

Ombudsman's Determination

Applicant	Mr L
Scheme	NEST (the Scheme)
Respondents	Lucy A Raymond & Sons Ltd (the Employer)

Outcome

1. Mr L's complaint is upheld and to put matters right the Employer shall:-
 - Pay £145.06 to Mr L for the pension contributions that were deducted from his pay and not refunded to him.
 - Pay simple interest at the base rate quoted by the Bank of England, applicable from the date the pension contributions should have been refunded.
 - Pay Mr L £1,000 for the serious distress and inconvenience caused to him.

Complaint summary

2. Mr L has complained that, despite successfully opting out of the Scheme, the Employer unlawfully deducted pension contributions from his salary.
3. The available evidence shows that £145.06 in employee contributions have not been refunded to Mr L.

Background information, including submissions from the parties

4. The sequence of events is not in dispute, so I have only set out the salient points.
5. On 2 November 2020, Mr L commenced work for the Employer.
6. On 30 November 2020, the Employer deducted pension contributions from Mr L's pay.
7. On 7 December 2020, the Employer enrolled Mr L into the Scheme. Mr L opted out of the Scheme on 15 December 2020.

8. On 31 December 2020, the Employer deducted a further pension contribution from Mr L's pay.
9. Mr L's employment with the Employer was terminated in December 2020. He took the employer to an Employment Tribunal (**ET**), and a settlement was reached in June 2022. The ET did not determine Mr L's concerns regarding not refunding his employee pension contributions.
10. On 18 February 2023, Mr L brought his complaint to The Pensions Ombudsman (**TPO**).
11. Mr L provided copies of the payslips that he held for November 2020 and December 2020, which detailed the pension contributions deducted from his pay and the corresponding employer contributions. The employee deductions amounted to £145.06. A breakdown of deductions has been included in Appendix One.
12. On 17 March 2024, TPO asked the Employer for its formal response to Mr L's complaint.
13. The Employer told TPO that, Mr L had raised the issue of his pension deductions, but this was not accepted at the ET. He was awarded a compensation payment at the ET and Mr L accepted at the time that this ended any matters related to his employment with it.
14. On 18 July 2025, the Scheme administrator confirmed that the Employer enrolled Mr L on 7 December 2020 and he opted out successfully on 15 December 2020. It also confirmed that it did not receive any contributions to the Scheme from the Employer.
15. The Scheme's guidance on how contributions will be refunded once a member has opted out states: -

If you have opted out within the opt-out period, the contributions paid to NEST will be refunded to your employer.

It takes up to 10 working days for the contributions to be refunded to your employer's account.

It is the employer's responsibility to provide you with the refund after they received it from Nest. (the opt-out guidance)

Adjudicator's Opinion

16. Mr L's complaint was considered by one of our Adjudicators who concluded that the Employer had failed to refund Mr L his employee pension contributions. The Adjudicator's findings are summarised below:-
 - The Adjudicator stated that although the Employer has stated an overall sum was paid to settle Mr L's complaint at the ET, her view was that this covered the termination of his employment and that pension deductions were not considered

within the final Judgement. Mr L's complaint was therefore not excluded from TPO's jurisdiction.

- The Scheme administrator confirmed that Mr L was enrolled on 7 December 2020, and he opted out on 15 December 2020. It also confirmed that no contributions were made to the Scheme.
- From the payslips provided by Mr L, the Adjudicator was of the view that employee contributions were deducted from his pay in November and December 2020 and that these amounted to £145.06. These contributions were not refunded to Mr L despite opting out of the Scheme in line with the opt-out guidance. The Adjudicator was of the opinion that an error had occurred, and the Employer was responsible.
- The Adjudicator was of the view that Mr L had suffered significant distress and inconvenience as a result of the maladministration from the Employer. No attempt had been made by the Employer to put the matter right which would have further exacerbated the issue. The Adjudicator was of the opinion that an award of £500 for non-financial injustice was appropriate in the circumstances in addition to a refund of employee pension contributions.

17. Mr L did not accept the Adjudicator's Opinion and in summary raised the following points:-

- He maintains that he is entitled to receive interest on the contributions deducted in 2020 that were not refunded.
- The level of redress for the distress and inconvenience he has suffered should be considered exceptional, given the impact the situation has had on him and the length of time the issue has remained unresolved.

18. The complaint was passed to me to consider. I agree with the Adjudicator's opinion, except in relation to the level of non-financial injustice. I also conclude that interest should be paid on the employee contributions that were not refunded.

Ombudsman's decision

19. Mr L has complained that, despite successfully opting out of the Scheme, the Employer continued to deduct pension contributions from his salary and subsequently failed to refund them.
20. The Scheme administrator has confirmed that Mr L's opt-out request was processed on 15 December 2020. In line with the opt-out guidance, the Employer should have refunded the contributions deducted after the opt-out request had been processed. However, the contributions were retained, and no refund was issued to Mr L.
21. I find that employee contributions were deducted from Mr L's salary but held back the Employer and not refunded to him. The Employer failed to take appropriate steps to

rectify this error or resolve Mr L's complaint prior to the Adjudicator's opinion. This amounts to clear maladministration.

22. The Employer's failure to refund Mr L's employee contributions amounts to unjust enrichment and has caused Mr L to suffer a financial loss. The Employer shall take remedial action to put this right.
23. Mr L is entitled to a distress and inconvenience award in respect of the serious ongoing non-financial injustice which he has suffered. This was exacerbated by the Employer's failure to resolve the dispute during TPO's investigation into Mr L's complaint or prior to the Adjudicator's opinion.

Directions

24. To put matters right, the Employer shall, within 28 days of the date of this Determination:
 - (i) pay Mr L £1,000 for the serious distress and inconvenience he has experienced;
 - (ii) pay Mr L £145.06 for the contributions deducted from his pay which were not refunded to him.
 - (iii) pay simple interest calculated at the Bank of England base rate, on the refunded employee contributions amounts from 1 January 2021 (being shortly after the opt-out was processed and the refund should reasonably have been made) to the date the contributions are refunded.

Camilla Barry

Deputy Pensions Ombudsman
27 November 2025

Appendix One

Payslip Date	Employee Contributions Deducted
30/11/2020	£72.53
31/12/2020	£72.53
Total amount to refund	£145.06

Appendix Two

NEST website guidance for opting out

How will my contributions be refunded now I've opted out?

How does Nest refund the contributions and to who?

- If you've opted out within the opt-out period, the contributions paid to Nest will be refunded to your employer.

How long does the refund take?

- It takes up to 10 working days for the contributions to be refunded to your employer's account.

Who will refund my contributions?

- It's your employer's responsibility to provide you with the refund after they have received it from Nest.
- If you've not received the refund, please speak to your employer.

How will I receive the confirmation of my opt-out?

- You'll receive the opt-out confirmation by email or post, depending on the option that you've selected while opting out.
- If you haven't received your opt-out confirmation, visit [Why haven't I received a confirmation of my opt-out?](#)
- Your employer will also receive confirmation of your opt-out in their Nest secure mailbox.