

Ombudsman's Determination

Applicant	Mr S
Scheme	Solvay UK Defined Benefits Pension Scheme (the Scheme)
Respondents	Solvay Pension Trustee Limited (the Trustee)

Outcome

1. I do not uphold Mr S' complaint and no further action is required by the Trustee.

Complaint summary

2. Mr S has complained that the Trustee changed the payment date of his pension from the 1st to the 6th of the month with effect from April 2019. Mr S was worried about paying his rent and considers he has lost out on the pension due from 1 April to 5 April 2019.

Background information, including submissions from the parties

3. In January 2019, the Trustee wrote to Mr S and said:-
 - The Scheme administrator was changing and from April 2019 the pension payments would be made by the new Scheme administrator.
 - From April 2019 pension payments were changing to the 6th of each month in order to simplify the payroll process.
 - The change did not impact the administration or structure of the pension and it was only an administration change.
4. On 4 February 2019, Mr S complained to the Scheme administrator. He said the rent on his property was due on the 1st of the month and it was unacceptable that the date of payment of his pension was changing. His wife was disabled, and he was worried about the "roof over his head". He asked for a reconsideration of the Trustee's decision.

5. On 18 February 2019, the Scheme administrator replied to Mr S and said:-
 - The amount of pension Mr S was receiving was not changing only the date of the payment. Therefore, Mr S was not going to be underpaid in April 2019.
 - Mr S would still get the full 12 months pension, but he would just be paid on a different date.
 - The changes were made to improve the efficiency, service standards, security and communication.
 - The Scheme rules allowed the Trustee to change the payment date of the pension and a copy of Scheme rule 5.2 was provided (see Appendix).
6. On 19 February 2019, Mr S replied to the Scheme administrator and said he was disappointed with the reply. His landlord would not wait 36 days for his rent, and he was unhappy that the payslips were changing to be online. He asked for a copy of the complaint procedure.
7. On 1 March 2019, the Scheme administrator sent Mr S a copy of the Internal Dispute Resolution Procedure (**IDRP**) and said:-
 - The pension amount was not changing only the date of the payment and adequate notice had been given for the date change.
 - Mr S would still receive 12 monthly payments of his pension.
 - It noted Mr S' personal circumstances and suggested a copy of the letter be provided to his landlord.
 - Any changes to his pension payment by more than 2% would result in him being updated with a paper payslip so Mr S would be alerted of any changes.
8. On 8 March 2019, Mr S asked for his complaint to be dealt with under Stage One of IDRP, and said:-
 - He had paid his rent on 1st of the month since 2010 and his landlord was expecting the rent on that date.
 - He told the Scheme administrator that the change was affecting his disabled wife, and this has been ignored which was "disgraceful".
 - He will not get 12 months pension in the tax year April 2018 to April 2019.
9. On 22 March 2019, the Trustee replied under Stage One of IDRP and said:-
 - The change to the pension payment date was to help streamline the payroll.
 - The Scheme rules allowed the date of payment to be changed by the Trustee.

- The pension paid on 6 April was regarding the pension from 1 April until 30 April 2019.
 - The rationale behind the change of the pension payment date was to provide efficiencies across the four pension schemes the Trustee was now responsible for. This involved appointing one Scheme administrator and consolidating the different payrolls into one. Of the 406 pensioners receiving a pension from the Scheme, 78 had a payment date on the 1st of the month but the others were on the 6th of the month.
10. Mr S remained unhappy and, on 4 April 2019, contacted the Trustee and said his concerns had been ignored.
11. On 23 April 2019, the Trustee replied under Stage Two of the IDRP and said:-
- The date was changed to the 6th of the month as this was already used for a number of pensioners and only 78 of 406 pensioners were not paid on 6th of the month.
 - It realised the change of date was inconvenient and this was why it provided adequate notice of the change.
 - The change of Scheme administrators was carried out in a timely manner with adequate notice. The Trustee replied quickly to the initial complaint taking into account Mr S' personal circumstances and the response was within the IDRP deadlines.
 - Mr S would still receive 12 months of pension so there was no loss of income. The matter was complicated by the dates used by HMRC for the tax years so 11 months would show in regard to the tax year not 12 calendar months and the Trustee apologised for any confusion caused.
 - Mr S would not be without a pension payment for 36 days as the 6 March 2019 payment covered the pension up until 30 March 2019, and this meant that he would be without a payment for 5 days not 36 days.
 - The payment made on 6 April 2019, was for an entire month and there was no shortfall of income.
 - The complaint was not upheld as the Trustee had the power to change the payment date of the pension.
12. Mr S remained unhappy and said he wanted the paper payslips to be reinstated.

Adjudicator's Opinion

13. Mr 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 Scheme Rules allowed the Trustee the discretion to change the pension payment date. The decision was not unreasonable considering that it simplified the pension payroll process and the choice of date affected considerably less pensioners.
 - The Adjudicator acknowledged Mr S was unhappy that he had to let his landlord know that his rent would need to be paid on a different date but considered adequate notice had been given about the change to the pension payment date.
 - Mr S had not lost out financially as he received his full pension for April 2019.
 - It may be more difficult for Mr S to access the Scheme website rather than receiving paper payslips, but Mr S would be sent a paper payslip if his pension amount changed by more than 2%, which was not unreasonable.
14. Mr S did not accept the Adjudicator's Opinion. Mr S made a number of submissions and said:-
- He was out of pocket due to the change in the pension payment date as his landlord refused to change the payment date of his rent.
 - The Trustee showed "zero compassion" and as it had much more money than him the Trustee could have compensated him.
 - The Scheme Rule that allowed the Trustee to change his pension payment date was not mentioned when he took his pension in January 2010. He would never have agreed to this rule if he had been made aware sooner.
 - He was "never educated" about the rules of the Scheme including whether the pension was paid in advance. He should have had everything explained to him by a pension expert at the time rather than just drawing his pension.
 - He is "angry" about the Scheme Rule change and is concerned that this could happen again in the future.
 - A copy of the Scheme Booklet from 1999 detailed that the pension would be paid monthly in advance.
 - He considered a full copy of the Trust Deed and Rules should be provided to him.
15. Following a request from the Adjudicator for evidence of his financial loss Mr S said the rent was due on the first of the month and the pension payment was changed to the 6th of the month so he had to fund the shortfall. He was therefore "blatantly obvious" that he was "out of pocket".
16. The Adjudicator explained that paying his rent did not necessarily mean he had lost out financially and without evidence of actual financial loss she was unable to consider this element of the complaint further. The Adjudicator was satisfied that the

Trustee could change the pension payment date and the extract of the Scheme Rules was sufficient to demonstrate this. The Booklet explained that it was intended to provide a brief outline of the Scheme benefits available to members and full details were in the governance documents, in this case the Scheme's Trust Deed and Rules.

17. The Trustee provided further comments and said:-

- Members are regularly reminded of the existence of the Scheme's Trust Deed and Rules and that these are available for their perusal.
- Mr S took his pension in December 2009 whilst remaining in employment and would have received a recommendation to take advice from an independent financial adviser. Even if Mr S disagreed with the Scheme rules, he had no authority to amend it or require it to be amended.
- Both the pension and Mr S' rent was due in April 2019 and as one was not valid for less than the whole month, then neither is the other.
- Mr S is magnifying his disappointment at the change of the pension date by projecting the 5-day change into change to the end of the month. Theoretically this could happen, but the Trustee wanted to reassure Mr S that such measures are extremely uncommon and not likely to be undertaken without considerable rational and notice period.
- The schemes under the guardianship of the Trustee were managed in accordance with the Trust Deed and Rules in order to protect the interests of all the Scheme members.

18. The complaint was passed to me to consider. I agree with the Adjudicator's Opinion and I will therefore only respond to the key points made by Mr S for completeness.

Ombudsman's decision

19. The Trustee used its discretion to decide the new pension payment date for all the pensioners of the Scheme, including Mr S. My role is not to interfere with the discretion of the Trustee unless: the Scheme Rules have not been taken into account; the decision process appears flawed; or the decision reached was perverse.
20. It is clear that the Scheme Rules allow the Trustee to change the date on which the pension payment is due and the method of payment. In this case, the Trustee provided sufficient notice of the changes to the pension payment date and explained the rationale behind the decision.
21. I do not consider the decision was unreasonable considering that it simplified the pension payroll process and affected considerably less pensioners than it would have done had a different date been chosen.

22. I appreciate that Mr S may not have been able to access his payslip online, but I can understand the Trustee's decision from a sustainability point of view and I consider it reasonable that the Trustee will provide a paper payslip if Mr S' pension changes by more than 2%.
23. Mr S has argued he lost out financially as he had to pay his rent on 1st of the month but did not get his pension until 6th of the month. However, this does not necessarily mean he lost out financially, taking into account he had been provided with sufficient notice to arrange his finances as necessary. So, without evidence from Mr S it cannot be shown that he suffered an actual financial loss.
24. Mr S is concerned that the Trustee may change the pension payment date again. The Trustee has provided assurance that this is a rare occurrence and, if it is changed in the future, that adequate notice would be given. As explained, I am satisfied with the Trustee's decision on this occasion. Mr S would be entitled to complain again if there was any future change of the pension payment date, not on the basis that the Trustee could not do this but if he considers for example that inadequate notice had been given.
25. I do not uphold Mr S' complaint.

Anthony Arter

Pensions Ombudsman
19 May 2020

Appendix

Extract of Scheme rule 5.2

5.2.1 The Trustees will determine (either generally or for a group of persons or in an individual case):

- when a pension will start;
- the regular payment dates for pensions;
- whether or not pensions are paid in monthly instalments or in advance or in arrears:
- Whether or not the first and final instalments are to be apportioned: and
- when children's pensions will stop.