

## Ombudsman's Determination

Applicant	Mr N
Scheme	Jaguar Pension Plan ( <b>the Plan</b> )
Respondents	Jaguar Land Rover Pension Trustees ( <b>the Trustee</b> ), JLT Benefit Solutions Ltd ( <b>the Administrator</b> )

## Outcome

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

## Complaint summary

3. Mr N has complained that the Cash Equivalent Transfer Value (**CETV**) of his benefits in the Plan, is significantly lower when compared to his colleagues who also hold benefits within the Plan. Mr N has said that the Trustee and the Administrator did not act in his best interests and feels he has been treated unfairly.

## Background information, including submissions from the parties

4. Mr N joined the Plan on 4 March 1985.
5. On 18 October 2017, the Administrator provided Mr N with a non-guaranteed CETV which amounted to £434,553.45 (**the October 2017 CETV**).
6. On 14 November 2017, the Administrator provided Mr N with a further non-guaranteed CETV which amounted to £447,553.45 (**the November 2017 CETV**).
7. On 29 December 2017, Mr N left the Plan, becoming a deferred member.
8. On 22 January 2018, when Mr N was a deferred member, the Administrator provided him with a guaranteed CETV which amounted to £454,334.88 (**the January 2018 CETV**). Mr N has said this CETV was significantly less than he expected, particularly compared to his colleagues.

9. On 29 January 2018, Mr N wrote a letter of complaint to the Administrator as he was not satisfied this was the full and final transfer value. Mr N explained that due his past dealings, he was uncertain that the information provided to him was correct. This was due to an administrative error with the October 2017 CETV which contained his incorrect date of birth. Mr N also stated that the November 2017 CETV did not include any information regarding his Additional Voluntary Contributions (**AVC's**). Mr N added that he had seen his colleagues' guaranteed CETV's which exceeded his substantially. This was irrespective of their service length and job grade which were both shorter and lower than his. Mr N wanted to know why this was and for the Administrator to explain the formula it had used.
10. On 12 February 2018, the Administrator wrote to Mr N. The Administrator apologised for the mistake made in the October 2017 CETV, explaining it was the result of an administrative error. The letter stated both CETV's, sent in October 2017 and November 2017, were calculated based on Mr N's active membership, so could not guarantee the value of these CETV's until he left the Plan. The letter stated the January 2018 CETV was calculated correctly and was based on his scheme benefits.
11. The Administrator concluded by stating that it was unable to provide a full breakdown of how the transfer value was calculated. It said transfer values are based on many factors and so may vary considerably from one member to another. Enclosed with this letter was Mr N's guaranteed January 2018 CETV statement along with information regarding his AVC's.
12. On 9 April 2018, Mr N remained dissatisfied and raised a complaint with the Trustee using its two stage Internal Dispute Resolution Procedure (**IDRP**).
13. On 10 May 2018, the Trustee issued its IDRP stage 1 response which did not uphold his complaint. The Trustee explained the following:

“Although the actual benefits in the scheme can be compared as people with the same service and salary history will have the same benefit, the same isn't true of transfer values. As well as taking into account the amount of the benefit itself, transfer values are also very sensitive to the financial conditions at the date of the calculation and the age of the member, so it is completely possible that two members with a similar benefit could have transfer values that are very different either because they were quoted a month apart or because the members are not the same age”. (**Statement 1**)
14. The Trustee explained that for this reason it is not possible to compare transfer values. It said the administrative error for the October 2017 CETV did not affect the transfer value quoted, as the correct data was used for the calculation. The Trustee concluded that all the transfers provided were correct and calculated in accordance with instruction from the Actuary.
15. On 24 May 2018, Mr N submitted a request for a stage 2 decision as he remained dissatisfied with the Trustee's response.

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16. On 21 June 2018, the Trustee issued its stage 2 response to Mr N. The Trustee apologised for the administrative error in the October 2017 CETV and that the information regarding his AVC's was missing from the November 2017 CETV. The letter stated the following:

“Transfer value laws dictate that they are calculated by the Trustee after obtaining Actuarial advice. The way in which transfer values under the Plan are calculated is periodically reviewed by the Trustee. In calculating transfer values under the Plan, the Trustee must use certain economic, financial and demographic assumptions, having taken the Actuary's advice”. **(Statement 2)**
17. The Trustee concluded that it was not possible to compare CETV's with other members. This was on the basis that CETV's vary dependent upon particular circumstances and factors including age and salary. It stated there are also a number of assumptions about financial conditions which affect the amount a member would receive. The Trustee stated that it could not uphold Mr N's complaint and confirmed that all the CETV's calculated in October, November and January were correct.
18. Mr N remained dissatisfied and brought his complaint to this Office.
19. On 8 October 2018, the Trustee provided its Formal Response to this Office. The Trustee's position on the complaint remained the same and it relied on arguments put forward in decisions 1 and 2 of the IDRPs. The Trustee added that it is under no legal obligation to disclose what formula was used to calculate the January 2018 CETV, in comparison to the formula used to calculate CETV's provided to his colleagues. The Trustee disagreed with the Member's assertions and losses he claims to have suffered in connection to his complaint.

## Adjudicator's Opinion

20. Mr N's complaint was considered by one of our Adjudicators who concluded that no further action was required by the Trustee or Administrator. The Adjudicator's findings are summarised below:-
  - A CETV represents the expected cost of providing the member's benefits within the scheme. In the case of defined benefits, the CETV is a value determined by actuarial principles, which requires assumptions to be made about the future course of events affecting the scheme and the member's benefits. CETV's are also subject to external market conditions so can fluctuate considerably dependent on the date of calculation.
  - The Adjudicator was satisfied the Trustee calculated the CETV of Mr N's benefits correctly in accordance with The Occupational Pension Schemes (Transfer Values) Regulations 1996 (**the Transfer Regulations**), and Pension Schemes Act 1993 (**the 1993 Act**). This was using a prescribed method and underlying assumptions reviewed on a regular basis.

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- The Adjudicator considered that it would be inconclusive to compare his CETV's with his colleagues. CETV's vary dependent upon the member's particular circumstances and factors such as age, salary and length of pensionable service. They are also affected by a number of assumptions about financial conditions.
  - The Trustee has admitted there were some administrative errors. However, confirmed all the CETVs provided were correct and calculated in accordance with instruction from the Actuary.
  - In the Adjudicators view, Mr N has not suffered an actual financial loss as he should only receive the benefits that he is entitled to, correctly calculated in line with the Plan Rules. The Trustee and Administrator acted in accordance with the regulations which it is obligated to follow by law.
  - It was therefore the Adjudicators Opinion that the complaint should not be upheld.
21. The Trustee provided no further comments. However, Mr N did not accept the Adjudicator's Opinion and 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 and I will therefore only respond to the key points made by Mr N for completeness.

### **Ombudsman's decision**

22. Mr N contends that his complaint has not been investigated to a level he felt satisfactory and believes the calculation of his CETV was not in his best interest. He does not accept that the different factors surrounding how transfer values are calculated could amount to such a large difference in CETV's compared to those of his colleagues.
23. I can understand why Mr N may have thought his CETV was calculated incorrectly given the typing error in the October 2017 CETV and the missing AVC information in the November 2017 CETV. However, in agreement with the Adjudicators opinion, I do not consider it appropriate to compare CETV's to those issued to other colleagues. A CETV calculation is dependent upon many factors and circumstances which can significantly change dependent on the date of calculation and the members age.
24. Under the Plan rules and pension legislation, Mr N's CETV has been calculated using a prescribed method provided by the Actuary. Mr N says he has suffered a personal loss in comparison to the CETV's of his colleagues. However as explained by the Adjudicator, Mr N has not suffered an actual financial loss as he is only entitled to the correct level of benefits calculated in accordance with the Plan rules.
25. In this case, The Trustee has confirmed that all of the CETV's issued to Mr N were correct, irrespective of the administrative errors. The January 2018 CETV represented what the Trustee considered to be a fair value of the benefits Mr N had

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accrued in the Plan and was calculated according to a set number principles agreed by the Trustee and Actuary

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

**Anthony Arter**

Pensions Ombudsman  
24 January 2019