

Ombudsman's Determination

Applicant	Mr E
Scheme	TIE UK Limited Retirement Fund (the Fund)
Respondents	BESTrustees (the Trustees) Aon Solutions UK Limited (Aon) Toyota Material Handling UK Limited (the Employer)

Outcome

1. I do not uphold Mr E's complaint, and no further action is required by the Trustees, Aon or the Employer.

Complaint summary

2. Mr E's complaint concerns the provision of an incorrect retirement quotation he was sent by Aon in September 2021.

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. Between 1 November 1998 and 5 June 2003, Mr E was a member of the Fund, a defined benefit occupational arrangement, administered by Aon. Mr E's normal retirement age (**NRA**) under the Fund was 65, which he reached in August 2020.
5. On 20 May 2020, Aon sent Mr E a retirement quotation for his Fund benefits. At his NRA, in August 2020, he was eligible to receive a yearly pension of £5,476.80, or he could claim a maximum tax-free cash lump sum of £21,819.04, with a reduced annual pension of £3,272.86.
6. In August 2020, Mr E told Aon that he wished to defer claiming his Fund benefits until August 2021, when he turned 66. He said it should send him a retirement quotation prior to this date.

7. On 19 March 2021, Aon sent Mr E a retirement quotation which explained that the current value of his yearly pension was £6,508.21.
8. On 15 September 2021, Mr E contacted Aon as he had not yet received a retirement quotation for claiming his benefits in August 2021.
9. On 16 September 2021, Aon sent Mr E a retirement illustration, for an annual pension of £5,827, based on an effective date in August 2021 (**the Quotation**). Alternatively, he could claim a tax-free lump sum of £22,627.97 with a reduced annual pension of £3,394.20.
10. In response, Mr E queried the figures he received as he believed that his annual pension should have been nearer to £6,500, increased up to £6,860 due to the inclusion of a late retirement uplift. Aon explained that the Quotation was correct; however, Mr E was unsatisfied with Aon's response and asked for a breakdown of how the figures had been calculated.
11. Between 6 and 27 October 2021, Mr E emailed Aon four times as he had not heard from it since 16 September 2021. He had completed and returned the necessary declaration forms to claim his pension from August 2021, however, he was yet to receive any payments.
12. On 1 November 2021, Aon telephoned Mr E to discuss the calculation of his Fund benefits. Mr E followed up the telephone call with an email summarising what he discussed with the Aon representative.
13. On 2 November 2021, Aon provided Mr E an amended quotation, and explained that his recalculated entitlement was an annual pension of £6,508.21, uplifted by a factor of 1.064 (for late retirement) to £6,924.85.
14. In response, Mr E asked Aon to confirm that his pension would be backdated to August 2021. He said that he should be provided with compensation in recognition of the distress and inconvenience he suffered due to Aon's errors.
15. On 6 November 2021, Mr E chased Aon for a response to his email of 2 November 2021.
16. On 10 November 2021, Aon responded to Mr E and explained:-
 - If his pension was effective from August 2021, his annual pension would have been £6,924.96. On 4 December 2021, he could receive an arrears payment of £1,845.07, which was comprised of the payments he should have received since August 2021.
 - As it had been more than two months since his selected retirement date of August 2021, he could choose to have his pension effective from October 2021. In doing so:

- he would be due an additional two months of late retirement uplift; however, his pension would not be backdated to August 2021;
 - his annual pension would be increased from £6,924.96 to £6,996.48; and
 - on 4 December 2021, he would receive an arrears lump sum of £698.05.
- He should confirm whether he wanted his pension to be effective from August or October 2021.
17. In response, Mr E said that he wished for his pension to be effective from August 2021.
18. On 17 December 2021, Aon apologised for the incorrect calculation of Mr E's pension, and for the service he had received. It offered him £100 in recognition of any distress and inconvenience he suffered.
19. On 10 January 2022, Mr E emailed Aon and said that its response did not sufficiently convey, or recognise, the seriousness of its error in calculating his pension. If he accepted the figures provided on 16 September 2021, he could have incurred a loss of £25,000 over his lifetime. He had to contact Aon on a number of occasions about the Quotation. The service he had received was unacceptable and had caused him distress and inconvenience which he should be compensated for.
20. On 18 February 2022, Aon informed Mr E that its letter of 17 December 2021 was its final response on the matter. However, he was free to ask for his complaint to be investigated under the Fund's Internal Dispute Resolution Procedure (**IDRP**).
21. On 8 March 2022, Mr E asked for his complaint to be considered under the Fund's IDRP.
22. On 5 July 2022, the Secretary to the Trustees provided its IDRP response and said that Mr E's complaint had been considered by the Trustees and explained that:-
- The Quotation was incorrectly calculated due to a human error in a figure being incorrectly transposed.
 - The Trustees apologised for the error in the Quotation, and for the service that he had received from Aon thereafter.
 - The Trustees were working with Aon to help mitigate the risk of any similar errors occurring in the future and to ensure that Aon's response times were in line with the agreed service level agreement.
 - It was accepted that Aon's service fell short of what the Trustees would normally expect. However, the error in calculating the Quotation had not resulted in a financial loss.
 - The Trustees increased the offer of £100 to £500 in recognition of the distress and inconvenience Mr E had suffered.

23. On 7 July 2022, Mr E emailed Aon and said that the offer of £500 did not adequately address the level of distress and inconvenience he had suffered. Aon should consider increasing the offer.
24. On 7 July 2022, Mr E emailed the Employer to outline his dissatisfaction with Aon and the Trustees. Upon receipt of Mr E's email, the Employer referred the matter onto the Trustees.
25. Between July 2022 and August 2022, Mr E corresponded with the Trustees about increasing the offer of £500. The Trustees apologised for any inconvenience Mr E suffered; however, they did not agree that it merited an award in excess of £500.
26. On 3 August 2022, Aon contacted Mr E and explained that, in order to bring about a final resolution to his complaint, it was prepared to increase the offer to £577.08. This was equal to the value of his monthly pension.
27. On 2 September 2022, the Trustees agreed that it would pay Mr E £500, this was in addition to the sum of £577.08 that Aon had offered Mr E. In total, if he accepted the offers from the Trustees and Aon he would receive £1,077.08. This represented the final offer from both parties.
28. Between August 2022 and November 2022, Mr E continued in extensive correspondence with the Trustees, the Employer, and Aon. He expressed his continued disappointment and frustration that the compensation did not adequately reflect the distress and inconvenience he suffered and that it should be increased. He reiterated, on a number of occasions, that if the error in calculating his pension was not corrected he would have suffered a loss of over £1,000 a year, and a total loss of £25,000 over his lifetime.

Adjudicator's Opinion

29. Mr E's complaint was considered by one of our Adjudicators who concluded that no further action was required by the Trustees, Aon, or the Employer. The Adjudicator's findings are summarised below:-
 - The Adjudicator's view was that the error in calculating Mr E's benefits amounted to maladministration. The normal course of action in instances of maladministration was to return Mr E to the position he would have been in if not for the error. However, the Adjudicator was satisfied that Aon took the necessary steps to correct its errors on 2 November 2021, when it informed Mr E of the correct position.
 - Aon provided Mr E with two options for how to claim his pension, which were:
 - accept an annual pension of £6,924.85, effective from August 2021, with an arrears payment of £1,845.07; or

- accept an annual pension of £6,996.48, effective from October 2021, with an additional two months of late retirement up lift, but with an arrears payment of £698.05.
 - Mr E chose a pension of £6,924.85, effective from August 2021, with an arrears sum of £1,845.07, paid to him on 4 December 2021. There was no evidence to suggest that Mr E was not in receipt of his correct entitlement. Consequently, upon the payment of his pension, the affect of Aon's errors were corrected.
 - The Adjudicator also considered whether or not there were any additional instances of maladministration, on the part of Aon, with regard to the service Mr E received. It took from 16 September 2021 to 2 November 2021 for Aon to respond to Mr E's queries regarding the Quotation. During this time, Aon did not respond to any of Mr E's communications. This amounted to another example of maladministration and would likely have compounded any distress and inconvenience Mr E had already suffered.
 - Mr E believed that if he did not notice the error in his benefits, he would have suffered a potential loss of £1,000 a year. He also said that, over his life time, he would have suffered a loss of up to £25,000. The Adjudicator did not agree with Mr E's comments as the loss that Mr E quoted was a hypothetical loss from a scenario that did not occur.
 - The maladministration, on the part of Aon, was rectified within a relatively short time frame, and there was no financial loss to consider. An award of £1,077.08 had been offered to Mr E, which if he wished to accept he should contact Aon.
30. Mr E did not accept the Adjudicator's Opinion, and the complaint was passed to me to consider. Mr E provided his further comments which did not change the outcome. I agree with the Adjudicator's Opinion and note the additional points raised by Mr E, which are summarised below:-
- He contacted Aon on four occasions with his concerns that there was an error in the calculation of his entitlement under the Fund. It was not until 2 November 2021, that Aon conceded that there was an error in its own calculations.
 - It took a further four attempts for Aon, and the Trustees, to consider paying him an amount in recognition of the distress and inconvenience he suffered due to their actions. He did not agree that £1,077.08 sufficiently recognised the stress, anxiety, frustration and inconvenience he suffered.
 - He believed that Aon's actions amounted to incompetence as opposed to maladministration. This, in his view, caused far more work for him in having to pursue Aon and the Trustees about the error and his request for sufficient compensation.

Ombudsman's decision

31. I have reviewed the substantive elements of Mr E's complaint, and I agree with the view, and outcome, reached by the Adjudicator.
32. When there are instances of identified maladministration, the first thing that I am required to do is to assess whether or not any steps have been taken to correct the error. Thereafter, I need to consider if the member has been placed back into the position they would have been in, if not for the error, based upon any remedial actions taken.
33. In Mr E's case, I appreciate that he contacted Aon on a number of occasions before it was accepted that there was an error in its calculation. However, as of 2 November 2021, Mr E was provided with his actual entitlement under the Fund, which went into payment in December 2021. There is nothing to suggest that the benefit Mr E is in receipt of is incorrect.
34. Furthermore, there were no negative financial consequences, or even a loss of expectation, as the error understated Mr E's benefits as opposed to overstating them. The error was also spotted before his benefits went into payment, so there is no financial loss to consider. I am therefore satisfied that Mr E is in the correct position and there is nothing further to consider.
35. I note that Mr E does not believe that the offer of £1,077.08 sufficiently recognised the distress and inconvenience he suffered. I appreciate when an individual retires and claims their benefits, the process of doing so should be as seamless as possible. As is clear, this was not the case for Mr E, and it is understandable that this will have caused him a level of distress that should be recognised.
36. I understand that Mr E did pursue Aon and the Trustees for an increase of the initial offer from £100 to £1,077.08. I find that the sum of £1,077.08 more than generously recognises the distress and inconvenience he suffered. If Mr E wishes to accept Aon's and the Trustees' offers he should contact them direct.
37. I do not uphold Mr E's complaint.

Anthony Arter CBE

Deputy Pensions Ombudsman

29 October 2024