

Ombudsman's Determination

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| Applicant | Mr H |
| Scheme | The Royal Bank of Scotland Group Retirement Savings Plan (the Plan) |
| Respondent | RBS Pension Trustee Limited (RBS) |

Outcome

1. I do not uphold Mr H's complaint and no further action is required by RBS.
2. My reasons for reaching this decision are explained in more detail below in paragraphs 30 to 35.

Complaint summary

3. Mr H has complained that he was not made aware of the requirement to transfer his benefits in the Plan to another approved pension arrangement within a specified timescale.
4. He asserts that special consideration should be given to the fact that he had remained in employment with the Royal Bank of Scotland group (**the RBS Group**) for more than two years. He has requested to transfer his full benefit entitlement in the Plan to an alternative pension arrangement.

Background information, including submissions from the parties

5. On 16 October 2009, Mr H became a member of the Plan.
6. Mr H made 13 monthly contributions of £438.64 into the Plan.
7. On 18 February 2011, Mr H became a deferred member of the Plan, when he moved to the Republic of Ireland and became employed by Ulster Bank, which is a part of the RBS Group. He subsequently became a member of the Ulster Bank pension arrangement.
8. In October 2020, Mr H attempted to access his benefits in the Plan. He was unable to obtain further details as he was no longer an active or deferred member of the Plan.

9. On 22 October 2020, Mr H submitted a complaint under stage one of the Plan's Internal Dispute Resolution Procedure (**IDRP**). He said:-
- He had worked for the RBS Group between 2008 and 2013, initially for the RBS in the UK and then after a secondment to the Republic of Ireland, he transferred to Ulster Bank.
 - When he joined Ulster Bank he began paying into the Ulster Bank pension arrangement, and as he still worked within the RBS Group, he thought his UK pension would remain active.
 - He left Ulster Bank in 2013, following voluntary redundancy and did not return to the UK until 2019.
 - He could not recall receiving any letters from the Plan informing him of his options in relation to his benefits in the Plan. This was likely due to the fact that he had changed address. Had he been aware that his UK pension was not safe when he transferred to the Republic of Ireland, he would have acted appropriately.
 - His hard work should not have been allowed to go to waste.
10. On 14 December 2020, RBS responded to Mr H under stage one of the Plan's IDRP. It said:-
- Under the Plan's Rules, as he was a member of the Plan for less than two years, upon leaving the Plan, he was offered the option to transfer the full value of his benefits to any other registered pension arrangement of his choice.
 - It was standard practice at the time for the Service Team to provide written notification of this to all of its leavers upon withdrawal from the Plan.
 - The notification would also have explained the requirement to complete the transfer within a specified period. In Mr H's case, this was within three months.
 - A second follow-up letter was issued as a matter of course. Whether Mr H received the letters did not alter the position.
 - The Member Booklet, which all members were expected to read, also contained the information required for Mr H to have been aware of this requirement.
 - As Mr H did not make any election to transfer the accumulated value of his Plan benefits to an alternative arrangement, he had lost the right to any benefit under the Plan.
11. On 18 December 2020, Mr H requested that his complaint be reconsidered under stage two of the Plans IDRP. He said:-
- He accepted that he had only contributed for 13 months during his membership of the UK based Plan.

- When he joined Ulster Bank, he was enrolled into the Ulster Bank pension arrangement but remained in full time employment within the RBS Group and immediately continued to contribute to the Ulster Bank pension arrangement from his euro-based salary. His continued pensionable service exceeded the 24 months contribution requirement.
 - He had not received either of the letters mentioned in the IDRPs stage one response, and requested an explanation as to why he was not contacted internally to draw his attention to the matter, while he was still a member of the RBS Group.
 - The Member Booklet stated, “If you leave the Group.” He had not left the Group; he had continued his service under a different jurisdiction. When he did leave the Group in 2013 under voluntary redundancy, his severance figure was calculated as continuous service from when he had started in 2008.
 - He had worked hard for the RBS Group during his time there and deserved the right to retain the money that he had paid into the Plan.
12. On 9 February 2021, RBS responded to Mr H under stage two of the Plan’s IDRPs. It did not uphold his complaint and said:-
- It was required to follow the Rules of the Plan when administering benefits.
 - The Plan Rules stated that where a member had less than 2 years’ pensionable service and did not opt to transfer their benefits within the required timescale, they lose the right to any benefit under the Plan.
 - This information was also readily accessible via the Member Booklet.
 - His continued employment within the RBS Group did not change this position. Periods of pensionable service in different Plans, even within the same employer group, were treated separately, unless he had transferred benefits from one Plan to another.
 - It had noted his request for evidence of the address to which the notification letters were sent, but over 10 years had elapsed since his departure from the Plan, and it no longer held a record of those letters.
 - The Trustee was not authorised under the Plan Rules to reinstate his benefits.

Mr H’s position

- 13. He had not left the RBS Group.
- 14. He rejected the notion that being in another RBS Group pension arrangement meant that he lost his entitlement to benefits from the Plan.
- 15. RBS Group clearly did not have a process for employees who were in his position.

16. RBS Group had every opportunity to make contact via telephone, internal email or via his line manager to inform him of this requirement.

RBS' position

17. It was custom and practice to issue a letter to members upon leaving the Plan, and to send a follow-up letter where no response was received.
18. The letter clearly explained that where a member left the Plan with less than two years' full membership, the Plan Rules provided that a member would be offered a transfer of the full value of their account to another registered pension arrangement.
19. The letter also explained that where a member failed to transfer their benefits within the required timescale, they would lose their right to any benefit under the Plan.
20. As Mr H did not make any election to transfer his benefits, he had lost the right to any benefit under the Plan.

Adjudicator's Opinion

21. Mr H's complaint was considered by one of our Adjudicators who concluded that there was no maladministration by RBS in respect of Mr H's lost entitlement to his benefits. The Adjudicator's findings are summarised in paragraphs 22 to 28 below.
22. Mr H relocated to the Republic of Ireland in February 2011 where he worked for Ulster Bank, which was part of the RBS Group. Mr H has said that he believed his Plan membership would continue as he was still employed within the RBS Group. The Adjudicator took the view that Ulster Bank was not a participating employer in the Plan, so under Rule 7.2 of the Plan Rules, while Mr H might have assumed his membership would continue the Adjudicator did not feel this was a reasonable assumption so did not consider RBS responsible for his misunderstanding.
23. In addition, Mr H stated that he had not received the letters informing him of the need to transfer his benefits because his address had changed, and that RBS should have been aware of this. There was no evidence of Mr H informing RBS of a change to his address. It would have been unreasonable to expect RBS to contact each of its members before issuing correspondence to check if the address had changed. That responsibility was conferred upon the member.
24. As the requisite letters would have been issued over 13 years prior to Mr H's complaint and RBS did not keep such records, it was not possible to determine with any level of certainty whether the letters had reached Mr H. However, Mr H had not suggested that he had contacted RBS about his pension entitlement. While he might have argued that this was because he assumed his pension entitlement would continue, it would have been prudent for him to have contacted RBS to inform it about his change of employment and ascertain whether joining the Ulster Bank pension arrangement would impact his Plan benefits.

25. The Adjudicator considered whether it was possible for Mr H to have been aware of the need to transfer his benefits, as well as whether this information was readily accessible. There was an expectation conferred upon all members of the Plan to read the Member Booklet, in its entirety, when joining and leaving the Plan. Page 9 of the Member Booklet stated, "If you do not complete the transfer within a specified time after leaving service, you will lose the right to any benefit under the Plan." This information was readily available to all members in the Plan and had Mr H read it, he would have seen the requirement to transfer. The Adjudicator acknowledged that Mr H said he did not feel he was leaving the Plan, but the misunderstanding on his part, did not mean that RBS had made an error.
26. In relation to Mr H's request that, as he had continued to be employed by the RBS Group until 2013, special consideration should be given to him, the Adjudicator noted that RBS was required to follow the Plan Rules when administering benefits. He said that while the Pensions Ombudsman would ensure the application of the Plan Rules was correct, he would not determine that a trustee should deviate from the Plan Rules that govern a pension arrangement. As RBS had made the relevant information readily accessible, and Mr H clearly had not invoked his right to transfer his benefits within the stipulated timeframe, it would have been inappropriate to impose any requirement that differed from the Rules.
27. RBS had not acted contrary to the Plan Rules, so was not responsible for any financial loss suffered by Mr H as a result of the lost entitlement to his benefits.
28. The Pensions Ombudsman has published guidance for non-financial injustice on its website. When reviewing Mr H's complaint, the Adjudicator noted that he received prompt and thorough responses throughout each stage of his complaint, and RBS consistently acted within the remit of the Plan Rules. An award for non-financial injustice was not appropriate in this case.
29. Mr H did not accept the Adjudicator's Opinion, and, in response he provided the following comments. In summary he said:-
 - It was inaccurate to state that he had left employment, he had not, he was 22 years old at the time.
 - It was fair to assume that he was employed by the same group, which he was, since the RBS Group included Ulster Bank.
 - Ulster Bank had his new address, it was unreasonable to expect him to update everything else.
 - The Adjudicator had quoted the Plan Rules which stated "If the member does not select this option within the period notified to the Member by the Trustee for this purpose, the Member will not receive any benefits under the Plan, except a refund of the proceeds of his or her own voluntary contributions (if any) less tax at such rate as applies from time to time. RBS may require the Trustee to use the balance of a Member's Retirement Account to meet any liability of the Employers to

contribute to the Plan or pay expenses.” Mr H queried why his contributions were not protected and thus refunded, under this Rule.

30. I note the additional points made by Mr H, but they do not change the outcome, I agree with the Adjudicator’s Opinion.

Ombudsman’s decision

31. Mr H complained that he was not made aware of the requirement to transfer his benefits in the Plan to another approved pension arrangement within a specified timescale.
32. Mr H said that he was still employed by the RBS Group and had not left employment at 22 years old. Neither the Adjudicator, nor I dispute the fact that Mr H’s employment with the RBS Group continued beyond 18 February 2011. However, active pensionable service within the Plan is not universal within the RBS Group. In Mr H’s case, employment with Ulster Bank , did not confer on him the right to continue his Plan membership because although Ulster Bank was part of the RBS Group it was not a participating employer in the Plan. According to Rule 7.2 Mr H therefore became a deferred member of the Plan on 18 February 2011, when his pensionable service within the Plan ceased.
33. I have seen no evidence that Mr H made any enquiries about his pension arrangements when he elected to take up his role with Ulster Bank. While I acknowledge that Mr H assumed, because he remained employed within the RBS Group, that his pensionable service would therefore be treated as continuous, I would have expected him to make enquiries about this particularly given that on joining Ulster Bank he became a member of the Ulster Bank’s pension arrangement and presumably received new member information about that arrangement at the time.
34. I note that Mr H does not consider notifying RBS of his new address to be his responsibility when Ulster Bank would have held that information. He stated that Ulster Bank should have informed RBS about his new address. I appreciate that transferring from one employer to another, alongside relocating would have been both stressful and challenging for Mr H. While I acknowledge that the details of his pension would not likely have been at the forefront of his focus during that period, I am only able to make a finding against RBS where it is specifically responsible for an error or issue occurring. In this case, had Mr H read the Member Booklet, as required, he would have known about the need to update RBS about any changes to his address and consequently have been advised of the requirement to transfer his benefits from the Plan (see Appendix One). As RBS made this information readily accessible, it is not directly responsible for any financial loss associated with Mr H’s failure to transfer within the requisite timescale.
35. Mr H has referred to Section 7.2 of the Plan Rules which he understood to entitle him, at minimum, to a full refund of his contributions (see Appendix Two). When an

individual joins the Plan, they pay contributions as a percentage of their salary. In conjunction with this ordinary percentage, the member's employer will contribute a percentage too. In the Plan, these are referred to as RBSelect contributions, and are the contributions that Mr H made. If requested, a member can contribute a further percentage of their salary to either increase their pension, or recoup contributions they may have previously missed. These contributions are paid solely by the member, without further employer contributions. Contributions of this type are referred to as Additional Voluntary Contributions (**AVC**). AVC's are the form of contributions that are referred to as refundable in the Plan Rules. As Mr H did not make any AVC's, he is not eligible for a refund of any of his contributions under the Plan Rules

36. Furthermore, the Member Booklet specifically stipulates what occurs when an individual is a member of the Plan for less than two years. It states "You will not be able to take a refund of your RB*Select* contributions. If you do not complete the transfer within a specified time after leaving service, you will lose the right to any benefit under the Plan." (see Appendix Three). I find that RBS has acted in accordance with the Plan Rules in revoking Mr H's entitlement to any benefits under the Plan.

37. I do not uphold Mr H's complaint.

Anthony Arter CBE

Deputy Pensions Ombudsman
2nd August 2024

Appendix One

Page 32: Definition of Terms

Qualifying Lifestyle Event

Lifestyle Events are a significant change to your life that could affect your RBSelect benefit choices.

Examples:

- Birth or adoption of a child.
- Death of a dependant.
- Relocation.
- Change from full-time to part-time (reduction in working hours to less than 21 hours a week).
- Change in salary as a result of long-term disability benefit.
- Maternity/adoption leave – commencement and return.

Appendix Two

7.2 Members who are not entitled to immediate or preserved benefits

A member who leaves Service without becoming entitled to immediate or preserved benefits may, regardless of the length of a Member's Qualifying Service, require the Trustee to provide a cash transfer sum in accordance with Chapter 5 of Part IV of the Pension Schemes Act 1993 (early leavers: cash transfer sums and contribution refunds).

If the member does not select this option within the period notified to the Member by the Trustee for this purpose, the Member will not receive any benefits under the Plan, except a refund of the proceeds of his or her own voluntary contributions (if any) less tax at such rate as applies from time to time. RBS may require the Trustee to use the balance of a Member's Retirement Account to meet any liability of the Employers to contribute to the Plan or pay expenses.

Appendix Three

Page 9: Benefits on leaving the Group or stopping contributions

If you leave the Group with two years' qualifying service, the full value of your account may be:

- left in the Plan where it will continue to be invested until you retire, or
- transferred to a new employer's registered pension scheme, or
- transferred to a registered personal pension plan of your choice.

If you leave the Group with less than two years' qualifying service you will be offered a transfer value of the full value of your account, to take to another registered pension arrangement of your choice. You will not be able to take a refund of your *RBSelect* contributions.

If you do not complete the transfer within a specified time after leaving service, you will lose the right to any benefit under the Plan.

Administration charge

If you leave the value of your retirement savings account in the Plan after leaving the Group, an administration charge may be deducted from your account each quarter.

Note

If you have a deferred benefit under a previous Group pension scheme as a consequence of opting out to join the Plan, you will be given the same options as someone who leaves the Group with two years' qualifying service.

If you decide to stop contributing to the Plan whilst in employment, you are also able to transfer the value of your account to another registered pension arrangement of your choice.