-**

27. She was not given enough information to make an informed decision about her partial retirement from the Scheme. She did not receive a copy of the Partial Retirement Guide, nor did she receive an estimate of the pension she would receive.
28. She does not agree that she completed the CSP15. She did not electronically sign the document and would never use the shortened form of her name that is shown on the copy submitted. She also considers that a manager should have been required to countersign this form.
29. She was not in a position at the time, with regard to her mental health, to be able to make a sound decision about her retirement.
30. She now considers that if she were to live past 80, her financial loss may be as much as £65,301.40. The actuarial reductions applied for her early retirement should be either diminished in value, or disapplied entirely.

**MyCSP, CO, and DWP's position:-**

31. It has submitted a copy of the CSP15, which records Mrs N's electronic signature being applied on 4 July 2012. This set out Mrs N's intention to reduce her weekly hours with DWP from 23 to 13.48, effective from November 2012. The CSP15 included a declaration that Mrs N had read the Partial Retirement Guide and utilised the pension calculator on the Scheme's website.

32. During the investigation of the complaint at stage two of the IDRP, CO did not have sight of the CSP15 and MyCSP did not hold a copy of this. Mrs N stated that she did not complete this form during the partial retirement process. CO therefore contacted DWP, as Mrs N's former employer, to obtain a copy of the form it held. This was forwarded to TPO and Mrs N for their respective attention.
33. In addition to the specific information received by Mrs N, as detailed above, further relevant information was available on the Scheme's website and the DWP intranet. DWP would have provided regular signposting to this information.

### **Adjudicator's Opinion**

34. Mrs N's complaint was considered by one of our Adjudicators, who concluded that no further action was required by MyCSP, CO, or DWP. The Adjudicator's findings are summarised below:-
  - In the December 2012 Quotation, MyCSP explained that Mrs N's benefits would be actuarially reduced, if she opted for partial retirement before the NPA. So, it was reasonable to say that it was explained to Mrs N that an actuarial reduction would be applicable for the retirement option she selected.
  - The December 2012 Quotation also highlighted that Mrs N's partial retirement pension would be derived from all the benefits she had accrued in the Scheme to that point.
  - Although Mrs N's pension was revised from the estimated figures in the December 2012 Quotation, this difference would have had no bearing on Mrs N's understanding of the actuarial reduction procedure. Mrs N received notification of the revision in April 2013 and did not raise her complaint until March 2019. The complaint appeared to have been prompted by Mrs N's full retirement from the Scheme and the confirmation of her final pension entitlement.
  - Although the December 2012 Quotation did not explicitly state that any actuarial reduction applied to Mrs N's benefits would be permanent, the information provided gave no indication that it would be temporary. A more reasonable conclusion to have drawn was that it referred to the level of pension payable throughout Mrs N's retirement, allowing for increases in payment in line with the measure of inflation. There was no evidence that MyCSP misinformed Mrs N on this point. It was noted that Mrs N did not query this at the time.
  - Mrs N's pension had been calculated in accordance with the Scheme's Regulations. Further, it was not the role of MyCSP, CO, or DWP to provide financial advice to Mrs N.

- There was no evidence that Mrs N provided information to MyCSP, around the time of her partial retirement, which would reasonably have suggested that she was not in a fit state to make such a decision. It was appropriate that MyCSP acted on the instructions it received from Mrs N.
  - On the balance of probabilities, it was likely that Mrs N did see a copy of the Partial Retirement Guide and her CSP15. However, even if Mrs N did not receive these documents, Mrs N was given enough information in the December 2012 Quotation to have been made aware of the financial implications of partial retirement from the Scheme.
35. Mrs N did not accept the Adjudicator's Opinion and the complaint was passed to me to consider. Mrs N's comments in response are summarised as follows:-
- She did not receive the quotations referred to by the Adjudicator. She would not have proceeded on the same basis if the administration for her retirement had been carried out appropriately.
  - Her current pension income is not viable, given that the actuarial reduction applied to her benefits will be permanent.
  - The Adjudicator made assumptions which favoured DWP's interpretation of events. She did not electronically sign the CSP15 and would never use the shortened form of her name. She believes the document to be fraudulent.
36. I have considered Mrs N's comments but they do not change the outcome, I agree with the Adjudicator's Opinion.

### **Ombudsman's decision**

37. Mrs N complained that MyCSP maladministered the process of her partial retirement from the Scheme. She asserted that if the administration had been carried out correctly, she would not have chosen to retire when she did.
38. I consider that the December 2012 Quotation provided Mrs N with sufficient information, such that she should reasonably have been aware of the consequences of a decision to partially retire before her NPA. The correspondence explained that an actuarial reduction would be applicable if this option were taken. It made no suggestion that the reduction would be temporary. I find no evidence of maladministration by MyCSP.

39. Mrs N said she did not receive pension quotations from MyCSP. I note that the December 2012 Quotation was correctly addressed to Mrs N and it enclosed a form to complete, if she wished to take partial retirement from the Scheme. Given that the correspondence was issued on 28 December 2012, and Mrs N completed the form to request partial retirement on 7 January 2013, I find, on the balance of probability, that Mrs N did receive the December 2012 Quotation. Mrs N was in receipt of pension payments from the Scheme for approximately six years before she made her complaint.
40. Mrs N has highlighted that her current pension income is unlikely to be sufficient for her ongoing needs in retirement. While I acknowledge and sympathise with the financial challenges that Mrs N may face, it is not the responsibility of MyCSP, CO, or DWP (in its capacity as Mrs N's former employer) to provide Mrs N with additional financial support, in excess of her pension entitlement from the Scheme. I find that Mrs N is in receipt of the correct level of pension, in accordance with the Scheme's Regulations.
41. Mrs N has challenged the validity of the copy of her CSP15, which DWP provided during the investigation of the complaint. The purpose of a CSP15 form is for an employee to apply for 'job reshaping', meaning a change to their working arrangement, and receive a quotation for partial retirement. In Mrs N's case, it would need to have been completed in conjunction with her employer, DWP.
42. While I consider it more likely than not that Mrs N did engage with the CSP15, the form is dated 4 July 2012, and the December 2012 Quotation was issued almost six months later. If Mrs N had not wanted to proceed with partial retirement from the Scheme, then she could have chosen not to do so. Other than initiating the provision of a retirement quotation, the CSP15 ultimately had no bearing on this decision. It is not within my remit to comment on matters relating to Mrs N's employment by DWP. However, I note that there is no evidence that Mrs N subsequently entered into a working arrangement for which she had no input and/or was against her wishes. I find no maladministration by DWP in connection with Mrs N's membership of the Scheme.
43. I do not uphold Mrs N's complaint.

**Anthony Arter CBE**

Deputy Pensions Ombudsman

29 October 2024