

Ombudsman's Determination

Applicant	Mrs E
Scheme	Lloyds Bank Pension Scheme No. 1 (the Scheme)
Respondent	Lloyds Banking Group Pensions Trustees Limited (the Trustee)

Outcome

1. I do not uphold Mrs E's complaint and no further action is required by the Trustee.

Complaint summary

2. Mrs E's complaint is that the Trustee refuses to reinstate her retirement benefits into the Scheme, because she has already received monthly pension payments and a lump sum from the Scheme. Mrs E says that she made pre-retirement enquiries that the Trustee failed to answer within a reasonable timescale. She argues that the Trustee's delays in responding to her queries led to her taking retirement benefits, which she now believes was not in her best interests.

Background information, including submissions from the parties

3. In August 2016, Mrs E emailed Equiniti, the Scheme administrator at that time, to query how she could claim her pension benefits. She said that she wanted to take a lump sum and a reduced pension from the Scheme on 4 May 2017.
4. On 17 August 2016, Equiniti wrote to Mrs E, quoting her estimated benefits on 4 May 2017. It told Mrs E to give Equiniti approximately three months' notice of her intention to take benefits.
5. On 18 October 2016, Mrs E emailed Equiniti to query whether it was possible to withdraw the lump sum but defer her pension. She received an automated response to say that administration of the Scheme had been taken over by Willis Towers Watson (**WTW**), who would contact her within ten working days.
6. On 29 November 2016, Mrs E emailed WTW directly to reiterate her question. She also queried how much notice would be required for payment of a lump sum and how this would be processed.
7. In December 2016, Mrs E called WTW to chase a response to her enquiries.

8. On 2 January 2017, Mrs E complained to WTW about the poor level of service, as she had not received a response to her questions. Mrs E also asked for confirmation that her lump sum would be paid on 4 May 2017. She again asked whether it would be possible to defer her pension but added that it did not matter if this was not possible.
9. On 24 January 2017, Mrs E called WTW to chase her retirement quotation and was informed that due to very high workloads there had been a delay.
10. On 31 January 2017, WTW sent a retirement quotation to Mrs E for benefits as at 4 May 2017.
11. On 7 February 2017, Mrs E returned her completed application form to WTW, in which she selected the lump sum and pension option.
12. On 20 April 2017, WTW confirmed that it would arrange for Mrs E's lump sum to be paid into her bank account and for her pension to be paid on the twentieth of each month from 20 May 2017.
13. On 1 October 2017, Mrs E emailed WTW to ask whether it was possible to pay back the lump sum plus the monthly pension payments already received, and instead obtain a transfer value.
14. WTW responded to confirm that it was not possible to reverse her decision to take her retirement benefits, which were already in payment.
15. Mrs E raised a formal complaint with WTW stating that it had always been her intention to obtain a transfer value quotation when considering her options. She said that, because of the delay in issuing the retirement quotation and application form, she did not have enough time to seek advice on a transfer, so instead took an income and lump sum.
16. In response to Mrs E's complaint, WTW said, in summary:-
 - Due to high work volumes at the end of 2016, there had been delays in issuing some responses. However, it could not find a request for a transfer value quotation from Mrs E.
 - Mrs E had returned her retirement forms without stating that she would like a quotation for a transfer value.
 - Members are not allowed to take a lump sum and defer taking their monthly pension payments, and Mrs E had previously stated that it did not matter if this was not possible.
17. Mrs E was not happy with this response so, in December 2017, she raised her grievances under the Scheme's internal dispute resolution procedure (**IDRP**). In summary, her complaint is:-

- When she asked for help and guidance on taking her pension benefits, her enquiries were ignored.
- She first enquired in August 2016 to find out what her retirement options were. At that stage the administrator should have replied so she could have considered her options and sought financial advice.
- She contacted the administrator again in October 2016 and only received an automated response that administration of the Scheme had been transferred to WTW.
- She made numerous but unsuccessful phone calls chasing a reply to her enquiries.
- When she eventually received her retirement pack, it was too late to seek advice before a planned house purchase (on 5 May 2017).
- She has since been advised that it was not in her best interest to receive monthly pension payments. As Mrs E had asked about deferring monthly payments in August 2016, she finds that the Trustee is responsible for the decision she made, because by the time WTW did respond, she no longer had enough time to seek advice.

18. In summary, the Trustee's response was:-

- Equiniti did reply to Mrs E's initial enquiry about her pension options as it sent a letter on 17 August 2016, which set out her options and quoted her retirement benefits as at 4 May 2017.
- WTW experienced high work volumes at the end of 2016 that led to delays in dealing with enquiries. This contributed to Mrs E not receiving a response to her query raised on 18 October 2016.
- The Trustee did not accept Mrs E's claim that she would have made a different decision on taking benefits had it been confirmed sooner that deferring her pension after receiving a lump sum was not an option.
- Mrs E chased WTW for a response to this query on several occasions, but her primary objective appeared to be receiving her lump sum on 4 May 2017.
- Mrs E did not indicate that the inability to defer her pension would change that objective. In her letter of 2 January 2017 to WTW, Mrs E wrote that 'It does not matter if I cannot, the most important thing is for my lump of £39,317 to be paid into my account on 4 May 2017.'
- The retirement quotation Mrs E received on 6 January 2017 set out the available options. This did not include taking a lump sum and deferring the pension. However, during the month between receiving the retirement pack

and returning the completed application form, Mrs E did not express any concerns with the options given.

- Mrs E informed WTW of her intention to take early retirement on 29 November 2017. She received her retirement quotation and application form on 31 January 2017. Two months is a reasonable timeframe in which to provide this information.
- The Trustee did not agree that insufficient time was given for Mrs E to seek financial advice on her options. The retirement quotation and application form were sent almost three months before her intended retirement date. Mrs E was required to return her completed forms no later than a month before her retirement date. So, she had almost two months in which to seek financial advice.
- Mrs E had told the Trustee that, by January 2017, she had committed to buying a house. Consequently, she was keen to return her application form as quickly as possible to ensure that the lump was received by 4 May 2017, as she needed it for a house purchase which was due to complete on 5 May 2017.
- The Trustee could not take responsibility for Mrs E's commitment to buying a house and the subsequent time constraints that increased the pressure for her to select a pension option.
- The Trustee did not accept that taking a lump sum and income was Mrs E's only option, as the choice of transferring her benefits was included in her options form.
- As her pension is now in payment, it is not possible for Mrs E to receive a transfer, as this is not allowed under the Scheme Rules. Even if it was allowed, tax charges would apply if the transfer was not into another arrangement that continued the payment of her pension income.
- The Trustee had no records of Mrs E ever requesting a transfer value or ever querying whether it was an option.
- Mrs E's decision to take a lump sum and pension was a conscious choice, rather than being the only option available.
- The Trustee apologised and offered £500 to Mrs E in recognition of the distress and inconvenience caused by WTW's lack of response to her enquiry of 18 October 2016, and for the delay in replying to her complaint under the IDRP.

19. Mrs E remained unhappy and raised her grievances through stage 2 of the Scheme's IDRP. The Trustee responded, maintaining its decision at stage 1.

Adjudicator's Opinion

20. Mrs E's complaint was considered by one of our Adjudicators who concluded that no further action was required by the Trustee. The Adjudicator's findings are summarised below:-
- The Trustee has acknowledged that there were delays in responding to Mrs E's initial retirement enquiries. However, Mrs E still had time to seek advice. The Trustee cannot reasonably be held responsible for the haste in which Mrs E acted in choosing the lump sum and pension option. WTW was only required to set out Mrs E's options and then follow her instructions.
 - The enquiries Mrs E initially made, show that her main aim had been to obtain a lump sum. Whilst a transfer option was presented to Mrs E within her options form, she in fact selected the lump sum and income option, which was in accord with her enquiries up to that point.
 - It would be reasonable to assume that Mrs E knew she could have chosen the transfer option, without seeking advice, before her pension went into payment, if that was always her preference. In any event, the two-month period from when Mrs E received the forms to when she was required to return them, was a reasonable time frame for her to have consulted a financial adviser.
 - The Trustee has not been unreasonable in rejecting Mrs E's request for a transfer. But, WTW's failure to respond to Mrs E's initial enquiry on 18 October 2016 within a reasonable timescale, despite her chasing it several times, amounts to maladministration. The Trustee has offered £500 to Mrs E, which, in the Adjudicator's view was sufficient to recognise the significant distress and inconvenience this matter has caused her.
21. Mrs E did not accept the Adjudicator's Opinion and the complaint was passed to me to consider. Mrs E 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 main points made by Mrs E for completeness.

Summary of Mrs E's position

22. Mrs E complained that, after she initially enquired about her retirement options in August 2016, she persistently tried in vain to get a response until January 2017. She argues that, had WTW provided an answer sooner, she would not have made the decision to take her benefits.
23. Mrs E says that after waiting for around five months to receive information about her retirement options, she did not know who to go to for assistance and felt that time was running out to make a decision.

24. Mrs E says that she did not seek financial advice, due to being concerned about the possibility of misconduct by a financial advisor. Instead, she tried to get the information she required directly from WTW.
25. Mrs E would like her pre-retirement benefits reinstated and she would be willing to pay back all the benefits she has received so far, in order to facilitate this.

Ombudsman's decision

26. Mrs E has said that she would not have made the decision to take her benefits, if she had received a prompt response from WTW to her question in October 2016. Whilst WTW did not respond to Mrs E's specific question, it did issue a retirement pack in January 2017, which set out Mrs E's options. I note Mrs E was also sent a retirement pack in August 2016. Upon review of the retirement packs, Mrs E would have known that taking a lump sum and deferring her pension was not one of the options. Mrs E would have also seen that transferring her benefits to another provider was an option.
27. WTW was required to outline Mrs E's retirement options and act on her instructions. I find that WTW did eventually fulfil that requirement, even if this was later than Mrs E would reasonably have expected.
28. It was not WTW's role to provide advice to Mrs E. Its responsibility was to provide Mrs E with correct details on her pension entitlement and her available options. It was for Mrs E to decide whether to seek independent financial advice. If she was concerned about the possibility of misconduct by a financial advisor, she could have contacted Pension Wise, a free service provided by the government.
29. I find that Mrs E had sufficient time in which to seek advice and investigate all of her options. However, Mrs E made the decision to receive a lump sum and pension, despite WTW also presenting her with the option of a transfer. WTW acted correctly by following the instructions given by Mrs E.
30. Mrs E has now said that she would have made a different decision. She argues that, had she known earlier that she could not defer taking her pension, she would have instead transferred her benefits. However, I am satisfied that Mrs E ought reasonably to have known that the transfer option was available to her, but that deferring her benefits was not. Mrs E chose to give WTW her retirement instructions without taking financial advice.
31. I note that Mrs E told WTW, on more than one occasion, that she required the lump sum urgently in order to purchase a house. Mrs E told WTW that the lump sum was the important factor in taking her benefits when she did, and that the deferment of the income was not essential.
32. The Trustee is ultimately responsible for the administration of the Scheme. I find that WTW provided correct information about Mrs E's benefits and her options. As no error has been made, the Trustee's decision not to permit the reinstatement of Mrs E's benefits in order for her to take a transfer is correct.

33. WTW did take an unreasonable amount of time to respond to the specific query raised by Mrs E in October 2016. I find that this avoidable delay was likely to have caused Mrs E significant distress and inconvenience. The Trustee has offered Mrs E an award of £500 to recognise this, which I find reasonable, so I make no direction. If Mrs E has not yet accepted the award of £500 and wishes to do so she should contact the Trustee or WTW to request payment.
34. I do not uphold Mrs E's complaint.

Anthony Arter

Pensions Ombudsman
2 December 2019