

Ombudsman's Determination

Applicant	Mrs N
Scheme	Universities Superannuation Scheme (the Scheme)
Respondent	Universities Superannuation Scheme Limited (USS)

Outcome

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

Complaint summary

3. Mrs N has complained that she has suffered financial loss due to an administrative error by USS. As a result, her pension benefits were lower than the annual projections provided between 2017 and 2020.
4. Mrs N has said that USS' compensation offer of £500 does not adequately compensate her for her loss or provide sufficient redress for the distress and inconvenience she has suffered.

Background information, including submissions from the parties

5. On 1 April 2004, Mrs N began employment at Brunel University (**Brunel**) and became a member of the final salary section of the Scheme.
6. In 2004, Mrs N's working arrangements changed, and she became a Variable Time Employee (**VTE**). As a result, Brunel began using a "leavers notification" to notify USS of the number of days service Mrs N accrued each year, along with her contributions, for the purpose of calculating her benefits in USS.
7. On 1 October 2011, the contribution rate for the final salary section of the Scheme increased from 6.35% to 7.5%.
8. On 2 September 2013, USS sent Mrs N a retirement quotation, based on her retiring from active service on 6 November 2018.

9. On 30 September 2013, following Brunel's leaver notification, USS sent Mrs N a leaver's statement showing her deferred benefits accrued up to 20 June 2013.
10. On 31 March 2016, USS' final salary section was closed to future accrual, and Mrs N began accruing benefits on a career average revalued benefits basis. As a result, several events took place:
 - USS issued Mrs N a closure statement for the value of her final salary benefits as of 31 March 2016. Her final salary benefits were deferred and revalued annually according to USS' standard pension increases.
 - Mrs N had an additional voluntary contribution (**AVC**) arrangement with USS, which continued, and was included in her final salary calculation annually.
 - USS used data from its annual records to bulk produce and send Mrs N an annual member statement (**AMS**) each year, which provided her information as to her pension benefits as of 31 March each year.
 - There was no manual intervention in these events.
11. USS made an error in calculating Mrs N's benefits as of 31 March 2016. Part of her accrual (for the period 1 April 2004 to 31 July 2015) appeared twice on her record so her benefits were overstated. This error was reflected in each AMS Mrs N received from 2017 to 2020. It went undetected due to the automated nature of the AMS process.
12. In May 2020, Mrs N says she decided to retire based on her 2020 AMS, which quoted her an annual pension of £2,857.17 and a lump sum of £8,571.51. She contacted USS to initiate the payment of her pension benefits.
13. On 31 May 2020, Mrs N left her employment with Brunel with the aim of retiring.
14. On 2 October 2020, USS wrote to Mrs N providing her benefits and retirement options (**the 2020 quote**). It quoted her an annual pension of £1,759.56 and a lump sum of £5,278.68, lower than projected in her 2020 AMS.
15. On 1 November 2020, Mrs N spoke with USS to query the discrepancy between her 2020 AMS and the lower final pension shown in the 2020 quote.
16. On 3 November 2020, Mrs N called USS again to query the discrepancy.
17. On 6 November 2020, USS called Mrs N, and she raised a complaint regarding the discrepancy.
18. On 7 November 2020, Mrs N called USS to pursue her complaint.
19. On 10 November 2020, USS wrote to Mrs N. It informed her that it was carrying out an investigation into her complaint and apologised for the mistake.

20. On 11 November 2020, USS wrote to Mrs N and provided a detailed breakdown of her retirement benefit calculations.
 - On 17 November 2020, Mrs N emailed USS and made further enquiries about the discrepancy and the origin of the mistake. She requested her correct AMS estimates for the period 2017 to 2020. She expressed difficulties in contacting the USS by telephone.
21. On 19 November 2020, two events took place:
 - USS emailed Mrs N and informed her that it was processing her AMS' and she would receive a detailed letter to explain the mistake.
 - Following this USS wrote to Mrs N by post and explained the discrepancy between the 2020 AMS and the 2020 quote and detailed her service period. In the letter USS apologised for difficulties Mrs N experienced in calling and acknowledged changes to telephone procedures which caused temporary issues.
22. On 20 November 2020, Mrs N emailed USS and acknowledged its email on 19 November 2020. She expressed the distress the mistake caused her. She said she had made the decision to retire based on the AMS' and it was too late for her to return to her teaching role to mitigate the incorrectly overstated benefits.
23. On 23 November 2020, USS emailed Mrs N to confirm she would receive its detailed explanation letter posted and dated 19 November 2020. The letter was produced in response to her complaint of 6 November 2020.
24. On 26 November 2020, Mrs N emailed USS after she received the explanation letter. She queried aspects of her AMS' from 2013 to 2015 and further requested her revised 2017 to 2020 AMS'. She stated that she would not have retired had she received her correct pension benefit figures. She confirmed her intention to fill out her notification of member's retirement.
25. On 27 November 2020, USS emailed Mrs N in response. It addressed her queries regarding her AMS' and offered to provide her with the relevant forms to proceed with USS' Internal Dispute Resolution Procedure (**IDRP**).
26. On 3 December 2020, Mrs N emailed USS. She presented queries regarding her prior AMS' and expressed upset that her benefits would be lower than she expected. She reaffirmed that she relied on the incorrect information presented in her 2020 AMS to retire and would have continued working if provided with the incorrect information.
27. On 4 December 2020, USS emailed Mrs N. It confirmed that it needed to investigate the matter further. On the same day Mrs N called USS to discuss the mistake further.
28. On 9 December 2020, USS wrote to Mrs N to apologise for the mistake and confirmed that her AMS' from 2017 to 2020 contained incorrect information. It also confirmed:-

- USS attributed the mistake to an administrative error in its new system, implemented in 2016, after the closure of the Scheme's final salary. As the new system could not distinguish between regular and VTE benefits, it duplicated certain service history entries, resulting in misleading AMS figures.
 - The mistake was only discovered when USS' Active Retirement team conducted a full data audit of Mrs N's record.
29. On 22 January 2021, USS wrote to Mrs N. It apologised for the mistake and for providing incorrect information regarding her benefits. In response to her queries, it acknowledged that further mistakes were made, that were identified by Mrs N's review of past documentation issued by USS:-
- In USS' letter on 2 September 2013, it miscalculated her service history. The period accrued was calculated between 1 April 1995 and 30 September 2011 (**Pre 2011**) resulting in it being understated by one day. In contrast the post 1 October 2011 (**Post 2011**) service was overstated.
 - In Mrs N's leaver's statement of 30 September 2013, her post 2011 service was overstated by three days.
 - The leaver's statement provided to her by USS on 12 September 2014 included overstatements of her service history. Her pre 2011 service period was overstated by three days and her post 2011 service was overstated by one day.
30. On 12 February 2021, USS provided Mrs N with its IDRP Stage 1 decision. However, it did not agree with Mrs N's complaint for the following reasons:
- It acknowledged that USS miscalculated Mrs N's pension benefits since 31 March 2016. This was caused by the duplication of Mrs N's service history. As a result, her AMS' were overstated from 2017 to 2020, which it apologised for.
 - Despite recognising its mistake, USS clarified it could only pay Mrs N the benefits she was entitled to under the Scheme Regulations.
 - It referred to the disclaimer present in each AMS. The disclaimer stated that the figures illustrated did not constitute a promise or guarantee of pension benefits received and were not to be relied upon when making pension benefit decisions. It encouraged members to check information provided in AMS' to ensure they were correct.
 - In recognition of the distress and inconvenience suffered by Mrs N, USS offered Mrs N £250 as compensation.
31. On 27 June 2021, Mrs N submitted an IDRP Stage 2 application to USS. She disagreed with the IDRP Stage 1 decision as:
- She disputed a statement made by USS which claimed the Trustee constantly reviewed the data, as the error went unnoticed for several years.

- Regarding USS' disclaimer in the AMS', she identified that despite checking her AMS', the progression of pension benefits were consistent from 2017 to 2020. As a result, she relied on this information.
 - She felt that USS did not have adequate internal controls to ensure information provided to members was accurate. Especially as the incorrect information persisted in more than 4 AMS' and she had to pursue USS for clarification as to the correct information.
 - The £250 compensation did not sufficiently compensate her for the inconvenience she suffered in pursuing and understanding the mistake, the reduction to her pension benefits, or the distress and inconvenience she suffered.
 - Due to USS' error, she has suffered financial loss and is suffering mentally and financially.
32. On 14 October 2021, USS provided Mrs N its IDRPs Stage 2 decision. The Advisory Committee (**TAC**) who had delegated authority from USS' Trustee, found that:
- An error had clearly occurred and apologised for the incorrect information provided to Mrs N in her each AMS issued to her between 2017 and 2020 AMS. It also apologised for the miscalculation of her pension benefits of 31 March 2016.
 - It agreed with the IDRPs Stage 1 position that USS could only pay Mrs N the pension benefits she was entitled to under the Scheme Regulations. The miscalculation did not automatically entitle her to the incorrectly overstated benefits provided in her 2017 to 2020 AMS.
 - It was not reasonable for Mrs N to rely on the information provided in her AMS' when deciding to retire due to the disclaimer. It further stated it was not unreasonable for USS to require members to check their AMS' were correct.
 - Mrs N provided no evidence to show her reliance on the AMS' or to suggest she would not have retired had she been provided with the correct information. Additionally, she provided no evidence that she attempted to return to work after receiving the correct information.
 - It felt the difference between the incorrect pension figures presented in Mrs N's 2020 AMS and her correct pension benefits were relatively modest in regards to the impact on her pension and retirement savings.
 - In recognition of the distress and inconvenience suffered by Mrs N, it offered her £500 as compensation.
33. Following the complaint being referred to The Pensions Ombudsman, Mrs N and USS have made the following submissions.

Summary of Mrs N's position

34. Mrs N believes she has suffered financial loss based on her decision to retire on the higher figures projected in her 2020 AMS. Had she been aware of the error, she would have continued employment until she reached the incorrect figure projected in her AMS'. At the point she was informed of the error it was too late for her to return to work as her role had been filled by her replacement.
35. Mrs N finds USS' compensation offer of £500 to be insufficient as she has spent considerable time trying to resolve her complaint with USS which has caused her distress, anxiety and frustration. As USS failed to identify the error, she wants USS to honour the incorrect 2020 AMS and compensation for the lack of communication and clarity in resolving the error.

Summary of USS' position

36. USS have acknowledged that it has miscalculated Mrs N's pension benefits since 31 March 2016 resulting in her AMS' being overestimated between 2017 and 2020.
37. USS apologised for the error and has offered Mrs N £500 compensation. It argues that it identified the error at the first given opportunity, upon Mrs N communicating her intention to retire, and provided the correct information to her on 2 October 2020.
38. It identified that the closure statement provided to Mrs N as at 31 March 2016, detailed her pension benefits as £1,227.85 per annum, with a lump sum of £3,683.55. This conflicted with her 2017 AMS which illustrated an annual sum of £2,450.69, and a lump sum of £7,352.07. Therefore, Mrs N ought to have reasonably noticed the mistake.
39. It further argued that Mrs N had not demonstrated financial loss as there was no clear change of position based on the miscalculated benefits. It also emphasised that the incorrect information did not automatically entitle her to the miscalculated benefits.

Adjudicator's Opinion

40. Mrs N's complaint was considered by one of our Adjudicators who concluded that there was maladministration. The Adjudicator's findings are summarised below:-
 - The basic principle for negligent misstatement (in the absence of any additional legal claim) is that a scheme is not bound to follow the incorrect information. A member is only entitled to receive the benefits provided under the scheme rules, that is, those based on the correct information accurately reflecting the scheme rules.
 - Redress will only be made available if it can be shown that financial loss or non-financial injustice has flowed from the incorrect information given. For example, the member may have taken a decision in the expectation of receiving the higher

benefits which they would not otherwise have done, such as retiring early. The Ombudsman will consider whether it is more likely than not that a member relied on the incorrect information to their detriment and that it was reasonable for them to do so.

- The Adjudicator did not agree that Mrs N had suffered a financial loss as she was not automatically entitled to the incorrectly calculated benefits and with reasonable diligence, she could have ascertained that the 2017 AMS figures she had been provided were incorrect.
- Furthermore, upon making her decision to retire, Mrs N should have requested a retirement quotation before proceeding with her retirement plans and informing her employer. The figures provided in the AMS were not marked as guaranteed and as such it would have been prudent for Mrs N to have sought more accurate information before deciding to leave employment and retire. As such, the Adjudicator did not believe it was reasonable for Mrs N to have relied solely on the AMS when planning her retirement.
- Mrs N did not provide any evidence to support her claim that she suffered financial loss.
- The Adjudicator was of the view that Mrs N had suffered a loss of expectation, as a result of USS' mistake as opposed to a financial loss, in that she was led to believe that she was entitled to receive a higher benefit than was actually permitted. This is considered to be non-financial injustice, rather than a financial loss. The Pensions Ombudsman's approach to non-financial injustice is that no award will be made unless the injustice is at least significant. The Adjudicator felt that USS' offer of £500 was a sufficient award in recognition of the non-financial injustice Mrs N has suffered due to USS' error.

41. Mrs N did not accept the Adjudicator's Opinion, and the complaint was passed to me to consider. Mrs N provided 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 raised by Mrs Y for completeness.

42. In summary Mrs N said:-

- She disagreed with the Adjudicator's assertion that USS identified the error at the first opportunity and provided her version of events.
 - She first emailed her Employer on 10 March 2020, to enquire about her pension benefits and requesting a final retirement estimate. At a follow up meeting, the Employer who agreed to request a final retirement quotation, to be prepared for 31 May 2020, which was the end of the academic year.
 - She contacted her Employer again on 22 June 2020 and 29 June 2020 to pursue her final quote.

- On 13 July 2020, USS emailed her Employer in response to her final quotation request. It provided an incorrect estimate of her pension benefits based on her 2020 AMS. This was the first opportunity that USS had to identify the mistake, not the final retirement quotation of 2 October 2020.
- At the point USS issued her final pension quotation on 5 October 2020, 3 months had passed since USS first contacted her Employer and 6 months since she originally requested her final quotation. It was in the final quotation that she was informed of the lower, correct figure.
- By the time USS acknowledged the mistake on 10 November 2020 it was too late in the academic year for Mrs N to withdraw her retirement. Mrs N was left with no opportunity to apply for a new role or retain her previous one. Her replacement was already hired at the start of the academic year.
- Further, she challenges the assertion that there was a change of format between her 2016 and 2017 AMS', which changed from manual to automated. The change was not explained and could not be defined by a non-expert. Additionally, as a non-native English speaker, she relied on USS as pension experts and had she not requested her final quotation, the mistake may not have been identified.
- The award of £500 compensation does not adequately compensate her for the financial loss she suffered for the reduction, her reliance on the incorrect information in making her decision to retire, and the slow response in providing her a final retirement quotation. Additionally, it does not accurately consider the distress and inconvenience she has suffered in the time taken to resolve her complaint, which is still ongoing.

Ombudsman's decision

43. Mrs N has complained that she has suffered financial loss due to an administrative error by USS.
44. Mrs N is also dissatisfied that she was provided with incorrect information in her AMS' which overstated her pension benefits between 2017 and 2020. Although the mistake began in 2016, it has been made clear that the mistake was not identified by USS until 2020, and upon identifying the error it provided her with the correct information on 2 October 2020, prior to payment of her retirement benefits.
45. As acknowledged by the Adjudicator, Mrs N was not provided with an explanation as to the perceived reduction in her benefits, until she contacted USS to enquire on 2 October 2020. This amounts to maladministration which USS have acknowledged and accepted. However, the error does not give Mrs N an automatic entitlement to receive the incorrect, overstated benefits.

46. As explained by the Adjudicator, for a claim of negligent misstatement to be successful, Mrs N must have reasonably relied on the misstatement and the claimed loss must have been as a direct result of the misstatement.
47. I acknowledge there was a format change between her 2016 and 2017 AMS'. It also coincided with the start of the incorrect information. However, the format change was stylistic, and the information presented was simplified, and so expert knowledge of pensions was not required to understand the AMS' from 2017 onwards. Similarly, page 3 of her 2017 AMS provides a 'speed read' that provides an overall, simplified projection of her pension benefits. Considering Mrs N says she continued to rely on her AMS' from 2017 onwards, I consider that she must have had some understanding of the contents.
48. I consider that it ought to have been clear from the numerical pension figures in the 2017 AMS that they were significantly higher than what was stated in previous years. It should have been apparent that an error had occurred. If Mrs N did not understand it, that is more reason for her to have enquired about it with USS as she was specifically directed to in the AMS (the AMS included a statement that *"You should check the information contained in this summary statement and speak to your workplace pension contact if you believe any details are, or may be, incorrect or if you would like to update your personal details."*). Therefore, because of the increased benefits being estimated, I do not find it reasonable for her to have relied on the AMS' from 2017 onwards.
49. In regard to USS identifying the error at the first opportunity, I do not think the email on 13 July 2020 is significant. The final quotation was not the first opportunity USS had of identifying its own error or the error in its systems. USS clearly had an obligation to maintain correct records and to check for system errors when updating or changing its systems. If the discrepancy should have been obvious to Mrs E, it should also have been picked up by USS. It is also not clear to me that a disclaimer can be effective to exclude liability in respect of information that is provided to members pursuant to regulatory requirements; liability must depend on an analysis of the relevant statutory provisions.
50. However, the AMS also contained a request to members to check the information contained in it and to speak to their workplace pension contact if any of the details appeared to be incorrect. I consider this to be a reasonable request. It does not pass responsibility for maintaining correct data to the member, but it is relevant to the reasonableness of the member relying on the information without checking in it particularly where the presence of some error should have been obvious.
51. I understand that Mrs N directed her Employer to request her final retirement quotation on 10 March 2020, with an additional meeting on 12 March 2020. I understand that at a further meeting, the Employer agreed to request a final retirement quotation to be prepared for 31 May 2020. She had to chase again on 22 June 2020 and 29 June 2020. She then received what appears to have been an unchecked estimate on 13 July 2020 from USS and eventually a correct final

retirement quotation on 2 October 2020. While Mrs N's communications were with her Employer and not USS, the AMS' direct her to communicate with her "workplace pension contact" and in communicating with Mrs N about retirement quotations, I consider that the Employer was acting as the USS' agent. This is further supported by the fact that the Employer did not direct her to contact USS directly. The long delay in providing Mrs N with a correct final retirement quotation and providing her with an unchecked and incorrect estimate on 13 July 2020 is maladministration.

52. However, Mrs N has stated that she decided to retire in May 2020 and that she left her employment with Brunel on 31 May 2020 with the aim of retiring. I find that the incorrect estimate provided to her on 13 July 2020 was not the basis of her decision to retire.
53. Mrs N has stated that she took her decision to retire on the basis of her 2020 AMS. I find that in so doing she did not reasonably rely on the 2020 AMS and USS could not reasonably have expected her to rely on her 2020 AMS for the purpose of taking her retirement decision. This is in part because I consider the purpose of requiring schemes to issue AMS to members is to provide them with information about their expected pension benefits while in service and to enable them to check the records held in respect of them but the purpose is not to provide a basis for retirement decisions and in part because, having been asked to check the information in each AMS, Mrs N could not reasonably rely on the 2020 AMS when she either failed to check or notice the material discrepancy between her 2016 and 2017 AMS' which was carried through to the 2020 AMS. Having not played her part as requested in spotting errors, she cannot reasonably rely on the fact that the 2020 AMS included an error that could have been picked up with her assistance.
54. In conclusion, Mrs N has suffered a loss of expectation, rather than a financial loss. This is classed as non-financial injustice. Awards for losses of this type are not intended to bridge the gap between the amount the individual will actually receive and the amount the individual expected to receive. Rather, such awards are to recognise the disappointment suffered and the time spent dealing with the matter. Generally, the starting point is £500. However, there may be circumstances where a higher amount is warranted.
55. The £500 offered by USS is in recognition of multiple factors. The disappointment suffered, the duration of the mistake, and the pursuit of her complaint.
56. I acknowledge that Mrs N will be frustrated and that receiving the incorrect information will have caused her significant distress and inconvenience, but I find that a payment of £500 is appropriate.

57. Therefore, I do not uphold Mrs N's complaint.

Camilla Barry

Deputy Pensions Ombudsman
3 June 2025