

Ombudsman's Determination

Applicant	Mr N
Scheme	The Allgood Holdings Limited Pension and Life Assurance Scheme (the Scheme)
Respondent	Equiniti Limited (Equiniti) The Trustees of the Allgood Holdings Limited Pension and Life Assurance Scheme (The Trustees)

Outcome

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

Complaint summary

3. Mr N is complaining about the Trustees' delay in producing a Cash Equivalent Transfer Value (**CETV**) following his request in April 2016. He believes the CETV should have been produced before the Trustees adopted a revised method of calculating CETVs.

Background information, including submissions from the parties

4. Mr N received a CETV on 2 April 2015, which had a value of £338,110. This was guaranteed until 30 June 2015.
5. In April 2016, Mr N requested a transfer but Equiniti, the Scheme administrators, were unable to process the request because the CETV was out of date.
6. On 28 April 2016, Equiniti wrote to Mr N and said it would contact its actuary to get a new CETV, but explained it may take two to three weeks to issue.
7. A new CETV was issued to Mr N on 9 June 2016, and the transfer value that Mr N agreed to take was £292,774.

PO-16004

8. No further action was taken until the transfer was completed in November 2016. Mr N wrote to Equiniti on 15 November 2016, and said he was concerned that the transfer value was only £292,774, which was £45,336 lower than the CETV value from April 2015. He said he did not query the CETV at the time because he did not want to delay the process, with the possibility of the value decreasing again.
9. Equiniti responded on 12 December 2016. It said the CETV issued in April 2015, was only guaranteed until 30 June 2015. When Mr N requested to transfer in April 2016 there was a slight delay in issuing a new CETV, because the Trustees were in the process of signing off an updated basis for calculating transfer values.
10. On 19 December 2016, Mr N wrote to Equiniti and complained that the CETV in 2016 was lower. He said this was because of the new process for calculating transfer values.
11. Equiniti responded to Mr N's letter on 19 January 2017, it said it was unable to produce a retrospective CETV, and that he could complain to the Trustees if he remained dissatisfied.
12. Mr N continued with his complaint and, on 27 January 2017, the Trustees wrote to him and said that the basis for calculating transfer values was amended after advice from their actuaries. It explained that CETV's were calculated using a best estimate basis which reflected the market value of his accrued benefits in the Scheme. This meant the CETV could increase or decrease in line with market conditions.

Adjudicator's Opinion

13. Mr N's complaint was considered by one of our Adjudicators who concluded that no further action was required by the Trustees or Equiniti. The Adjudicator's findings are summarised briefly below:
 - The initial CETV Mr N received in April 2015, was no longer valid when Mr N made his request to transfer in April 2016. Therefore, Equiniti had no option but to provide a new and up to date CETV before the transfer could go ahead. It is unfortunate that the value decreased but this was not because of an error by Equiniti or the Trustees.
 - Mr N queried the change in calculating CETVs. The Trustees are permitted to make changes, advice was sought from the Scheme actuaries and the Trustees made the decision to adopt a method whereby transfer values are calculated on a best estimate basis which reflects the market value of accrued benefits in the Scheme.
14. Mr N did not accept the Adjudicator's Opinion because:
 - he believes he was disadvantaged due to the CETV being produced in six weeks as opposed to two to three weeks as Equiniti promised; and

- he disagrees that he should be subject to the Trustees new ways of calculating the benefits.

15. 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, summarised above, and I will therefore only respond to the key points made by Mr N for completeness.

Ombudsman's decision

16. Mr N received a CETV in April 2015. It was explained on the quotation that the CETV was only valid until 30 June 2015, and that the amount would not be guaranteed past that date. Therefore, Mr N was aware that if he wanted to receive that transfer value he needed to make a decision to transfer before 30 June 2015. He did not take action to progress a transfer before that date.
17. Mr N requested a transfer in April 2016. Equiniti advised Mr N that it would take two to three weeks to produce a new CETV. It took Equiniti six weeks to provide the new CETV.
18. Mr N initially complained to Equiniti about the drop in the CETV. He says he accepts that the June 2016 CETV was unlikely to have been the same as the one issued in April 2015. However, he believes that had the CETV taken two to three weeks to calculate, as Equiniti promised, then his transfer value would have been higher.
19. Equiniti say that the CETV calculation was delayed by a few weeks because the Scheme actuaries were working on a new method of calculating CETVs which uses a best estimate basis which reflects the market value of accrued benefits in the Scheme.
20. The Trustees, having sought advice from the Scheme actuaries, are permitted to change the way benefits are calculated. It is entirely acceptable for the Trustees to consider how benefits are calculated and make amendments to the Scheme in this way. It is also acceptable for a blanket ban to be placed on the calculation of CETV's whilst the Trustees are considering potential amendments.
21. It does not appear to have been established whether the CETV which might have been issued, had there not been a freeze on transfers, in April 2016 would have been higher or lower than the value Mr N decided to accept in June 2016. However, I do not feel it necessary to ask Equiniti or the Trustees to provide a retrospective value for a CETV that Mr N would never have been able to receive.
22. I appreciate that Mr N believed his transfer value would have been higher using the old calculation method. The CETV calculation was always subject to market conditions and so the value could have dropped at any time since the previous calculation. I do not consider the decrease in value is due to any maladministration by Equiniti or the Trustees.

PO-16004

23. Therefore, I do not uphold Mr N's complaint.

Karen Johnston

Deputy Pensions Ombudsman
26 May 2017