

## Ombudsman's Determination

|             |   |
|-------------|---|
| Applicant   | Mr R  |
| Scheme      | BAE Systems Pension Scheme ( <b>the Scheme</b> )  |
| Respondents | Equiniti Pension Solutions ( <b>Equiniti</b> )<br>BAE Systems Pension Funds Trustees Limited ( <b>the Trustee</b> ) |

## Outcome

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

## Complaint summary

2. Mr R has complained that he suffered financial detriment, distress, and inconvenience due to the way that his benefits in the Scheme were calculated (particularly in relation to the commutation of pension in exchange for a lump sum) and the poor service provided by the Scheme's administrators.

## Background information, including submissions from the parties

3. The sequence of events is not in dispute, so I have only set out the key points. I acknowledge there were other exchanges of information between all the parties.
4. The Scheme is governed by BAE Systems Pension Scheme Rules from 1 April 2012 (**the Scheme Rules**). With regard to pension commutation, for a member to claim a pension commencement lump sum (**PCLS**) at retirement, Section 6.1 stipulates:

### "Lump Sum

A Member may, by giving notice in writing to the Trustees before the pension is due to start, elect to exchange part of his or her pension for a lump sum, so long as his or her residual pension is not less than the amount required to provide his or her GMP. The election will have effect on the date when the Member's pension starts.

The Trustees will convert pension to lump sum on a basis which they have determined on the advice of an actuary.

The maximum lump sum that the Member may elect for without the consent of the Trustees will be the maximum amount permitted under Inland Revenue Limits (calculated as if Pensionable Service ended on 5 April 2006 if in fact it ends after that date), or, if smaller, calculated as:

Total Cash Percentage x Final Basic Salary”

5. On 22 June 1998, Mr R commenced employment with BAE Systems (**the Company**) which is linked to the Scheme.
6. On 1 July 1998, Mr R joined the Scheme with a normal retirement date (**NRD**) of 1 March 2019.
7. In 2010, Mr R attended a presentation regarding his benefit entitlements (**the 2010 Presentation**) provided by Xchanging, the Scheme’s administrator at the time. During the event, PowerPoint slides (**the PowerPoint Slides**) were shown that set out examples of the potential benefits at retirement.
8. The PowerPoint Slides provided a summary of ‘how pensions are calculated’:

“Each year a member earns an Individual Pension Percentage (IPP) this is calculated as follows:-

|                          | Contribution ÷ |  | Basic Salary x | Base Pension | = | Individual     |
|--------------------------|----------------|--|----------------|--------------|---|----------------|
|                          | Earnings       |  | Level          | Level        |   | Pension %      |
| Year 1                   | £18,200 ÷      |  | £20,000 x      | 1.67         | = | 1.520 %        |
| Year 2                   | £23,500 ÷      |  | £20,000 x      | 1.67         | = | <u>1.962 %</u> |
| Total Pension Percentage |                |  |                |              |   | 3.482 %        |

On leaving the Scheme the IPPs are totalled and applied to Final Basic Salary on Leaving. There are two calculations; one for IPP earned prior to April 2006 and one for IPP after 2006.”

9. The following slide set out that, at retirement, the Total Pension Percentage would be multiplied by a member’s Final Basic Salary. There would be different calculations for pre 5 April 2006 service, and for service from 5 April 2006 (and different formulations of Final Basic Salary), that would then be combined to give the member’s earnings related pension. The slide also set out that a Longevity Adjustment Factor (**LAF**) would be applied to the calculation for service from 5 April 2006. The Scheme booklet makes it clear that the LAF will vary from time to time.
10. The PowerPoint Slides also included a bullet point summarising a member’s PCLS, including an explanation that “the maximum HMRC limit is broadly 25% of the value of the members benefits however the actual formula uses the Scheme commutation factors and is therefore more complicated”. Also included with the PowerPoint Slides was a disclaimer that stated:

“Examples used in this presentation should not be taken to reflect individual members’ circumstances and are provided to assist understanding of the methodology used.”

11. Equiniti took over as administrator of the Scheme from Xchanging.
12. In 2013, Equiniti sent Mr R an annual benefit statement, which set out benefits including a full pension of £20,614 a year at the NRD based on a LAF of 0.8878.
13. In 2014, Mr R attended another presentation regarding his benefit entitlements in the Scheme (**the 2014 Presentation**), which included the same information as the 2010 Presentation.
14. Equiniti sent Mr R an annual benefit statement, which quoted benefits including a full pension of £21,222.53 a year at the NRD based on a LAF of 0.8878.
15. In 2015, Equiniti sent Mr R another annual benefit statement, which set out benefits including a full pension of £21,931.56 a year at the NRD based on a LAF of 0.8786.
16. In 2017, Mr R attended a further presentation, (**the 2017 Presentation**) which provided the same information as the 2010 Presentation.
17. Equiniti sent Mr R an annual benefit statement, which quoted benefits including a full pension of £21,590.65 a year at the NRD based on a LAF of 0.8775.
18. On 17 September 2019, Mr R telephoned Equiniti to ask for a retirement quotation.
19. On 27 September 2019, Equiniti sent Mr R a retirement quotation (**the 2019 Quotation**) for benefits from 1 November 2019. It set out benefits including a maximum PCLS of £115,766.08 plus a yearly residual pension of £17,364.96.
20. With regard to the benefits quoted in the 2019 Quotation, Equiniti also said:

**“Longevity Adjustment**

Improved life expectancies may mean that future pensions are paid for longer and therefore any pension built up after 5 April 2006 has been adjusted by a Longevity Adjustment Factor as advised to the Trustees.”
21. On 3 October 2019, Mr R telephoned Equiniti to ask for a retirement claim form to take benefits from the Scheme since one had not been provided with the 2019 Quotation. He also asked for the Scheme’s commutation factors that were used in calculating a PCLS.
22. On 15 October 2019, Mr R left pensionable service with the Company.
23. On 23 October 2019, Mr R’s UNITE union representative (**the union representative**) emailed Equiniti and said Mr R had not received a response to his enquiry of 3 October 2019.

24. On 26 October 2019, Mr R submitted a retirement claim form to take his benefits from the Scheme.
25. On 6 November 2019, Equiniti wrote to Mr R confirming that his retirement claim had been processed and provided a 'Retirement Summary'. It stated that he would receive a PCLS of £115,608.80 and a yearly residual pension of £17,341.44, broken down as follows:

| <b>Pension Element</b>  | <b>Amount Each Year</b> |
|---|-------------------------|
| Scheme accrual after 5 April 1997 and before 6 April 2006 ( <b>the pre-2006 accrual</b> ) | £14,702.28              |
| Scheme accrual after 5 April 2006 ( <b>the post-2006 accrual</b> )                        | £2,639.16               |

26. On 18 November 2019, Mr R emailed the union representative and said Equiniti had shown a lack of "transparency" in dealing with his request for the Scheme's commutation factors.
27. On 25 November 2019, Equiniti emailed Mr R a copy of the Scheme's commutation factors in two parts, the first relating to the pre-2006 accrual (**the pre-2006 factors**), and the other regarding the post-2006 accrual (**the post-2006 factors**).
28. On 28 November 2019, Mr R telephoned Equiniti and complained that the basis for calculating his PCLS had been incorrect as it was entirely commuted from the post-2006 accrual.
29. In response the call handler explained that his PCLS had been commuted from the post-2006 accrual because that element attracts lower annual increases in payment than the pre-2006 accrual. Written confirmation of the calculations and the order in which his pension entitlement had been commuted would follow.
30. Mr R emailed the union representative and said he had asked Equiniti to explain why only the post-2006 factors had been applied in calculating his PCLS since he had calculated that 56% of his benefits were pre-2006 accrual. Mr R said the response he had then received from Equiniti was "convoluted."
31. On the same day, Equiniti wrote to Mr R and provided calculations regarding his PCLS and residual pension. Equiniti also said a member's pension entitlement is commuted for a PCLS under the Scheme in the following order:-
  - Additional Voluntary Contributions
  - Post-2006 accrual
  - Pre-2006 accrual

32. On 2 December 2019, Mr R emailed Equiniti and said Equiniti's email had not explained why the pre-2006 factors were not used in commuting the pre-2006 accrual.
33. On 3 December 2019, Equiniti emailed Mr R and said:
- “We commute pension in the order [confirmed on 28 November 2019] so that you give up pension with the lowest pension increases first. As you had sufficient post-2006 [accrual] to provide all of your [PCLS] and have some post-2006 [accrual] left over, there was no need to give up any of your [pre-2006] pension to receive the maximum [PCLS]. Therefore, we did not need to use the pre-2006 factors, which are higher than the post-2006 factors to compensate for the higher pension increases that would be lost by commuting this element of pension.”
34. Mr R emailed the union representative and said that this was ‘contrary’ to Equiniti's email of 25 November 2019, since only the post-2006 factors had been considered in commuting his pension.
35. On 6 December 2019, Mr R emailed Equiniti and complained that:-
- The information provided in the ‘Retirement Summary’ was misleading when compared to figures he had calculated using the commutation factors provided on 25 November 2019.
  - The resulting benefit entitlement would be a PCLS that is £3,041 larger and a residual pension increase of £420 a year. The information provided on 3 December 2019 was misleading.
  - It would take 32 years to receive additional PCLS totalling £3,041 and almost four years for his residual pension to reach the level in his calculations, had the commutation factors provided in November 2019 been used.
36. On 12 December 2019, Equiniti emailed Mr R and said:
- The information provided on 3 December 2019 was correct. The calculation to work out the maximum PCLS and the order in which to commute the pension had been confirmed by the Trustee and the Scheme's actuary (**the Actuary**).
  - The commutation factors provided in the email dated 25 November 2019 had not included details regarding the order in which the pre-2006 accrual and the post-2006 accrual are used in calculation of his PCLS.
37. On 29 January 2020, Mr R escalated his complaint under stage one of the Scheme's Internal Dispute Resolution Procedure (**IDRP**) and said:-
- The way that pension commutation is calculated under the Scheme causes him financial detriment because ‘only post-2006 commutation factors are considered’.

He has accrued a larger portion of pre-2006 benefits than post-2006 pension benefits.

- Equiniti's email dated 3 December 2019 incorrectly suggested that he would be "better off" by using the Scheme's approach to calculating pension entitlements. The email also misleadingly gave the impression that he had a choice regarding whether pre-2006 pension or post-2006 accrual would be used first.
- The older a member is at retirement, the lower the commutation factors used in calculating their benefits are. This approach is 'in breach of age discrimination legislation.'
- He initially enquired about the Scheme's commutation factors on 3 October 2019. Equiniti's email in response of 25 November 2019, was eventually received following assistance from the union representative. However, the information provided was inadequate and forced him to make additional enquiries.
- Having received the commutation factors, he was forced to complete an Internet search to obtain related formulae and make further enquiries. It was also unclear why basic details regarding the Longevity Adjustment Factor had not been provided. His annual benefit statements did not mention commutation factors. So, the subject was effectively "concealed".
- Insufficient information was provided during the presentations on his residual pension value after claiming his maximum PCLS. The 'only way' to subsequently establish residual pension entitlement was by estimation based on figures provided in the PowerPoint Slides.
- In the two year period prior to leaving pensionable service, he had experienced "pressure to retire" from the Employer. So, he did not ask Equiniti for a retirement quotation at the time to avoid "escalating" this.
- PCLS and residual pension examples provided in the PowerPoint Slides resulted in misleading figures and made no reference to the pre-2006 accrual and the post-2006 accrual. By extrapolating figures from the PowerPoint Slides, he had calculated that the value of his residual pension entitlement would reduce over time.

38. On 29 May 2020, the Trustee wrote to Mr R in response and said:-

- The three presentations he had attended between 2010 and 2017 were designed as part of a redundancy programme run by the Company. The purpose of those presentations, and the audience they were aimed at, did not warrant detailed explanation of pension calculations, which are complex in nature.
- The presentations included caveats that the example benefits shown did not reflect any member's individual circumstances. Those examples were simplified to assist understanding of the methodology behind calculating a retirement claim.

- If Mr R had asked Equiniti for a retirement quotation, it would have been provided in confidence without any involvement by the Company. He could also have obtained a retirement quotation via the Scheme's online member portal (**the member portal**).
- The pre-2006 accrual increases annually in line with the Retail Prices Index (**RPI**) with a yearly cap of 5% or 4% assessed over the whole period from retirement. The post-2006 accrual increases annually according to RPI subject to a 2.5% yearly cap.
- Based on anticipated future inflation, the post-2006 accrual is expected to increase at a lower rate, due to having a lower yearly cap. The related final pensionable salary and the introduction of the Longevity Factor also differ between the pre-2006 accrual and the post-2006 accrual.
- As the commutation factors are designed to reflect the value of future pension being given up to provide the lump sum, those used in commuting the post-2006 accrual are lower than those for commuting pre-2006 accrual. However, the effect of this is that the commutation process is equal (or neutral) across the two elements – as “a pound of pension which does not increase has a lower cash value than one which increases at 2.5% and that will have a lower value than a pension which increases at 5%”.
- Based on his full yearly pension entitlement of £24,955.80, with the post-2006 accrual being commuted first, the PCLS was £115,608.94, with a starting yearly residual pension of £17,341.44.
- In contrast, the effect of commuting the pre-2006 accrual first would be that he would have received a larger PCLS of £119,078.54 and a higher starting residual yearly pension of £17,861.88. However, in turn this would mean that the ongoing annual increases would likely be lower, as there would be less pre 2006 pension..
- As a result “following the approach adopted by the Scheme [i.e. commuting post-2006 accrual first], members are getting the same actuarial value, albeit that pensions start smaller but over time will increase at a greater rate than had the tax free cash been taken from the pre 2006 pension”.
- There is no age discrimination in the Scheme under the Equality Act 2010 since there are exceptions allowing retirement benefits in occupational pension schemes to be calculated based on age.
- The poor service provided by Equiniti had caused him to make numerous enquiries regarding his retirement benefit calculation and the Scheme's commutation factors. So, an award of £500 in recognition of the resulting distress and inconvenience he suffered was appropriate.

39. On 7 June 2020, Mr R appealed under stage two of the IDRPs and said:-

- The Schemes approach to calculating benefits meant it would take approximately sixteen years to receive additional pension of £520.44 a year that he had calculated would be payable by changing the order in which the pre-2006 accrual and post-2006 accrual are commuted.
  - Changing the order in which the pre-2006 accrual and the post-2006 accrual are commuted would have increased the value of his PCLS by £3,469.60, which could have immediately been invested to provide further income.
  - Members ought to have a choice as to whether their PCLS is first commuted from their pre-2006 accrual or their post-2006 accrual, or split between the two elements of their benefits entitlements.
  - The PowerPoint Slides were misleading since the quoted benefits were inflated beyond the actual figures that would be payable at retirement, especially if a member chooses to claim a PCLS.
  - The Scheme's commutation tables are not so complex that they could not have been discussed at the three presentations he had attended between 2010 and 2017. This information would have allowed members to complete the "simple" calculations to establish their PCLS and residual pension entitlements.
  - The only caveat contained in the PowerPoint Slides was "Examples used in this presentation should not be taken to reflect individual members' circumstances and are provided to assist understanding of the methodology used."
  - Since neither the commutation tables nor the related formulae were provided at the presentations, members had 'no other choice' than to extrapolate figures from benefits calculation examples provided to calculate their own benefit entitlements.
40. On 14 October 2020, the Trustee wrote to Mr R confirming that his complaint had not been upheld and also said:-
- He had not suffered financial detriment since his retirement benefits were paid appropriately and in accordance with his entitlements under the Scheme Rules. The Trustee has a responsibility to ensure that benefits are paid correctly.
  - The Trustee is not required to provide additional options regarding pension commutation. The commutation factors are established and reviewed by the Trustee based on advice taken from the Actuary. The £500 award previously offered to him would remain available for acceptance.

### **Adjudicator's Opinion**

41. Mr R's complaint was considered by one of our Adjudicators who concluded that no further action was required by Equiniti or the Trustee. The Adjudicator's findings are summarised below:-



- Equiniti's letter dated 3 December 2019 clarified the reasons why Mr R's PCLS was commuted from the post-2006 accrual. The methodology involved in calculating the PCLS was approved by the Trustee having taken advice from the Actuary. Further, the Trustee's letter of 29 May 2020 included a detailed explanation of why Mr R had not incurred a financial loss. In the Adjudicator's opinion, the Trustee appropriately complied with the Scheme Rules once it acted on the advice of the Actuary. There was no evidence that Mr R suffered financial detriment as a result of his full PCLS being commuted from the post-2006 accrual rather than the pre-2006 accrual.
- The PCLS had simply been calculated and paid in a different format to that which Mr R had expressed a preference. However, there was no requirement under the Scheme Rules for the Trustee to allow individual members, including Mr R, to select the methodology used in calculating their PCLS. It was standard practice in the pensions industry for demographics, including the age of scheme members, to be considered when trustees determine the actuarial assumptions that underpin commutation factors. So, in the Adjudicator's opinion, there was no maladministration by the Trustee when deciding on the commutation factors to adopt.
- Mr R asked Equiniti for the Scheme's commutation factors on 3 October 2019 and the information was subsequently provided on 25 November 2019. Mr R then made follow-up enquiries to Equiniti on 28 November 2019, 2 December 2019, and 6 December 2019. In the Adjudicator's view, Equiniti failed to sufficiently elaborate on the information provided in the letter of 28 November 2019. Consequently, Mr R emailed Equiniti on 2 December 2019 seeking further clarification on why his PCLS had been fully commuted from the post-2006 accrual. However, there was no evidence that Equiniti sought to deliberately withhold any information or that it displayed a lack of "transparency" regarding the calculation of Mr R's benefits.
- Equiniti responded promptly and clearly to each of Mr R's follow-up enquiries after he received the commutation factors. Mr R had provided no evidence that he had told Equiniti, specifically, that he required the Scheme's commutation factors to do his own calculations, and that he needed additional information for this purpose. Equiniti could only respond to the actual enquiries that Mr R made. Further, there was no requirement for Equiniti to mention the Scheme's commutation factors in Mr R's annual benefit statements as standard.
- Mr R had also complained that the Scheme's commutation tables were not so complex that they could not have been discussed at the three presentations he attended between 2010 and 2017. Mr R said that this would have allowed members to complete the "simple" calculations to establish their PCLS and residual pension entitlements. In the Adjudicator's opinion, Mr R's assertion that he found the calculations "simple" was not supported by his comment in the email to the union representative on 28 November 2019 that he found Equiniti's

explanation of why his PCLS had been commuted from the post-2006 accrual only, “convoluted.”

- Further, the Trustee had confirmed that the purpose of the presentations, and the audience they were aimed at, did not warrant detailed explanation of pension calculations. Those presentations were also provided as part of a redundancy program run by the Company. So, in the Adjudicator’s view, it was for the Company rather than Equiniti or the Trustee to determine the information to be included in each case. On that basis, neither Equiniti nor the Trustee could be held responsible if the pre-2006 accrual and the post-2006 accrual was not mentioned during the presentations that Mr R has referred to.
- Mr R had asserted that the ‘only way’ he could subsequently establish his residual pension entitlement was by extrapolating figures from the PowerPoint Slides. In the Adjudicator’s opinion, Mr R could have asked Equiniti for a retirement quotation earlier than he did. The Trustee had confirmed that a retirement quotation would then have been provided in confidence without any involvement by the Company. Mr R could also have obtained a retirement quotation privately via the member portal if he was concerned by possible “pressure” to retire from the Company.
- Further, the PowerPoint Slides that were shown at the presentations Mr R attended included a disclaimer that “Examples used in this presentation should not be taken to reflect individual members’ circumstances and are provided to assist understanding of the methodology used.” So, in the Adjudicator’s view, there was no suggestion that the figures quoted in the PowerPoint Slides were intended to be extrapolated by individual members, nor that the figures obtained in that way would accurately reflect Mr R’s benefit entitlements. There was no evidence that either Equiniti or the Trustee deliberately provided misleading information to Mr R in the PowerPoint Slides.
- In the Adjudicator’s opinion, the £500 award that the Trustee offered Mr R was sufficient recognition of the distress and inconvenience he suffered under the circumstances of this case. It was unlikely that the Ombudsman would consider a higher award to be more appropriate.

42. Equiniti and the Trustee accepted the Adjudicator’s Opinion, Mr R did not, and the complaint was passed to me to consider. Mr R provided his further comments which do not change the outcome. I agree with the Adjudicator’s Opinion in the most part and note the additional points raised by Mr R.

### **Mr R’s additional comments**

43. There was a lack of transparency in the information provided during the three presentations he attended between 2010 and 2017 regarding the Scheme’s commutation factors and how to use them. This caused him to subsequently make several complaints having received inadequate responses to his enquiries. Equiniti should have anticipated that he was performing calculations, as there would have

been no point in asking for the Scheme's commutation factors if he had not intended to calculate his benefit entitlements.

44. The example figures provided during the presentations he attended between 2010 and 2017 did not include clarification that the eventual benefits would be calculated based on pre-2006 accrual and post-2006 accrual. However, by cross referencing the pre-2006 factors and the post-2006 factors with example figures provided during the three Presentations, he had calculated that the examples were unrealistically based on members aged between 64 and 72. Before the introduction of the Equality Act 2010, members were required to retire at age 65.
45. He considered that the calculations involved in checking the figures provided at the previously mentioned presentations were "simple" enough for him or any other member. Based on his findings, the examples provided during those presentations were not representative of the audience they were aimed at, especially those members being considered for redundancy. All members were, in any case, invited along to the presentations. The PowerPoint Slides also included logos for either Xchanging or Equiniti identifying the information as their own.
46. The examples used in the PowerPoint Slides did not assist in understanding the methodology used nor understanding the calculation of benefit entitlements. They did not include the Scheme's commutation factors including a breakdown between pre-2006 factors and post-2006 factors or between male and female members. There was also no "PCLS or residual pension formulae" provided. It was not possible to calculate his benefit entitlement without this information.
47. It was repeatedly suggested in annual benefit statements and other correspondence regarding the Scheme that up to 25% of a member's pension entitlement could be commuted for a PCLS. However, by his calculations, the maximum PCLS figure reduced proportionately for members who were not aged 53 or younger at retirement to around 23% at age 65.
48. Equiniti's comment in the email dated 3 December 2019 that, "you give up pension with the lowest pension increases first" was misleading. Any pension increases on the pre-2006 accrual would need to be greater than 2.5% a year to offset any reduction in his PCLS and residual pension based on the Trustees methodology for calculating his benefit entitlements. His pension would potentially need to be in payment for up to fifty years to recover the related losses.
49. He was given no choice regarding the methodology for calculating his PCLS and residual pension, as implied by Equiniti's comment that, "you give up pension with the lowest pension increases first". He should have the right to decide the order in which the elements of his pension are commuted, even though the Scheme Rules do not require this.
50. Before retirement he had not been informed that only post-2006 accrual would be considered in calculating a lower PCLS and residual pension than if pre-2006 accrual or a combination of pre-2006 accrual and post-2006 had been used. In the email

dated 3 December 2019, Equiniti has said, “We did not need to use the pre-2006 [cash] factors, which are higher than the post 2006 [cash] factors to compensate for the higher pension increases that would be lost by commuting this element of pension.’

51. The term ‘cash factors’ was misleading since ‘commutation factor’ was used in the pre-2006 factors and the post-2006 factors. In the email of 3 December 2019, Equiniti also said, “We commute pension in the order [confirmed on 28 November 2019] so that you give up pension with the lowest pension increases first”. This implied that his benefits would be lower had the pre-2006 factors been considered in calculating his PCLS, and that this was an option available to him.

### **Ombudsman’s decision**

52. Mr R has referred to a lack of transparency in the information provided during the three presentations he attended between 2010 and 2017. I note that the Trustee has explained that those presentations were designed as part of a redundancy programme run by the Company. The Trustee said that the purpose of those presentations, and the audience they were aimed at, did not warrant detailed explanation of pension calculations. I agree. They were clearly only intended to provide a high-level summary of the benefits in the Scheme. Distilling the detail of the benefits provided by a defined benefit pension scheme of the complexity of the Scheme into a single presentation would be a daunting and inadvisable endeavour. Furthermore, they were appropriately caveated to make that intention clear. I note that the slides also point members towards seeking independent financial advice and the availability of other sources of information.
53. For the avoidance of doubt, I find no evidence that Equiniti, or Xchanging before them, intended to deliberately mislead Mr R during the presentations he has referred to by excluding information about the Scheme’s commutation factors, and any other complex details required to accurately complete a retirement calculation.
54. It would appear that Mr R’s expectations were unrealistic and simply did not match with the Company’s purpose in offering the presentations, even if members other than those being considered for redundancy were also invited to attend.
55. I also note that Mr R has provided evidence that he completed calculations and made assumptions by “extrapolating” example figures from the PowerPoint Slides that were shown during the presentations he attended. However, again, the PowerPoint slides included a disclaimer to the effect that the examples used should not be taken to reflect any member’s individual circumstances and were provided to assist understanding of the methodology used in calculating benefits under the Scheme.
56. I consider that those examples were simplified calculations so that any attending member could understand, at a high level, the process involved in calculating their retirement benefits, without being provided with complex details. So, there is no evidence that either Equiniti or the Trustee intended those example figures to be

used in the way that Mr R has utilised them. Consequently, it is not surprising that Mr R's calculations of his PCLS and residual pension entitlements differ to the outcomes that Equiniti and the Trustee anticipate.

57. Ultimately, I am satisfied that the Trustee has calculated Mr R's PCLS and residual pension in accordance with the requirements of the Scheme Rules and having taken the advice of an actuary. Furthermore, as the Trustee set out in its IDRPs 1 response of 29 May 2020, it is also important to note that the different factors are actuarially neutral (and so it is not clear that detriment would in any event have been suffered), balancing lower initial values of PCLS and pension against potentially higher future increases (and vice versa) – reflecting the different 'value' attached to the two different tranches of pension. I also note that the commutation of pension for PCLS was an option that Mr R decided to take.
58. It is also clear to me that there was no requirement under the Scheme Rules, or elsewhere, for the Trustee to allow Mr R to choose the order in which his pre-2006 accrual and post-2006 accrual are commuted for a PCLS.
59. That Equiniti used the term 'cash factors' rather than 'commutation factors' in the email dated 3 December 2019 is insufficient evidence to conclude that there was any intention to mislead Mr R. Especially as it is clear Mr R established that Equiniti had been referring to the Scheme's commutation factors. However, Mr R could have asked Equiniti for clarification on this point if he had found this necessary.
60. There was also no requirement for Equiniti or the Trustee to use the term 'residual pension' in the PowerPoint Slides, or in any other correspondence sent to Mr R. It is likely that a residual pension figure would have been automatically included in any retirement quotation Mr R requested, including a PCLS figure. So, there was no need to specifically explain that the pension quoted in conjunction with a PCLS figure in a retirement quotation is also known as a residual pension.
61. I find that Equiniti was only required to respond to the specific enquiries that Mr R made, even if his intention in asking for the Scheme's commutation factors was to complete his own calculations. There was no requirement for Equiniti to provide unsolicited additional information to Mr R. That it took several enquiries for Mr R to obtain all the information he required to calculate his retirement benefits does not amount to maladministration by Equiniti. Neither is this evidence of Equiniti lacking transparency in responding to Mr R.
62. Equiniti responded promptly and appropriately to each enquiry that Mr R made after asking for the Scheme's commutation factors, with the exception of the details included in the letter dated 28 November 2019. Since insufficient information was provided in that instance, Mr R emailed Equiniti on 2 December 2019 seeking clarification on the reason why his PCLS was fully commuted from the post-2006 accrual.

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63. I find that the £500 award offered by Equiniti is sufficient recognition of any resulting distress and inconvenience Mr R suffered. Mr R should contact Equiniti if he would now like to accept the £500 award.

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

**Dominic Harris**

Pensions Ombudsman

12 June 2024