

Ombudsman's Determination

Applicant	Mr N
Scheme	Principal Civil Service Pension Scheme (the Scheme)
Respondent	Cabinet Office

Outcome

1. I do not uphold Mr N's complaint and no further action is required by the Cabinet Office

Complaint summary

2. Mr N complained that he failed to meet a deadline for completing a transfer out of the Scheme, due to issues that were beyond his control. He said MyCSP, the Scheme's administrator, subsequently paid him a refund of contributions instead, causing financial detriment.

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. Part 4ZA of Chapter 2 of the Pension Schemes Act 1993 (**the 1993 Act**) stipulates that:

"101AB (1) On the termination of his pensionable service, a member of an occupational pension scheme acquires a right to whichever one he elects of the following options

- (a) a cash transfer sum;
- (b) a contribution refund.

(2) Subsection (1) is subject to the following provisions of this Chapter.

(3) In this Chapter "cash transfer sum" means, in relation to a member of an occupational pension scheme, the cash equivalent, at the date on which his pensionable service terminates, of the benefits mentioned in section 101AA(4)(b)."

5. With regard to 'Contributions', Section 139 of the Public Service (Civil Servants and Others) Pensions Regulations 2014 (**the 2014 Regulations**), that govern the Scheme stipulates that:-

“(2) All member contributions and payments resulting from the exercise of an option under Schedule 1 (“payments for extra pension”) made by the member in relation to the period of pensionable service are only refundable if—

[...]

(b) the member's pensionable service ceases and

(i) the member has less than 2 years' qualifying service;

(ii) if a transfer payment has been received by this scheme in relation to the member, it was from another occupational pension scheme; and

(iii) the member has not reached normal pension age under this scheme.

(3) If paragraph (2)(b) applies, the member is entitled to be paid an amount equal to the sum of all member contributions and payments for extra pension made by the member, less an amount equal to the income tax ...

(4) If all member contributions and payments for extra pension made by the member are refunded under this regulation, the member's rights under this scheme in relation to the period of pensionable service are extinguished.”

6. On 4 July 2019, Mr N commenced employment with the Department for Work and Pensions (**the Employer**) and joined the Alpha Section of the Scheme (the **Alpha Section**).
7. On 6 January 2020, Mr N left his role with the Employer and his pensionable service under the Scheme ended.
8. On 7 February 2020, MyCSP wrote to Mr N confirming that as he had accrued less than two years of pensionable service, there were two options regarding his benefit entitlements. He could either submit a transfer request or claim a refund of his own contributions.
9. MyCSP also said that the Employer was required to provide a full record of his service and salary details so that an accurate calculation of his benefits could be completed before he could exercise either option.
10. On 3 March 2020, MyCSP wrote to the Employer requesting Mr N's service and salary details.
11. On 5 March 2020, MyCSP received the requested information from the Employer.
12. MyCSP wrote to Mr N confirming that the cash equivalent transfer value (**CETV**) of his benefits was £3,644.18. MyCSP said that Mr N would need to complete and return an options form that was enclosed with the letter to show whether he had decided to claim a refund of contributions or transfer out of the Scheme. With regard to the transfer option MyCSP also said:-

“If we do not hear from you within three months from the date of this letter, we will assume you want a refund. Once a refund is issued, you will not be able to transfer your benefits to another scheme or arrangement.”

13. On 16 March 2020, MyCSP received Mr N's completed options form confirming that he had elected to transfer out of the Scheme to Sun Life Canada.
14. On 30 March 2020, MyCSP wrote to Mr N and said:-
 - He would only be allowed to transfer to a UK registered pension scheme or a pension scheme on HM Revenue & Customs Recognised Overseas Pension Schemes (**ROPS**) list.
 - Sun Life Canada was not on the ROPS list so the requested transfer could not proceed; an alternative receiving scheme would need to be proposed.
15. On 6 April 2020, Mr N wrote to MyCSP and said that Sun Life Canada was a UK registered pension scheme.
16. On 28 April 2020, MyCSP wrote to Mr N and provided a transfer pack including transfer discharge forms and said:-
 - Mr N needed to submit the transfer pack to Sun Life Canada for completion of the transfer discharge forms and then return them. Sun Life Canada should in turn send him any forms it needed to be completed before the transfer could be processed.
 - If no response was received from either Mr N or Sun Life Canada within three months of the date of the letter, a refund of contributions would be paid and a transfer would not be permitted.
17. On 26 October 2020, Mr N emailed MyCSP asking for an update on the transfer.
18. On 28 October 2020, MyCSP emailed Mr N and said that no transfer discharge forms had been received from Sun Life Canada. So, it had not been possible to process the transfer. MyCSP said that Mr N would need to contact Sun Life Canada to chase the documentation or clarify whether a further transfer pack was required.
19. On 3 February 2021, MyCSP emailed Mr N and said he should clarify whether he still wished to proceed with the transfer. MyCSP said that if no response was received within a month, a refund of contributions would be paid by cheque and a transfer would then no longer be possible.
20. Mr N emailed MyCSP and confirmed that he would like to proceed with the transfer and that he had asked Sun Life Canada to accept the transfer. Mr N also said that MyCSP should send a transfer discharge form directly to Sun Life Canada.
21. On 17 February 2021, MyCSP emailed Mr N and said:-

- He had previously been sent a transfer pack on 28 April 2020 and informed that there was a three-month deadline for completing a transfer.
 - It was his responsibility to progress the transfer by contacting Sun Life Canada directly. MyCSP would deal with any documentation received but not actively chase for a response.
 - If no progress had been made in completing the transfer by 17 March 2021, a refund of contributions would be processed and a cheque posted to his home address.
22. On 18 February 2021, Mr N emailed MyCSP and said, he had not received a transfer pack, it may have got lost in the post.
23. MyCSP emailed Mr N and said that he should check whether Sun Life Canada had received his transfer pack then clarify the situation so that a further pack could be sent if necessary. MyCSP said that a refund of contributions would be processed if no update on the transfer had been provided by 18 March 2021.
24. On 19 February 2021, Mr N emailed MyCSP and said he would contact Sun Life Canada for an update regarding the 'original' transfer pack he had forwarded, no 'second' transfer pack had been received from MyCSP.
25. MyCSP emailed Mr N and said:-
- A transfer pack had been sent to him on 28 April 2020 and there was no 'second' transfer pack. He was subsequently asked to contact Sun Life Canada on 28 October 2020 and check whether it had received the transfer pack from him. Since that time there had been no request for another transfer pack.
 - Other pension providers were under no obligation to accept a transfer. So, he might need to consider an alternative receiving scheme. He should also contact Sun Life Canada as soon as possible to check on the status of the transfer and clarify the situation.
26. On 19 March 2021, MyCSP emailed Mr N and confirmed that there had been no update or progress on the transfer. MyCSP said that if this remained the case one month from the date of the email, a refund of contributions would be processed, and a transfer would not be possible.
27. Mr N emailed MyCSP and said that he had contacted Kent County Council regarding another pension arrangement to check whether it would accept the transfer. Mr N said that MyCSP should await an update on the matter.
28. MyCSP emailed Mr N in response asking for clarification as to whether he was currently employed by Kent County Council and also said:-

- MyCSP was required to extinguish his benefits under the Scheme without delay in the absence of a valid transfer acceptance. A new pension provider had no obligation to accept the transfer.
 - A refund of contributions would be processed if no receiving scheme had made contact by 19 April 2021.
29. On 11 May 2021, MyCSP wrote to Mr N and said that arrangements had been made to refund his contributions, which meant he no longer held benefits in the Scheme, and a transfer would not be possible.
30. On 27 July 2021, Mr N emailed MyCSP and said:-
- He had previously tried to progress the transfer to Sun Life Canada but it refused to accept the transfer, and he had not received 'the second transfer pack' from MyCSP.
 - A cheque for £436.47 to refund his contributions had been sent, despite the fact that he had accrued benefits of £3,677 under the Scheme.
 - The refund of contributions had "decimated" his benefit entitlements; this "confiscation" of funds was unacceptable.
31. On 4 August 2021, MyCSP emailed Mr N and said the email dated 19 March 2021 confirmed that a refund of contributions would be paid if no response had been received within a month, or by 19 April 2021. MyCSP said that Mr N failed to comply with this requirement, resulting in the refund of contributions cheque being sent to him.
32. On 20 August 2021, Mr N emailed MyCSP requesting a transfer to Aviva and in response MyCSP confirmed that a refund of contributions had correctly been paid. So, it would no longer be possible to complete a transfer.
33. On 25 September 2021, Mr N complained under stage one of the Scheme's Internal Dispute Resolution Procedure (**IDRP**) and said:-
- Having received a CETV quotation of £3,644.18 from MyCSP in March 2020, he attempted to complete a transfer out of the Scheme to two other providers. However, both of the proposed transfers were rejected.
 - He subsequently found a third pension provider that was willing to accept the transfer, but instead, received a refund of his own contributions totalling only £436.47.
 - The transfer process was adversely affected by the COVID-19 crisis but before receiving a refund of contributions, he had written to MyCSP confirming that he did not wish to take that option.
34. On 22 October 2021, MyCSP wrote to Mr N in response and said:-

- When a member left the Scheme, having accrued less than two years of pensionable service, it was possible to transfer out or claim a refund of contributions.
 - There were strict time limits involved in completing a transfer out of the Scheme because it was not permissible to retain notional benefits for an indefinite period when there was no actual pension entitlement.
 - He had been made aware of the timescales for completing a transfer on several occasions and there was no maladministration or miscommunication by MyCSP. The onus was on a member to ensure that appropriate action was taken within the permitted timescales.
 - No transfer discharge form was received from another provider despite several chasers having been sent to him. So, a refund of contributions was correctly paid.
 - A transfer was no longer possible since he no longer retained any benefits in the Scheme.
35. On 15 November 2021, Mr N appealed under stage two of the IDRP and said that he would return the cheque he had received to refund his own contributions; it had in any case expired and was invalid.
36. On 4 April 2022, the Cabinet Office, the Scheme's manager, wrote to Mr N reiterating the information previously provided in MyCSP's letter dated 22 October 2021 and said:-
- He had initially been advised in April 2020 that there would be a three-month time limit for completing a transfer. Despite this warning, he was subsequently allowed almost a year to complete a transfer.
 - There would have been some delays that were outside of his control. However, MyCSP had told him that he may need to find another provider that would accept the transfer. The COVID-19 crisis did not cause all of the delays. MyCSP should send a further cheque to refund his contributions.

Mr N's position

37. Transfer discharge forms were provided by MyCSP that he subsequently sent to Sun Life Canada. However, there was a lengthy delay before Sun Life Canada confirmed that the proposed transfer had been rejected.
38. He subsequently contacted Kent County Council to ask whether it would accept the transfer. It is unclear why there was no progress in that regard. However, the transfer enquiry could have been lost by either Royal Mail or Kent County Council.
39. He had asked MyCSP for additional time in which to complete a transfer to Aviva before receiving a refund of contributions. He was also not at fault for delays in the

transfer process caused initially by Sun Life Canada, and subsequently by either Royal Mail or Kent County Council.

The Cabinet Office's position

40. There was no delay in MyCSP informing Mr N that his request for a transfer to Kent County Council had been rejected. Mr N informed MyCSP on 19 March 2021 that he had asked Kent County Council if it would accept the transfer. At that time, he had not actually made a transfer request.
41. MyCSP responded promptly to Mr N's enquiry of 19 March 2021 by asking if he was currently employed with Kent County Council. MyCSP also confirmed that there was a one-month limit to progress the transfer. However, Mr N did not contact MyCSP again until May 2021.
42. MyCSP made reasonable attempts to facilitate Mr N's transfer. He had almost a year to progress it after a transfer pack was sent to him in April 2020. Since the transfer had not suitably progressed during that time, MyCSP appropriately sent Mr N a refund of contributions cheque for £436.47 in May 2021 as provided for under the Scheme Regulations. That cheque and a second refund of contributions cheque sent to Mr N in April 2022 had not been cashed.

Adjudicator's Opinion

43. Mr N's complaint was considered by one of our Adjudicators who concluded that no further was required by the Cabinet Office. The Adjudicator's findings are summarised below:-
 - MyCSP first told Mr N that there was a three-month deadline for completing a transfer on 5 March 2020. After MyCSP's subsequent enquiry on 30 March 2020 regarding whether Sun Life Canada was an overseas provider, the deadline for completing a transfer was extended to three months from MyCSP's letter dated 28 April 2020. However, it was not until 26 October 2020 that Mr N subsequently contacted MyCSP for an update on the transfer.
 - MyCSP responded on 28 October 2020 and said that it had not been possible to process the transfer since Sun Life Canada had not submitted a completed transfer discharge form. So, Mr N needed to chase Sun Life Canada for this documentation. MyCSP's email of 28 April 2020 had also previously explained the requirement for Mr N to send his transfer discharge form to Sun Life Canada for completion and return.
 - MyCSP subsequently emailed Mr N on 3 February 2021, having received no response. MyCSP said Mr N should clarify whether he still wished to proceed with the transfer within a month, or a refund of contributions would be paid by cheque, and no transfer would then be possible. In response, Mr N said that MyCSP

should send a transfer pack directly to Sun Life Canada, despite the instructions that had been provided in the email dated 28 April 2020.

- During February 2021 a further series of emails were exchanged between MyCSP and Mr N in which MyCSP confirmed that it was Mr N's responsibility to chase Sun Life Canada regarding his transfer discharge form. Ultimately, MyCSP also said that a refund of contributions would be processed if no update on the transfer had been provided by a new deadline of 18 March 2021.
- Mr N emailed MyCSP in response to its email dated 18 March 2021 to confirm that he would contact Sun Life Canada. However, MyCSP received no further response from either Mr N or Sun Life Canada. So, MyCSP emailed Mr N on 19 March 2021, and said that if this remained the case then one month from the date of the email, a refund of contributions would be processed and a transfer would not then be possible.
- Mr N emailed MyCSP in response to its email of 19 March 2021 to request further time in which to complete a transfer as he had contacted Kent County Council regarding a possible transfer. By this time there had already been several extensions to the three month-deadline. Nonetheless, MyCSP extended the deadline again and said that a refund of contributions would be paid if no receiving scheme had made contact by 19 April 2021.
- There is no evidence of any urgency on the part of Mr N in responding to any of the numerous deadlines that MyCSP set for him to satisfactorily progress a transfer. So, in the Adjudicator's view MyCSP acted correctly in sending Mr N a refund of contributions as no receiving provider had contacted it by the extended deadline of 19 April 2021.
- MyCSP had allowed Mr N almost a year in which to satisfactorily progress a transfer. Even allowing for the COVID-19 crisis, this ought to have been sufficient time for Mr N to establish whether Sun Life Canada, Kent County Council, Aviva, or any other suitable pension provider would accept the transfer.
- MyCSP had told Mr N on 19 February 2021 and 19 March 2021, that no provider was obliged to accept the transfer. It was then for Mr N to progress a transfer to a suitable provider by 19 April 2021. He needed to act promptly in that regard, and clearly before MyCSP confirmed that a refund of contributions would be made in May 2021, as provided for under the 2014 Regulations. In the Adjudicator's opinion MyCSP cannot be held responsible for Mr N's failure to take the necessary actions required.
- In the Adjudicator's view there was no requirement for the Cabinet Office to consider the transfer provision under the 1993 Act indefinitely. So, the Cabinet Office has correctly concluded that there was no requirement to reinstate Mr N's benefits in the Scheme and permit him to transfer out. Mr N should contact MyCSP if he would now like to accept a refund of contributions.

44. The Cabinet Office accepted the Adjudicator's Opinion, Mr N did not, and the complaint was passed to me to consider. Mr N provided his further comments which do not change the outcome. I agree with the Adjudicator's Opinion and note the additional points raised by Mr N.

Mr N's additional comments

45. He contacted MyCSP within three months of its email dated 5 March 2020 and confirmed that he would like a transfer to Sun Life Canada. As far as he was aware the transfer was then completed since neither MyCSP nor Sun Life Canada subsequently contacted him to say that this was not the case.
46. He did not receive MyCSP's email dated 28 October 2020, which stated that it had not been possible to complete the transfer, and that he needed to contact Sun Life Canada to chase the completion and return of a transfer discharge form.
47. During his employment with DWP, he was told that there would be a 12-month time limit for completing a transfer rather than three months. If this is not the case then DWP had provided him with misinformation. Three months was, in any case, insufficient time in which to arrange a transfer.
48. Aviva was prepared to accept the transfer 'within the year long time limit' that was originally allowed. There should not have been a three-month deadline due to the COVID-19 crisis.
49. The COVID-19 crisis significantly delayed the process and MyCSP contributed to the delay by initially stating incorrectly that Sun Life Canada was not on HM Revenue & Customs ROPS list.

Ombudsman's decision

50. Mr N complained that he failed to meet a deadline for completing a transfer out of the Scheme, due to issues that were beyond his control.
51. I accept that Mr N contacted MyCSP within three months of receiving its letter dated 5 March 2020, since he submitted an options form on 16 March 2020, having elected to transfer to Sun Life Canada. However, the fact that he emailed MyCSP on 26 October 2020, asking for an update on the transfer does not support his position that he considered that the transfer had been completed. Mr N ought to have followed up his email of 26 October 2020 promptly if he did not receive a response, but there is no evidence of him doing so.
52. Mr N should also have been aware that there was limited time in which to complete a transfer since MyCSP's letter of 5 March 2020 had stated that there was a three-month deadline. MyCSP subsequently extended the deadline to 28 July 2020, in the email dated 28 April 2020, having previously incorrectly stated that it would not be permissible for Mr N to complete the proposed transfer to Sun Life Canada. I find that

this was a prudent decision on MyCSP's part which meant that there was no disadvantage caused to Mr N by the initial error.

53. By the time Mr N contacted MyCSP on 20 August 2021, requesting a transfer to Aviva, subsequent deadlines had also been exceeded and more than a year had passed since MyCSP sent Mr N the email of 5 March 2020, confirming the initial three-month time limit for submitting a transfer request. I find that there was no requirement for the Cabinet Office to consider the transfer to Aviva or leave the transfer provision under the 1993 Act open.
54. Mr N has provided no evidence in support of his assertion that DWP had informed him that there was a 12-month time limit for completing a transfer or that he questioned the three-month deadline set by MyCSP. But in any event, Mr N was not in a position to affect the transfer within 12 months so that point is moot. While the COVID-19 crisis may have caused some delays, this would not have precluded Mr N from progressing a transfer successfully. He could have acted with urgency and diligence in response to the guidance and numerous generously extended deadlines provided by MyCSP.
55. I find that the Cabinet Office cannot be held responsible for Mr N's failure to effect a transfer, or for any other provider's reluctance to accept a transfer. There is no evidence of maladministration by MyCSP, on behalf of the Cabinet Office, causing Mr N financial detriment. Mr N should contact MyCSP if he would now like to accept a refund of his own contributions.
56. I do not uphold Mr N's complaint.

Anthony Arter CBE

Deputy Pensions Ombudsman

29 August 2024