

Ombudsman's Determination

Applicant	Mr R
Scheme	Local Government Pension Scheme (LGPS) - Lancashire County Pension Fund (the Fund)
Respondent	Local Pensions Partnership Administration Ltd (LPPA)

Outcome

1. Mr R's complaint against LPPA is partly upheld.
2. To put matters right, LPPA shall within 21 days of the date of this Determination award Mr R £500 in recognition of the significant non-financial injustice which he has suffered in connection with this matter.

Complaint summary

3. Mr R complained that LPPA provided him with a substandard administrative service for the LGPS. In particular, he said that:-
 - LPPA made mistakes when calculating the benefits available to him from: (a) his additional pension contributions (**APCs**), and (b) the transfer of pension rights from his two former pension schemes into the LGPS.
 - It provided him with an incorrect annual benefit statement showing overstated pension figures calculated as at 31 March 2019.
 - LPPA failed to respond to his enquiries about his benefits and subsequent complaint under the LGPS Internal Dispute Resolution Procedure (**IDRP**) in a timely manner.

Background information, including submissions from the parties

4. The Local Government Pension Scheme Regulations 2013 introduced a Career Average Revalued Earnings (**CARE**) scheme for the LGPS from 1 April 2014. Before that date, the LGPS was a final salary pension scheme.

5. Mr R joined the LGPS on 18 June 2018 through his employment with Preston City Council and accrued pension benefits in the CARE scheme.
6. Mr R transferred his pension rights from two former pension schemes into the LGPS, the details of which are summarised in the table below.

Scheme	Transfer Value (TV)	Date Payment Received	Additional pension purchased in the CARE scheme
Atlas Master Trust ¹	£1,820.77	December 2018	£290.04 per annum
LGPS – Greater Manchester Pension Fund (GMPF)	£9,540.05 ²	October 2018	£1,597.81 per annum

7. On 17 September 2018, LPPA notified Mr R that he was entitled to an additional pension of £310.43 per annum for the transfer from Atlas Master Trust.
8. In its letter dated 15 November 2018, LPPA informed Mr R that he was entitled to an additional pension of £1,551.27 per annum for the inter-fund transfer from GMPF. This figure had been calculated as at 15 October 2017³
9. On 8 February 2019, LPPA informed Mr R that it had used the wrong factors to calculate the additional pension of £310.43 per annum and the correct pension purchased was, in fact, £290.04 per annum.
10. In its letter dated 19 February 2019, LPPA notified Mr R that: (a) it had revalued the additional pension of £1,551.27 per annum, and (b) its value as at 31 March 2018 was £1,597.81 per annum⁴
11. The letter also said that the transfer value received from the Atlas Master Trust was lower than previously quoted and this affected the additional pension available.
12. Mr R paid APCs into the LGPS. He established an APC contract to purchase a pension of £6,822 per annum by paying monthly APCs of £821.68 for four years from

¹ This is a money purchase pension scheme.

² This was a LGPS “inter-fund transfer”.

³ This was shown on a member print enclosed with LPPA’s letter dated 10 October 2019 to Mr R.

⁴ This figure was shown on a member print enclosed with LPPA’s letter dated 10 October 2019 to Mr R.

1 September 2018. Each month, he would accrue extra pension of £142.12 per annum through his APCs during the term of the contract.

13. Mr R chose to end this contract on 1 May 2019 after LPPA informed him that his monthly APCs would be increasing to £1,077.88.
14. Mr R had purchased an additional pension of £1,136.96 per annum (8 x £142.12) in the LGPS through this contract.
15. Mr R decided to set up another APC contract to buy a pension of £5,950 per annum by paying monthly APCs of £950.22 for four years from 1 July 2019. Each month, he would accrue extra pension of £123.96 per annum through his APCs during the term of the contract.
16. Mr R terminated this contract on 1 September 2019 after purchasing an additional pension of £247.92 per annum (2 x £123.96) in the LGPS.
17. LPPA made a mistake when noting this additional pension of £247.92 per annum in Mr R's member record.
18. LPPA recorded that Mr R had purchased extra pension of £63.30 per annum (2 x £31.65). When Mr R pointed this out to LPPA, it rectified its mistake and apologised to him accordingly.
19. In September 2019, Mr R informed LPPA that he had received an annual benefit statement showing that the total pension available to him from the LGPS as at 31 March 2019 was £4,409.13 per annum.
20. Mr R said that, according to his online account, his total pension as at 15 September 2019 was a lower amount of £3,934.12 per annum despite having accrued additional six months' pension and made further APC payments.
21. He asked LPPA to provide full details of how his pension in the LGPS was calculated.
22. In its letter dated 10 October 2019, LPPA informed Mr R that it would investigate the discrepancies between the figures shown on his benefit statement and his online account. It provided Mr R with member prints showing the current value of his accrued benefits in the LGPS including those purchased from his two transfers-in.
23. In its letter dated 3 December 2019 to Mr R, LPPA said that:-
 - The total pension of £4,409.13 per annum shown in section C of the benefit statement was incorrect. It should have been the same as the figure shown in section B for the total pension of £2,811.32 per annum.
 - This mistake was caused by "a system problem".
 - It enclosed a revised benefit statement showing a total pension of £2,811.32 per annum in section C and also saved a copy on his online account.

- Its system provider was aware of the problem and should have fixed it before next year's statements were produced.
24. Mr R was unhappy with this reply because it did not fully explain the differences between the figures shown on his benefit statement and online account.
25. Mr R subsequently made a complaint to LPPA in January 2020.
26. LPPA replied in its letter dated 23 March 2020 as follows:-
- It had carried out a thorough investigation of his member record so that it could provide an accurate and full response to his complaint.
 - It partially upheld his complaint and would like to sincerely apologise for: (a) any distress and inconvenience caused by the substandard service it had provided him, (b) the tardiness of its response, and (c) its failure to previously answer his questions satisfactorily.
27. LPPA also answered the points raised in Mr R's complaint about the figures shown on his benefit statement and his online account. It said that:-
- Annual benefit statements were based on the figures as at 31 March and did not allow for pension increases due from the "new financial year". For example, his statement as at 31 March 2019 did not include details of "the pension increases due to be applied in 2019/20".
 - The total pension available to him from the LGPS as at 31 March 2019 of £4,409.13 per annum shown on the original annual benefit statement was wrong.
 - Following his enquiries, it had sent him a revised statement on 3 December 2019.
 - The mistake was caused by a system error in which his transferred in benefits were not applied correctly. This resulted in an overstatement of his total pension figure.
 - The pension figures shown on his online account did not always match those on his annual benefit statement because they were revalued and updated each month following his employer's monthly submission of payroll data. His online account should always provide him with "the most up to date information".
 - The additional pension available to Mr R from the inter-fund LGPS transfer including the pension increase of 2.4% at the end of March 2019 was £1,636.16 per annum, that is, $1,597.81 \times 1.024 = £1,636.16$.
 - It enclosed a copy of his "CARE Benefit History" so that he could check the figures shown on it and contact LPPA if he had any concerns.

28. LPPA also provided Mr R with further information about the additional pension benefits available from the Atlas Master Trust transfer, his monthly pension contributions and APCS. It referred to the figures shown on the copy of the “CARE Benefit History” when doing this.
29. The current value of additional pension available to Mr R from the Atlas Master Trust transfer including the pension increases of 2.4% and 1.7% at the end of March 2019 and March 2020 respectively was £302.05 per annum, that is, $290.04 \times 1.024 \times 1.017 = £302.05$.
30. The total additional pension purchased from his two APC contracts was £1,384.88 per annum, that is, $1,136.96 + 247.92 = £1,384.88$. The current value of this pension including the pension increases of 2.4% and 1.7% at the end of March 2019 and March 2020 respectively was £1,432.67 per annum.
31. LPPA also said that it had estimated the current value of Mr R’s pension (as at 23 March 2020) to be as follows:

“CARE pension transferred in from GMPF	£1,636.16 ⁵
CARE pension built up in the Fund (including Atlas transfer and APC contracts)	£3,010.32
Total current value of pension	£4,646.48”

32. It would use his feedback to improve its “communications, processes and member experience going forward”.
33. Mr R was dissatisfied with this reply and raised a complaint under the LGPS IDRP.
34. In July 2020, Mr R received an annual benefit statement showing that the total pension available to him from the LGPS as at 31 March 2020 was £4,596.27 per annum⁶
35. In its Stage One IDRP decision letter dated 7 September 2020, LPPA said that:
- It had comprehensively reviewed Mr R’s record. It was satisfied that the information held in it was accurate and provided a true reflection of his benefits in the LGPS.
 - It had let him down as a customer and understood his concerns. It would like to sincerely apologise to him for the poor service it had provided.

⁵ The pension increase due at the end of March 2020 has not been included in this figure.

⁶ Mr R noticed that this figure was around £50 less than what LPPA had said it would be in its letter dated 23 March 2020. Mr R brought this to LPPA’s attention at Stage Two IDRP.

- It would keep his record under review and make sure that the information shown on future annual benefit statements was correct before issuing them to him.
- It would also review its processes to improve its service and to ensure no other members have been similarly affected.

36. Mr R disagreed with this decision and appealed it under Stage Two IDRPs.

37. In its Stage Two IDRPs decision letter dated 30 March 2021, LPPA:

- confirmed that the information shown in Mr R’s member record was correct; and
- provided full details of how the figures shown on the benefit statement as at 31 March 2019 and 31 March 2020 were calculated.

38. LPPA explained that the total pension figure of £4,409.13 per annum shown on the benefit statement as at 31 March 2019 was too high because the “Additional Pension Bought” element of £1,989.71 should have been only £994.91. This represented the additional pension of £142.12 per annum which Mr R had purchased through his APCs for the seven months from 1 September 2018 to 31 March 2019, that is $7 \times £142.12 = £994.91$.

39. LPPA enclosed a revised benefit statement as at 31 March 2019 showing the correct figure for Mr R’s total pension of £3,414.32 per annum with its decision letter. The breakdown of this pension into its components is shown in the table below:

Description	Amount (per annum)
The amount of pension that Mr R accrued in the LGPS from 18/06/18 to 31/03/19	£531.57
The additional pension purchased through his APC contract	£994.91
The additional pension available from his transfer of pension rights from the Atlas Master Trust	£290.04
The additional pension transfer from his inter-fund transfer from the GMPF	£1,597.81
Total	£3,414.33

40. LPPA also provided Mr R with comprehensive details of how it had calculated his total pension as at 31 March 2020 to be £4,596.27 per annum.

41. LPPA said that:

“I appreciate that your loss of confidence in the administration of your pension is as a direct result of our administrative errors, and for this I offer my sincere apologies. I hope that my explanations...and the corrected documentation enclosed, provide you with the reassurance that you need.”

Mr R's position

42. It is unacceptable for LPPA: (a) to provide conflicting and inaccurate information about the benefits available to him from the LGPS in his annual benefit statements and online account, and (b) to discover its mistakes only after he had brought them to its attention.
43. He is concerned about the “discrepancies and inaccuracies” in his member record and that the value of his benefits cannot be established precisely.
44. He no longer has any confidence that the information which LPPA provides him about his LGPS benefits is correct and so cannot plan effectively for his retirement.
45. He would like: (a) his member record independently checked to ensure that it is accurate, and (b) LPPA's “errors and omissions” to be fully and robustly investigated so that they do not occur again.
46. LPPA failed to respond to his enquiries and subsequent complaint in a timely manner and within its own timescales.
47. He has experienced considerable distress and inconvenience dealing with this complaint. LPPA's mistakes have affected both his health and his work. He has spent much time and effort trying to resolve these errors for which he should be compensated by LPPA.

LPPA's position

48. It is willing to offer Mr R an award of £500 in recognition of the non-financial injustice which he has experienced dealing with this matter as a gesture of goodwill.
49. It says that:

“Whilst I accept that administrative errors have occurred, and have since been rectified, I do not accept that Mr R has suffered any financial disadvantage. The initial annual benefit statement overstated his pension benefit due to the errors noted above, however the online figure was more realistic. The provision of pension benefit quotations cannot be a guaranteed figure. Every time someone runs a quotation the results will differ as they are as at that point in time, and dependent on various assumptions and calculation factors.

Mr R has now left Preston City Council and is therefore a deferred member of the Scheme. I am satisfied that his benefits are recorded correctly and have been since 2020.”

Adjudicator's Opinion

50. Mr R's complaint was considered by one of our Adjudicators who concluded further action was required by LPPA. The Adjudicator's findings are summarised in paragraphs 51 to 65 below.
51. There was no doubt from the evidence presented that LPPA had provided Mr R with a substandard level of administrative service for the LGPS.
52. LPPA made many mistakes when calculating the additional benefits available to Mr R from his APCs and the two transfer of pension rights from his former pension schemes into the LGPS. Furthermore, it did not always respond to Mr R's enquiries about his benefits and subsequent complaint under IDRPs in a timely fashion.
53. In the Adjudicator's view, these errors clearly constituted maladministration on the part of LPPA.
54. LPPA had accepted that it should have provided Mr R with a better service and had sincerely apologised to him for its shortcomings in its letters dated 23 March 2020, 7 September 2020 and 30 March 2021.
55. The Pensions Ombudsman's role is to put Mr R, as near as possible, in the position he would have been in had the maladministration not taken place.
56. The Adjudicator noted that when Mr R brought the mistakes to the attention of LPPA, it tried to take appropriate remedial action in order to put things back as they should have been.
57. However, the Adjudicator considered that LPPA had failed to do this in an efficient and timely manner. It was reasonable to expect that LPPA should have rectified these errors without requiring multiple attempts to do so in some cases.
58. In light of the numerous errors made by LPPA, the Adjudicator could understand why Mr R was now sceptical that LPPA could supply him with correct figures for the benefits available to him from the LGPS.
59. However, having carefully studied the calculations provided by LPPA in its Stage Two IDRPs decision letter, the Adjudicator was satisfied that it had replaced the wrong figures in Mr R's member record with the correct ones and calculated the benefits available to him as at 31 March 2019 and 31 March 2020 on the correct basis.
60. Furthermore, the Adjudicator had no reason to doubt LPPA's sincerity that it would:
(a) keep Mr R's record under review to ensure that the information held on it remained correct, and (b) take on board his comments to improve its service so that other members would not have to suffer the distress and inconvenience which he had experienced.
61. Mr R said that he would like his member record independently checked to ensure that it was accurate because he remained dubious that it was free of errors. However, the

Adjudicator was satisfied that LPPA had already carried out an adequate and reasonable review of his record. Moreover, Mr R had not been able to demonstrate why he considered that the calculations and figures shown on the Stage Two IDR decision letter were incorrect.

62. It was consequently the Adjudicator's opinion that subjecting Mr R's record to some sort of independent audit was unnecessary.
63. Although the errors identified above were attributable to LPPA, they had not caused Mr R any actual financial loss. However, it was clear to the Adjudicator that Mr R had suffered significant distress and inconvenience.
64. The Pensions Ombudsman's awards for non-financial injustice are modest and not meant to punish a respondent. During the course of the Adjudicator's investigation, LPPA offered Mr R a goodwill award of £500 in recognition of the non-financial injustice it had caused him in order to try resolving his complaint amicably.
65. In the Adjudicator's view, this award was in line with what the Pensions Ombudsman would likely direct LPPA to pay Mr R if his formal involvement was required.
66. Mr R did not accept the Adjudicator's Opinion and the complaint was passed to me to consider. Mr R provided his further comments which do not change the outcome.
67. Essentially, Mr R said that the distress and inconvenience which he suffered in this matter warranted at least a payment of £1,000 which I could award for serious non-financial injustice when applying the criteria shown in my factsheet entitled "Redress for Non-Financial injustice."
68. I note the additional points raised by Mr R, but I agree with the Adjudicator's Opinion.

Ombudsman's decision

69. The conditions shown in my factsheet entitled "Redress for Non-Financial Injustice" for the various categories of distress and inconvenience are for guidance purposes only. The facts of many complaints will often straddle the criteria between different categories of distress and inconvenience, such as is the case here between the "serious" category and the "significant" category.
70. When deciding whether to direct an award for distress and inconvenience, I assess each case on its facts and merits.
71. Having carefully considered the submissions and evidence, I find that the degree of non-financial injustice which Mr R has suffered is significant enough to merit my minimum award of £500.
72. My awards for non-financial injustice are modest and not intended to punish a respondent.

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73. I consider the sincere apology that Mr R has received and the goodwill award of £500 offered by LPPA during the Adjudicator's investigation to be sufficient.

74. I partly uphold Mr R's complaint.

Directions

75. Within 21 days of the date of this Determination, LPPA shall pay Mr R £500 in recognition of the significant non-financial injustice which he has suffered in connection with this matter.

Dominic Harris

Pensions Ombudsman
31 July 2023