

## Ombudsman's Determination

Applicant	Mrs M on behalf of the estate of Mr M
Scheme	Babcock International Group Pension Scheme ( <b>the Scheme</b> )
Respondents	Aon Hewitt Limited ( <b>Aon</b> ), Babcock Pension Trust Limited ( <b>Babcock</b> )

## Outcome

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

## Complaint summary

3. Mrs M has complained that her late husband Mr M received incorrect information from Aon about the form of authority it required to disclose his Scheme benefits to other parties, and Aon also delayed in dealing with the request for his cash equivalent transfer value (CETV) and lump sum values.

## Background information, including submissions from the parties

4. Mr M was a deferred member of the Scheme, having left Babcock Group's employment due to redundancy in 1994. He was firstly diagnosed with cancer in June 2012. In February 2013 he was told that the cancer had spread and was inoperable.
5. Mr M consulted a financial advisor and on 14 May 2013 he emailed Aon, at that time the administrator of the Scheme, to confirm that he was happy for Aon to supply any information requested regarding his Scheme benefits to his wife Mrs M or his financial advisor.
6. On 5 June 2013, Aon wrote to Mr M to ask him to provide a written letter of authority as it said it required a signature and was unable to accept an email authority. Aon confirmed it had received a request from Mr M's financial advisor for details of the death benefits that would be payable if Mr M passed away whilst a deferred member, and for a copy of the Scheme booklet. Aon confirmed that the benefits payable on death would be a spouse's pension of one half of Mr M's pension at the date of his death. Aon also enclosed a copy of the Scheme booklet.

7. All parties have agreed that Mr M's advisors informed Aon that Mr M had a terminal illness on or around 7 June 2013. Aon wrote again to Mr M on 7 June 2013 to confirm the level of his current benefits in the Scheme, and said that a CETV had been requested from its actuarial department and would follow in due course.
8. On 10 June 2013 Mr M signed a letter of authority to confirm that Aon could provide information requested to his wife or his financial advisor. Aon received the letter on 17 June 2013.
9. A CETV of nearly £200,000 for Mr M was calculated by Aon and confirmed in a letter dated 24 June 2013. Transfer application forms were enclosed. Aon confirm that the letter was checked on 26 June 2013 and would have been sent to Mr M's advisor no later than 27 June 2013. Mr M's advisor received a copy of this letter on 4 July 2013. A date stamp confirms this.
10. Sadly, Mr M died on 5 July 2013.
11. Aon informed Mrs M in a letter dated 14 August 2013 that a surviving spouse's pension would be paid to her, but no other benefits. A spouse's pension of about £5,200 p.a. was put into payment for her.
12. With the assistance of her advisors, Mrs M made complaints to both Aon and Babcock. During the Scheme's internal dispute resolution procedure Babcock offered to pay Mrs M £500 compensation for the distress and inconvenience caused, but said that Aon could not have sent any information to Mr M's advisors until it had received Mr M's signed letter of authority.
13. Mrs M says that if the letter of authority had been requested by Aon soon after Mr M's email of 14 May 2013, Aon would have provided all the required information by the end of May 2013, in plenty of time for Mr M to have made a decision to draw his Scheme benefits. This would have included an option to take a tax free lump sum of nearly £45,000, with a reduced pension. Mrs M says that as the lump sum was not paid there is a financial loss of that amount to Mr M's estate, and the compensation offered is inadequate.
14. Aon says that it has a 15 working day turnaround time from the receipt of all required documentation. It was not aware of Mr M's terminal illness until 7 June 2013, and as soon as it became aware, it took steps to provide confirmation of the level of benefits to Mr M. Aon says that after it received the signed letter of authority it sent the CETV details no later than 27 June 2013, which was within its 15 working day timescale.
15. Mrs M also says that during a telephone conversation in May 2013, Aon told Mr M that an email would be sufficient authority, but Aon has been unwilling to release copies of those telephone recordings to Babcock during the investigation of the complaint.

## Adjudicator's Opinion

16. Mrs M's complaint was considered by one of my Adjudicators who concluded that no further action was required by Aon and Babcock. The Adjudicator's findings are summarised briefly below:-
- Babcock had agreed that Mrs M suffered distress and inconvenience and had offered £500 compensation for the complaint against Aon. However it did not accept that Aon delayed in providing the requested information.
  - Mrs M had not specified what the complaint against Babcock was and it was unclear what that complaint might be. Therefore the Adjudicator was unable to find maladministration on the part of Babcock and considered that the complaint against it could not be upheld.
  - Mrs M had complained that Mr M received incorrect information from Aon about the form of authority that was needed. However, Mr M did not inform Aon of his terminal illness when he requested details of his Scheme benefits by email on 14 May 2013. The email was short and did not specify on which benefits the information was required. It would have been reasonable for Mr M to have provided Aon with this information so that it could expedite matters. Aon should not be criticised for initially dealing with the request as a standard information request.
  - Mrs M said that Aon incorrectly advised that an email authority would suffice. Even if Aon had given this information over the telephone, it corrected its mistake in its letter of 5 June 2013 by confirming that a written letter of authority was required.
  - However, it would have been reasonable for Aon to have contacted Mr M earlier than 5 June 2013 if the email authority was not sufficient. Mr M may then have asked to take his pension and lump sum or may have requested a transfer out. It could not be said that Mr M would definitely have taken his pension and lump sum as he had requested a CETV and he was therefore considering whether to transfer out. If he had opted to transfer out, it is unlikely that the transfer would have been completed before he died. In both scenarios, he would have had to complete relevant paperwork and might not have completed this in time. Therefore, there had not been any direct financial loss as a result of the delay in requesting a signed authority. For the distress and inconvenience caused as a result of the delay, £500, for this element of the complaint, was an appropriate amount.
17. Mrs M said that Aon also delayed in dealing with the request for details of Mr M's CETV and lump sum values. As set out in paragraph 6 above, Aon confirmed it required a written authority which Mr M signed on 10 June 2013. Aon then produced the required information on 24 June 2013, checked it on 26 June 2013 and sent it on or around 27 June 2013. Mr M's advisor did not receive this until 4 July 2013, the day before Mr M died. However, Aon could not be held responsible for any postal delays

and it could not therefore be said that Aon had deliberately caused any delay. Aon had produced the information within a reasonable time from receipt of the signed authority. Therefore this element of the complaint should not be upheld.

18. Mrs M did not accept my Adjudicator's Opinion, and the complaint was passed to me to consider. Mrs M provided her further comments which do not change the outcome. I agree with the Adjudicator's Opinion and I will therefore only respond to the key points made by Mrs M for completeness.
19. Mrs M repeated her view that Mr M's estate had incurred a financial loss of about £45,000 (equal to the maximum tax-free lump sum that Mr M could have taken under the Scheme rules, if he had drawn a reduced pension). However, Mr M did not submit any application forms to start his pension before he died. Nor did he apply in writing, as required, for part of his pension to be paid to him as a lump sum. He never expressed any written intention to do so.
20. Sadly, Mr M died much sooner than expected, and that is at the heart of this complaint. If Mr M had had more time he might have decided to draw his benefits and complete and return the necessary instructions, or instead, for inheritance planning purposes, he might have decided to transfer his benefits from the Scheme to a personal pension plan and complete the necessary application forms to do so, but that is also conjecture. The outcome was that Mrs M was paid the correct benefits from the Scheme as Mr M died before drawing his pension. I therefore agree with my Adjudicator that Aon's delays did not cause any direct financial loss.
21. Mrs M also repeated her comments that Aon caused unnecessary delays, and in particular should have made clear in May 2013, not in the following month, that it required a signed letter of authority instead of an email instruction. It is surprising that Mr M's financial advisor was not aware of this requirement. I agree with my Adjudicator that Aon should have clarified this point more quickly, and that the sum of £500 already offered is an appropriate sum for the serious distress and inconvenience that this caused.
22. Although Mr M's terminal illness was diagnosed in February 2013, Aon was only informed of it on or around 7 June 2013, and that was after Aon had written to Mr M to explain that a signed letter of authority would be needed. I consider that Aon subsequently dealt with Mr M's correspondence within reasonable time limits. The fact that details of contingent death benefits had been requested earlier did not necessarily indicate that Mr M's expected lifespan was very short.
23. Mrs M has confirmed that her complaint is against Aon rather than Babcock, and I share the Adjudicator's view that on the facts there was no maladministration on the part of Babcock.

**PO-15051**

**Ombudsman's decision**

24. This is a sad case, and Mrs M has my sympathies, but I consider that for the reasons explained above the Adjudicator's conclusions are correct.
25. Therefore, I do not uphold Mrs M's complaint.

**Anthony Arter**

Pensions Ombudsman  
21 September 2017