

## Ombudsman's Determination

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| Applicant   | Mr Y  |
| Scheme      | Royal Bank of Scotland Group Pension Fund ( <b>the Fund</b> )   |
| Respondents | RBS Pension Trustee Limited ( <b>the Trustee</b> )<br>Willis Towers Watson ( <b>the Administrator</b> ) |

## Outcome

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

## Complaint summary

2. Mr Y complained that he experienced delays and received incorrect information about his pension.

## 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. Mr Y was a contributing member of the Fund. In addition, he paid Additional Pension Contributions (**Apec**), which were invested in the RBS Common Investment Fund, and Additional Voluntary Contributions (**AVCs**), which were invested with Scottish Widows.
5. In February 2017, Mr Y contacted RBS Pension Services (**the Previous Administrator**), to start drawing his pension from the Fund. It sent him a pension illustration which showed the options of claiming either a full pension or a lump sum with a reduced pension. The illustration stated that any residual money in his Apec account would be rolled into his final salary pension in the Fund unless he moved that money to another pension scheme.
6. Between February and June 2017, Mr Y set up a Self-Invested Personal Pension (**SIPP**) with Alliance Trust. In June 2017, he asked Alliance Trust to transfer the funds in his Apec account to the SIPP.

7. On 1 August 2017, the Administrator took over the administration of the Fund.
8. From 1 August 2017, Fund members could only use the money in their Apec account as a lump sum, elect to transfer it to another registered pension arrangement or use it to purchase an annuity. This was communicated to members through a Member Guide in July 2017.
9. In September 2017, Alliance Trust and the Administrator confirmed that the transfer of the funds in Mr Y's Apec account to the SIPP was complete.
10. Following the transfer, the Administrator's online records incorrectly showed that there was £874.36 remaining in Mr Y's Apec account. This figure in fact represented the money from Mr Y's Apec account that had been used towards payment of his lump sum which had not cleared from the online record. Therefore, the Administrator and Mr Y mistakenly believed that there were residual funds in Mr Y's Apec account.
11. In September 2017, Mr Y asked the Administrator for a new pension illustration. The Administrator said it would take three to four weeks to provide.
12. In October 2017, Mr Y asked the Administrator about his pension illustration request. The Administrator told him that he had asked for an annuity illustration. He disputed this and said he had asked for a pension illustration. The Administrator said that it would take four to six weeks to provide. Mr Y asked for the illustration to be supplied after 1 December 2017 because a new bonus was due to be announced as part of his Apec account on that date. He asked if he could receive his pension by 15 December 2017. The Administrator confirmed that this should be possible.
13. On 26 October 2017, Mr Y had a telephone conversation with the Administrator. The Administrator confirmed that there was a complaint on its system regarding the fact that Mr Y's request for a pension illustration had not been responded to.
14. On 23 November 2017, Mr Y telephoned the Administrator and asked for an update on his complaint. The Administrator told him that he would receive a reply within five days.
15. On 4 December 2017, the Administrator told Mr Y that his pension illustration was still being prepared.
16. On 8 December 2017, Mr Y received his pension illustration and pension claim pack. The pack did not include information about what would happen to the residual money in his Apec account. It was missing documents and contained conflicting information about pension options and identity verification requirements.
17. On 11 December 2017, the Administrator told Mr Y what he needed to provide for identity verification. It informed him that the residual money in his Apec account would need to be moved to another pension, and that this would require further documents to be sent. It informed him that a new pension claim pack would be sent to him.

18. On 18 December 2017, Mr Y had not received the new pension claim pack. The Administrator informed him that no update had been entered on its system and a new pack had not been sent out. It informed him that he would receive a new pension claim pack that week, and that the money in his Apec account would be moved.
19. On 21 December 2017, Mr Y received a new pension claim pack. It did not contain a transfer form or information about what would happen to the residual money in his Apec account. On 27 December 2017, he sent the pack back to the Administrator.
20. On 5 January 2018, the Administrator told Mr Y that it was liquidating assets to provide his pension. Mr Y asked about the residual money in his Apec account. The Administrator told him that another transfer form would be sent to him.
21. On 18 January 2018, Mr Y asked the Administrator for an update on his pension. The Administrator informed him that it should be paid on 18 February 2018, and that the lump sum should be paid earlier. It told him that he should receive a payment schedule and Apec transfer forms before 18 February 2018. Mr Y asked if he could request that the residual money in his Apec account be automatically transferred to his SIPP. The Administrator said it must await the production of the payment schedule.
22. On 26 January 2018, Mr Y asked the Administrator for an update on the payment of his pension. The Administrator informed him that it was awaiting a disinvestment.
23. On 1 February 2018, the Administrator sent Mr Y a new pension claim pack and transfer form. It asked him to provide a copy of his passport and current scheme details. It then informed him that he would not need to provide identity documents again. It apologised to Mr Y about its previous interactions with him and offered to speed up the Apec transfer if it received his transfer forms quickly. Mr Y asked about his complaint. The Administrator offered to chase it up.
24. On 19 February 2018, Mr Y contacted the Administrator as his pension had still not been paid. The Administrator informed him that this was because there was a residual balance in the Apec account. It said that it could not pay Mr Y's pension until it received the transfer forms. It advised him to expect his pension to be paid by 18 March 2018. Mr Y said this was the first time that a dependency between the Apec balance and his pension payment had been mentioned. The Administrator apologised.
25. On 20 February 2018, the Administrator emailed Mr Y. It said that the lump sum from his pension would be paid within a few days, and that his pension would be paid monthly from 18 March 2018. Mr Y sent the Administrator another complaint.
26. On 26 February 2018, in a letter to Mr Y, the Administrator stated that £14,138.44 was transferred to Alliance Trust Savings on 23 February 2018, and that it could therefore complete the Apec transfer in under three months. Mr Y informed the Administrator that according to its online records, there was still £874.36 in his Apec account. The Administrator said that it would raise a case about it and contact him.

27. On 5 March 2018, Mr Y emailed the Administrator. He said that according to its complaint procedure he should have received a reply in writing within five working days, and it had been nine working days since he sent his complaint. He asked to invoke the Internal Dispute Resolution Procedure (**IDRP**).
28. On 6 March 2018, Mr Y telephoned the Administrator. He expressed concern that as residual funds remained in his Apec account, he would not be paid his pension in March 2018. The Administrator said there was an investigation regarding the matter, but that it would not affect his pension starting in March 2018. Mr Y said that this contradicted what he had been told by the Administrator in February 2018.
29. On 7 March 2018, The Administrator emailed Mr Y, apologising for its delay in responding to his complaint. The response did not address Mr Y's request to invoke the IDR P.
30. On 8 March 2018, Mr Y emailed the Administrator. He asked when the complaint procedure clock started, what the complaint reference number was, what happened regarding the points he raised in his email of 5 March 2018, and to receive a statement showing his complaint was being worked on. The Administrator stated that there was no internal reference number for his complaint, and that he would receive a full response within 10 working days of 7 March 2018.
31. On 9 March 2018, Mr Y emailed the Administrator. He said that he understood its complaints deadlines to be fiction and that it was blocking his access to the IDR P.
32. On 15 March 2018, the Administrator told Mr Y that it would pay him £4,202.11 on 16 March 2018, representing pension payments backdated to 1 January 2018.
33. On 16 March 2018, £4,202.11 was transferred to Mr Y's bank account. A late retirement factor was applied to his pension as his benefits were paid after his normal pension age.
34. In a letter Mr Y received on 27 March 2018, the Administrator offered £150 in settlement of his complaint. Mr Y requested a soft copy of the letter and instructions to access the IDR P. The Administrator apologised and provided them.
35. On 28 March 2018, Mr Y sent the Administrator the completed IDR P form. In response to this complaint, the Administrator increased the settlement offer to £1,500.

### **Summary of Mr Y's position**

36. He suffered hardship as he was delayed in drawing his pension. The delay was partly because he had not been informed that he could not pay the money from his Apec account back into his pension in the Fund. If he had been informed about the changes to his pension options, he would have drawn his pension earlier.
37. The Administrator provided poor customer service. It misled him and withheld important information from him. It lacked a viable complaints system.

38. The Administrator may have broken HMRC rules by paying him a pension when there was still residual money in his Apec account.

### **Summary of the Trustee's position**

39. Mr Y was provided a lower quality of service than the Trustee expected the Administrator to provide. The Trustee and the Administrator have put measures in place to improve their services.
40. The Trustee apologised that the Administrator did not explain to Mr Y how the change regarding the Apec options would affect him.
41. The £874.36 figure Mr Y saw on the Administrator's online records represented the money from his Apec account that was used towards his lump sum. Due to an error, it was not cleared from the record as it should have been. The Administrator asked the Trustee to extend an apology to Mr Y for any confusion caused.
42. Mr Y was affected by issues caused in the transfer of the Fund's administration from the Previous Administrator to the Administrator. The changes between the identity validation processes for Mr Y's first and second Apec transfers were due to the change in the Fund administrators. During the transfer, there were several member enquiries, causing the service standards of the Administrator to fall below its promised standards. The Administrator's services are now at an acceptable standard.
43. Mr Y did not suffer any financial loss as a result of the delays of the Administrator. He requested pension payment from 1 December 2017. His pension was paid from March 2018 and backdated to 1 January 2018. His pension was increased in recognition of the fact that it was brought into payment after his normal pension age. This increase made up for the delay between December 2017 and January 2018. He could have started claiming his pension from the Fund in June 2017 when his money was being transferred from his Apec account to a SIPP. He chose not to. Accordingly, the Trustee does not believe that he was concerned about consequences of his pension payment being deferred.
44. The withdrawal of the option to use Apecs or AVCs to purchase a pension from the Fund, or how it was handled, did not cause Mr Y inconvenience or financial loss. Mr Y chose to transfer his Apec funds to another pension scheme. This demonstrated that he did not wish to exercise the option to convert his Apec funds into a pension from the Fund.
45. Mr Y suffered considerable inconvenience due to the poor service he experienced. The Trustee apologised and offered Mr Y £1,500 in recognition of this.

### **Adjudicator's Opinion**

46. Mr Y's complaint was considered by one of our Adjudicators who concluded that no further action was required by the Trustee or the Administrator. The Adjudicator's findings are summarised in paragraphs 47 to 51 below.

47. The Administrator was delayed in providing Mr Y with a pension illustration, paying his pension and responding to his complaints. It failed to accurately record his requests, provided conflicting information, and did not immediately communicate with him the reason for delays. So, in the Adjudicator's opinion, there was maladministration.
48. Mr Y took deliberate steps to prevent the money from his Apec account from being paid into his pension in the Fund. So, in the Adjudicator's opinion, he would not have been affected by not being informed about the withdrawal of the option to do so, as he chose to prevent it from happening. Further, this option withdrawal was communicated to Fund members through a Member Guide in July 2017.
49. Mr Y asked for his pension illustration to be provided after 1 December 2017, and for his pension to be paid by 15 December 2017. His pension was paid on 16 March 2018 and the payment was backdated to 1 January 2018. In addition, a late retirement factor was applied to Mr Y's pension to account for the fact that it came into payment after his normal pension age. The Adjudicator took the view that Mr Y did not suffer financial loss as a result of the delay in receiving his pension. Further, Mr Y had not provided any evidence that the lack of income between January and March 2018 caused him hardship.
50. Mr Y suffered distress and inconvenience as a result of the maladministration of the Administrator. This is non-financial loss. In the Adjudicator's opinion, the distress and inconvenience caused to Mr Y was more than adequately redressed with the Trustee's offer of £1,500.
51. Mr Y did not accept the Adjudicator's Opinion and the complaint was passed to me to consider. Mr Y provided his further comments, which I have noted but they do not change the outcome. Mr Y said:-
  - His complaint did not centre on him having been unable to pay the money from his Apec account into his pension in the Fund. It centred on the fact that it took him over a year to receive his final salary pension.
  - The misinformation he received delayed him receiving his pension from the Fund as well as subsequent pensions. This caused him financial loss.
  - He did not try to move money from his Apec account into his final salary pension. Doing so would have delayed receipt of his final salary pension.
  - In June 2017, he did not choose to have the money from his Apec account transferred to a SIPP of his own accord. He was informed that in order to draw his pension benefits from the Fund, the money in his Apec account would need to be put into the Fund at approximately a 2% return rate or transferred to a SIPP. So, he requested to have the money moved to a SIPP simply to draw his final salary pension in a financially sound way. It was not until September 2017 that he learned that he could receive his final salary pension without moving money out of

his Apec account. If he were given the correct information at the outset, he would have requested that his final salary pension be paid in February 2017.

- The late retirement factor applied to his pension increased his tax liability. He was also unable fully to use his tax allowances for the 2017/2018 financial year.
- He challenged the claim that the record of a residual amount of money in his Apec account was an error.
- He lost time and resources trying to resolve this pension issue. He had to delay making purchases as he was not aware of when he would receive his pension from the Fund. He also experienced social humiliation.

### **Ombudsman's decision**

52. Mr Y complained that he experienced delays and received incorrect information about his pension. He was offered £1,500 for the distress and inconvenience caused by this and he seeks further redress.
53. Mr Y said that the misinformation he received delayed him receiving his pension from the Fund as well as subsequent pensions and this caused him financial loss. He said he lost time and resources trying to resolve the issue and that he had to delay making purchases as he was not aware of when he would receive his pension from the Fund.
54. I do not entirely agree with Mr Y's view that it took over a year to receive his pension from the Fund. While I accept that Mr Y first requested a pension illustration in February 2017, between then and September 2017 Mr Y was establishing his SIPP and transferring his Apec account. He then requested a further pension illustration in October 2017 and specifically asked for the illustration to be supplied after 1 December 2017 so that he could benefit from a bonus that was due to be announced as part of his Apec account. I acknowledge however that Mr Y did receive his pension more than three months later than he requested. In relation to other losses, I have not seen any evidence that Mr Y would have entered into any specific financial transactions at any particular time if not for the delay in receiving his pension from the Fund.
55. Mr Y said he asked to have the money from his Apec account transferred to a SIPP because he was informed by telephone in February 2017 by the Previous Administrator that the money would otherwise have to be put into the Fund at a 2% return rate. He said that if he had not received this misinformation, he would have taken his pension in February 2017. Mr Y was not misinformed in February 2017, rather he was provided with the two options that were available to him at that time. Mr Y chose to transfer his Apec account to his SIPP. Further, he did not have to wait until the transfer was completed in order to take his pension from the Plan but again it was his choice to do so until after December 2017.

56. Mr Y said he suffered financial loss because of the late retirement factor that was applied to his pension which increased his tax liability, and that he also lost the opportunity to fully exhaust his tax allowances for the 2017/2018 financial year. I have not seen any evidence to support this statement, so I cannot hold the Trustee or the Administrator responsible for a loss that is unsubstantiated.
57. Mr Y challenged the claim that the record of a residual amount of money in his Apec account was an error. The Administrator said the funds represented in that record were used to fund Mr Y's pension commencement lump sum in February 2018. I have not seen any evidence giving reason to doubt the integrity of that submission.
58. I find the poor communication and the delays caused by the Administrator amount to maladministration which will have caused Mr Y non-financial injustice. The Administrator failed on more than one occasion to provide Mr Y with consistent, correct information in a timely manner. The Administrator also paid Mr Y's pension later than he requested. It is understandable that this would have caused Mr Y serious distress and inconvenience.
59. However, the effect of the maladministration was short term and I consider that the Respondents took reasonable measures to put matters right:-
- Mr Y requested to receive his pension from the Fund by 15 December 2017; he received it three months later, on 16 March 2018 and it was backdated to 1 January 2018.
  - The pension Mr Y received included a late retirement increase to account for it being paid to him after his normal pension age.
  - The Administrator has apologised to Mr Y for the poor service it provided to him and the Trustee has offered Mr Y £1,500 in recognition of the distress and inconvenience caused.
60. I consider that the £1,500 the Trustee offered Mr Y in recognition of the serious distress and inconvenience, and any connected social humiliation, he experienced, is more than adequate in the circumstances.
61. I do not uphold Mr Y's complaint.

**Anthony Arter CBE**

Deputy Pensions Ombudsman  
5 April 2023