

Ombudsman's Determination

Applicant	Mr P
Scheme	Interserve Pension Scheme (the Scheme)
Respondent	Interserve Trustees Limited (Interserve)

Outcome

1. I do not uphold Mr P's complaint and no further action is required by Interserve.
2. My reasons for reaching this decision are explained in more detail below.

Complaint summary

3. Mr P's complaint is that Interserve issued an incorrect transfer value. He also says Interserve delayed unreasonably when processing a transfer request, resulting in financial loss.

Background information, including submissions from the parties

4. In April 2015, Interserve wrote to Mr P about the forthcoming introduction of new pension flexibilities. In the letter, it noted that Mr P had a defined benefit arrangement, and that as such, should he wish to take advantage of the new flexibilities, he would need to transfer his benefits to a defined contribution scheme. In response, Mr P asked Interserve to send him a transfer value quotation.
5. Interserve issued the quotation on 29 May 2015. The transfer value was £206,510.71.
6. On 17 September 2015, Mr P's financial adviser instructed Interserve to transfer his pension benefits to Aviva. Interserve's agent, Workplace Solutions, issued the required online transfer paperwork to Aviva on the same date.
7. Interserve received the completed transfer paperwork from Aviva on 2 October 2015.
8. However, while reviewing the transfer documentation, Interserve identified an actuarial error with respect to the transfer value calculation. The correct transfer value, as at 29 May 2015, was £190,655.12.

9. Interserve wrote to Mr P on 22 October 2015, notifying him of its error and apologising. Interserve explained that it had recalculated the transfer value as at 15 October 2015, which gave a transfer value of £194,093.50. Interserve added that, in light of the error, Mr P could reconsider his decision to transfer his benefits out of the Scheme.
10. Mr P decided to proceed with the transfer, which was completed on 20 November 2015.
11. Mr P complained to Interserve on 18 January 2016. He submitted that Interserve's maladministration with regard to the transfer value calculation delayed the completion of the transfer request, leading to loss of investment growth.
12. Interserve issued its response on 24 March 2016. It accepted that it had sent an actuarially incorrect transfer value quotation to Mr P on 29 May 2015, but noted that the letter accompanying the incorrect quotation said an error with a quotation did not entitle a member to the incorrect benefits. As such, Mr P was not due any further monies.
13. With regard to the possible loss of opportunity for investment growth, Interserve noted that it received the online application form to transfer the pension benefits from Mr P's financial adviser on 21 September 2015 and requested the necessary discharge documentation from Aviva on the same day. The completed forms were received back from Aviva on 2 October 2015. In line with its service standards of a five working day turnaround, had the quotation issued on 29 May 2015 given a correct transfer value, the fund would have been transferred to Aviva on 9 October 2015 and the monies would have been available for investment in Mr P's selected fund on 13 October 2015. Interserve produced calculations comparing the position Mr P would have been in if the correct transfer value of £190,655.12 had been invested on 13 October 2015 with the position he was actually in.
14. These calculations showed that a transfer value of £190,655.12, invested on 13 October 2015, would have purchased 135,861.98 units at a unit price of 1.4033. On the other hand, the actual transfer value of £194,093.50, invested on 20 November 2015, purchased 136,100.90 units at a unit price of 1.4261. As such, more units were purchased on 20 November 2015 than would have been purchased on 13 October 2015. As a result, the delay had not caused Mr P to be left out of pocket.
15. Interserve offered to pay Mr P £1,000 for the distress and inconvenience caused by its maladministration.
16. Mr P remained dissatisfied and referred the complaint to our Service.

Adjudicator's Opinion

17. Mr P's complaint was considered by one of our Adjudicators who concluded that no further action was required by Interserve. The Adjudicator's findings are summarised briefly below.
- Whilst the provision of the incorrect transfer value quotation constituted maladministration, Mr P is only entitled to receive benefits that he is entitled to.
 - Interserve gave Mr P the opportunity to revoke the transfer request and he decided to proceed with the transfer, in the full knowledge that the transfer value was less than that provided on 29 May 2015.
 - As a result of the delay, Mr P was able to purchase more investment units than he would have been able to buy if there had been no delay. As such, he suffered no financial loss as a result of Interserve's maladministration.
 - Interserve offered to pay Mr P compensation of £1,000 for the distress and inconvenience caused by its maladministration, which was in excess of what the Adjudicator would have asked it to pay.
18. Mr P did not accept the Adjudicator's Opinion and the complaint was passed to me to consider. Mr P provided his further comments which do not change the outcome. I agree with the Adjudicator's Opinion, summarised above, and I will therefore only respond to the key points made by Mr P for completeness. In summary, these are:
- whilst the transfer paperwork from Aviva is date stamped 2 October 2015, this could have been added to the documents at any time;
 - previous correspondence to Interserve has been confirmed as having been received two days after the postage date; and
 - Interserve accepts there were unreasonable delays and the £1000 distress and inconvenience payment offered is insufficient to compensate him for the loss of investment growth and distress and inconvenience caused.

Ombudsman's decision

19. It is not disputed that the transfer value quotation Interserve issued on 29 May 2015 was actuarially incorrect. Whilst this constitutes maladministration, an incorrect quotation does not generally mean that a member should receive benefits they are not actually entitled to, unless there is persuasive evidence of actual financial loss. I note that Interserve explicitly made this point to Mr P in the letter accompanying the incorrect quotation, which said:

"Every effort has been made to ensure that this personalised statement is as accurate as possible. However, if any of the benefits are incorrectly shown, or if there are any discrepancies between the information contained in the

statement and the legal documents governing the Scheme, the true benefit entitlement and the Trust Deed and Rules will apply.”

20. In light of this, I conclude that Interserve made sufficient efforts to make Mr P aware that he would not be entitled to an incorrect transfer value.
21. The issue for me to determine is what financial loss, if any, Mr P has suffered as a consequence of Interserve’s maladministration. Where a pension scheme administrator issues an incorrect quotation, I consider whether there is evidence that the member would have acted differently but for the maladministration – i.e. have they been prejudiced by the administrator’s error. I note that Interserve notified Mr P of the actuarial error, provided him with the correct transfer value and gave him the opportunity to reconsider his decision to transfer his benefits to Aviva. Mr P instructed Interserve to proceed with the transfer, in full knowledge of the correct (lower) transfer value. This establishes that Mr P was not prejudiced by Interserve’s maladministration.
22. Mr P says he missed out on an opportunity for investment growth due to the delay which Interserve’s need to make him aware of the actuarial error caused. Interserve considered this aspect of his complaint sympathetically, by comparing the position he would have been in financially if the correct transfer value had been invested on 13 October 2015 (in line with its service standards), with the position he was actually in. This exercise revealed that Mr P was able to purchase more units on 20 November 2015 than would have been the case on 13 October 2015. Accordingly, I conclude that Mr P experienced no financial loss as a result of Interserve’s maladministration. What he suffered was loss of expectation.
23. I have considered the points Mr P made in his response to the Adjudicator’s Opinion and note that he disputes the validity of the date stamp placed on Aviva’s correspondence to Interserve enclosing the transfer documents. He also notes that previous correspondence sent to Interserve has been received within two days. With regard to these submissions, unless there is compelling evidence to the contrary, I accept that all parties to the investigation are acting in good faith. I find that in this case, there is no such evidence and so, on the balance of probability, I accept that the documents were date stamped as received on 2 October 2015.
24. Turning to the distress and inconvenience caused to Mr P by the maladministration, I note that Interserve has offered compensation of £1,000 in recognition of this. That constitutes a significant award, which is in excess of what I would have instructed Interserve to pay in this case.
25. Therefore, I do not uphold Mr P’s complaint.

Anthony Arter
Pensions Ombudsman
31 January 2017