

## Ombudsman's Determination

|            |   |
|------------|---|
| Applicant  | Mr T  |
| Scheme     | The Standard Life Staff Pension Scheme (the <b>Scheme</b> )                   |
| Respondent | The Trustees of the Standard Life Staff Pension Scheme (the <b>Trustees</b> ) |

## Outcome

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

## Complaint summary

1. Mr T says the Trustees mishandled his request for a new cash equivalent transfer value (**CETV**) - which he made within 12 months of a previous request.

## Background information, including submissions from the parties

2. The Scheme's sent a transfer questions and answers sheet dated 4 August 2015 (the **Q&A**) to its members. This said:

"if you are a **deferred member** of the Scheme:

- You are entitled to request at least one (free) statutory transfer quotation a year;
- As per the statutory regulations, any transfer quotation you receive will be guaranteed for 90 days from the date of issue.....

Guarantees cannot normally be extended but in recognition of the delays experienced by members the Trustees will consider providing a short extension at their discretion to allow members to [obtain an IFA and] complete the advice process. If you wish to apply for an extension, please email the trustees...."

3. In March 2016, Mr T, who was a deferred member of the Scheme, requested a CETV (the **Original Request**).
4. On 15 April 2016, Mr T was quoted a CETV of £911,578 (the **Original CETV**) - guaranteed until 4 July 2016 (the **Expiry Date**). The transfer out statement said that he would lose the right to take the guaranteed amount if the administrators do not receive his written application to transfer by the Expiry Date.

5. Mr T says he intended to accept the Original CETV. But around the time of the Expiry Date, he noted that the transfer value quotations he obtained via the self-service on-line portal (the **Portal**), were significantly higher than the Original CETV. So he decided not to accept the CETV.
6. Mr T says the Q&A gave him a reasonable expectation that he would be able to request a new CETV, either free of charge or at a cost to him, within 12 months of the Original Request.
7. Mr T has provided copies of transfer quotations he obtained via the Portal (the **On-line Quotations**). The quotations state:
8. “This statement .... is produced for information only. It is not proof of entitlement and confers no right to benefits. All benefits must be calculated and paid only in accordance with the trust deed and rules of the Scheme and the law, and are therefore subject to review before payment.”
9. The On-line Quotations stated that they were not guaranteed and the figures should be used for illustrative purposes only.
10. After the Original CETV had expired, Mr T asked the administrators whether it was only possible to transfer out if he had a CETV. On 27 July 2016, Mr T requested a new CETV.
11. Mr T was told that the Trustees would only issue one CETV in any 12 month period. Mr T was informed that the Trustees may, at their discretion, provide additional CETVs where there were events outside the member’s control that required the member to obtain a new CETV. Mr T was advised that the Trustees would not settle a transfer based on values that were not guaranteed.
12. On 18 August 2016 Mr T complained to the Scheme that the Trustees’ refusal to settle a transfer - based on non-guaranteed values, restricted his ability to transfer out of the Scheme to once in any 12 month period.
13. On 18 October 2016, the Scheme Secretary informed Mr T that the Trustees had exercised discretion in March 2016, to allow all members to obtain a new CETV on the new transfer value basis. The Scheme Secretary said that, while a change of transfer value basis was sufficient reason to exercise discretion, a change in gilt yields was not sufficient reason for the Trustees to exercise discretion once again.
14. The Scheme Secretary said the Trustees had acknowledged that he may have put the Original CETV on hold on the expectation that he could obtain a further quote. In view of this, the Scheme Secretary said the Trustees were willing to honour the Original CETV (the **Offer**) if he wanted to proceed with the transfer - or he could apply for a new CETV in March 2017.
15. Mr T says he acted on the details provided in the Q&A in good faith. Mr T says had he known at the time that a new CETV may be provided in ‘exceptional

circumstances,' he would have contacted the Scheme - before the Expiry Date, to find out whether the Trustees would allow him a new CETV.

16. On 31 October 2016, deferred members of the Scheme were notified that the Trustees had agreed a request from the Company to offer an additional CETV to members who may not have appreciated the Trustees' policy of providing one CETV every 12 months (the **Notice**).
17. The Notice says that under the Trustees' current policy, members are only entitled to one CETV in any 12 month period (the **Policy**). The Notice says the main reasons for having the Policy is to manage the risk for the remaining members and administrative demands.
18. The Notice says members who received a CETV, with a calculation date between 1 March 2016 and 30 September 2016 - that has not yet expired, who meet the criteria for the amnesty, can request a new CETV before 30 November 2016. The Notice says members who received a CETV calculated after 30 September 2016, were clearly informed of the Policy and therefore are not eligible to receive a new CETV (the **Transfer Amnesty**).
19. On 10 November 2016, Mr T requested a new CETV under the Transfer Amnesty.
20. On 6 December 2016, the administrators quoted a new CETV of £1,087,235 guaranteed until 27 February 2017 (the **Second CETV**). Mr T accepted the Second CETV.
21. On 3 January 2017 Mr T complained to the Ombudsman. He says the Second CETV is significantly lower than it would have been, had the Trustees exercised discretion and allowed him a new CETV at the time of writing to him on 18 October 2016. Mr T says the Trustees ought to have known that they were about to implement the Transfer Amnesty on 31 October 2016 and therefore should have agreed to his request for a new CETV when writing to him on 18 October 2016.
22. Further comments from Mr T are set out below.
  - The Trustees were wrong to honour the Original CETV, after it expired - he would have lost money if he had accepted it.
  - The highest transfer value quoted in the On-Line Quotations was £1,130,677 between 29 September 2016 and 3 October 2016.
  - In failing to provide a new CETV, before the Transfer Amnesty came into effect, the Trustees failed to act in a manner consistent with their stated position in the Q&A.
23. Further comments from the Trustees are set out below.

## **PO-15467**

- The Trustees' decision to reject Mr T's request for an additional CETV was on the basis that the Policy had been applied in a consistent manner, and had been communicated via the Scheme booklet.
- The On-line Quotations show 'non-statutory values'.
- The Trustees cannot be held accountable for changing market conditions which impact on transfer values.

24. Mr T considers that an amount between £45,000 and £65,000 would be reasonable compensation.

### **Adjudicator's Opinion**

25. Mr T complaint was considered by one of our Adjudicators who concluded that no further action was required by the Trustees. The Adjudicator's findings are summarised briefly below:

- A deferred member, who is at least one year from normal pension age, has a statutory right to take a CETV.
- The On-line Quotations did not give rise to an entitlement under pension legislation. Consequently, there was no obligation on the Trustees to honour those figures.
- While the Trustees could have exercised discretion and allowed Mr T a new CETV when he first requested it, there was no legal obligation on the Trustees to do so.
- The Trustees did not act unreasonably by offering to honour the Original CETV.
- Mr T was notified of the Transfer Amnesty at the time the Notice was issued to all deferred members. The fact that he was not informed in advance is not evidence of maladministration.
- Actuarial assumptions used for calculating CETVs must be set on a 'best estimate' basis. There is no reason to suspect that this has not occurred in this case.
- The Second CETV was issued to Mr T within a reasonable timescale. There is no evidence to support that he has been financially disadvantaged as a result of the alleged maladministration.

26. Mr T did not accept the Adjudicator's Opinion and the complaint was passed to me to consider. Mr T has provided further comments but these 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 T for completeness.

## Ombudsman's decision

27. Mr T contends that the Adjudicator's Opinion places no weight on the context and circumstances surrounding his exchange with the Trustees and their conduct in this matter. Mr T says, given that the Q&A was ambiguous, his subsequent actions were not unreasonable.
28. Mr T says due to the timing of the Transfer Amnesty and the content of the Notice, he cannot accept that the motivation behind the Offer was to put him back in the position he would otherwise have been in, had he been aware of the Policy at the relevant time. Mr T says the Offer was nothing more than a cynical manoeuvre to undervalue his pension benefits before the Transfer Amnesty came into effect.
29. I acknowledge that the wording in the Q&A ought to have been clearer about the Policy. I consider it reasonable for Mr T to have relied on the statement and, to have concluded that he would be able to request further CETVs within 12 months. On that basis he is entitled to be put back into the position he would have been had the policy then in place been communicated clearly. I conclude that the Trustee offered to do that.
30. Had Mr T been aware of the correct position, he could either have accepted the Original CETV before the Expiry Date - or waited until he was next entitled to apply for a new CETV. In offering to honour the Original CETV beyond the guarantee date, the Trustee put right any injustice which may have flowed from the unclear communication.
31. Mr T says the On-line Quotations were consistently above £1,087,235 before 6 December 2016 – the guarantee date of the Second CETV. Mr T says the illustrations provide a fair valuation of a scheme member's pension benefits.
32. The evidence is clear that the CETVs were the only transfer values that were actually guaranteed. Consequently, I do not think it reasonable for Mr T to expect a transfer to be settled on the basis of the figures quoted in Illustrations he obtained via the Portal. It was not maladministration for the Trustees to refuse to do that.
33. Mr T says the reasons for the Company's request for a transfer amnesty are similar to his own reasons. Mr T says the Trustees were inconsistent in their decision making by refusing his request. Mr T says this has not been addressed or justified by the Trustees. I disagree. The Trustees have justified their policy on the basis that they were attempting to achieve consistency as between affected members. The decision to offer the additional CETV to all members potentially affected by the Q&A may well have been prompted by the same concern raised by Mr T, but I do not agree that he should therefore have been offered an additional CETV in advance of the same offer being made to all other deferred members. There is no evidence that he was treated unfairly compared to other members.

**PO-15467**

34. In response to his complaint to the Scheme and in recognition that the original Q&A may have been insufficiently clear, Mr T was offered the option of accepting the Original CETV out of time. I consider that was an adequate response to his complaint at that time. Mr T was subsequently offered the option of a new CETV under the Transfer Amnesty – which he accepted. Given the circumstances, I am unable to conclude that the Trustees' refusal to allow him a new CETV, outside the Transfer Amnesty, was perverse or outside the range of reasonable outcomes that could have been reached.
35. Therefore, I do not uphold Mr T's complaint.

**Karen Johnston**

Deputy Pensions Ombudsman  
30 March 2017