

## Ombudsman's Determination

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|-------------|-----------------------------------------------------------------------------------------------------------------------------------------|
| Applicant   | Ms T                                                                                                                                    |
| Scheme      | Scottish Housing Associations' Pension Scheme ( <b>the Scheme</b> )                                                                     |
| Respondents | The Trustees of the Scottish Housing Associations' Pension Scheme ( <b>the Trustee</b> )<br><br>TPT Retirement Solutions ( <b>TPT</b> ) |

## Outcome

1. I do not uphold Ms T's complaint, and no further action is required by the Trustee or TPT.

## Complaint summary

2. Ms T complained that TPT provided her with incorrect information when it confirmed her pension funds would be paid to her through a Trivial Commutation Lump Sum (**TCLS**). She said it did not inform her that her other pensions would need to be taken into account when considering her eligibility for a TCLS and it also incorrectly told her that TCLS came into force in April 2024.
3. Ms T said her pension should be paid to her as a TCLS and that TPT should pay compensation to her because of the incorrect information it provided.

## Background information, including submissions from the parties

4. The Scheme is an occupational defined benefit pension arrangement, administered by TPT and managed by the Trustee.

5. The Scheme is governed by its Trust Deed and Rules of 18 January 2011, with Rules effective from 1 November 2014, as subsequently amended (**the Scheme Rules**). One rule relevant to Ms T's complaint is detailed in Schedule 12.2 of the Scheme Rules (**Schedule 12.2 of the Rules**)<sup>1</sup>.
6. Schedule 12.2 of the Rules states:

“The Trustee may decide whether or not a person is entitled to any pension or other benefit in accordance with the Rules, all other claims on the Fund and all matters, questions and disputes concerning the Fund. The Trustee may require any evidence or information it decides from a person entitled to or claiming a benefit from the Fund and payment of such benefit is conditional on the person producing that evidence or information.”
7. In March 2023, Ms T contacted TPT and asked for a retirement estimate as she was turning 55 in August 2023.
8. On 22 March 2023, TPT issued a letter to Ms T that set out her retirement options, including taking a TCLS. The letter explained the associated conditions that must be met if her pension was to be paid as a TCLS. It was explained that for a TCLS to be possible, the capital value of all of Ms T's pensions could not exceed £30,000.
9. On 5 June 2023, TPT issued a final retirement quotation to Ms T, and explained the conditions necessary for a TCLS to be an option.
10. On 24 August 2023, TPT sent a letter to Ms T that again explained the information with regards to a possible TCLS payment.
11. On 28 November 2023, TPT issued a further letter to Ms T that set out all the retirement options available to her (**the November 2023 letter**). This letter included a section regarding the option of TCLS on page 8 under option 5. The November 2023 letter stated: -

“If the capital value of your total pension benefits, across any registered pension schemes, is £30,000 or less, you may be able to take them as a one-off lump sum.

You will need to contact your other pension providers to check if your total benefits are under the £30,000 capital-value threshold.

If you wish to explore this option further, please complete the enclosed Trivial Commutation Certificate and we will issue a detailed quotation so you can decide which option to take.”

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<sup>1</sup> As well as General Rule 14.2, which allows for the payment of a lump sum instead of small pensions in certain circumstances, with the consent of the Trustee.

12. On 1 December 2023, TPT received instructions from Ms T that said she would like to take a pension commencement lump sum and enhanced annual pension, in accordance with option 4 in the November 2023 letter.
13. On 26 June 2024, Ms T contacted TPT to confirm that she would instead like to receive the full amount as a TCLS. TPT advised her that the details of a quotation for a TCLS would be issued to her within 5 to 10 working days.
14. On 8 July 2024, Ms T telephoned TPT to follow up on her recent request because she had not received any correspondence. She was informed at this time that the request for a quotation would be processed the next day, and it was explained that normal payment timescales for monies paid via TCLS were within two weeks of all forms being returned to TPT.
15. On 9 July 2024, TPT issued a letter to Ms T (**the July 2024 Letter**) that included a request for her to complete and return its form with confirmation of the capital values of all of her pension benefits held outside of TPT. On the same day, Ms T also telephoned TPT, and she was informed that the total value of her pensions would have to be under £30,000 in order for her to be eligible for a TCLS and that it required her completed form returned to be able to check eligibility and provide a quotation.
16. On 12 July 2024, Ms T telephoned TPT on two occasions and raised enquiries about her eligibility for a TCLS. She explained to TPT that she had been advised that her annuity with L&G would not need to be considered as part of the assessment for eligibility for a TCLS and she sought confirmation of this point. TPT confirmed it would need to look into this query further before it could provide an answer. TPT also explained to Ms T that any potential TCLS payment would need be made to her in October 2024, which it has said was because she was already in receipt of benefits, and this meant it would not be possible for it to issue monies to her on its weekly payroll.
17. Ms T said that it was in this period she used £2,000 of her overdraft and £2,500 that she borrowed from a friend, to assist her son with his final year at university. Ms T said that she did so in good faith based on the information TPT provided her with, on the understanding a TCLS would be paid to her soon, which would allow her to repay the amounts borrowed.
18. On 16 July 2024, after reviewing the details of the external pensions Ms T had submitted to it, TPT contacted her in response to her query of 12 July 2024 regarding her L&G annuity. TPT explained that the annuity would need to be taken into account, along with her pension from New Towns that was detailed on the forms she had submitted. As her overall pension benefits were over £30,000, she was not eligible to receive a TCLS.
19. Later in July 2024, Ms T raised a complaint with TPT. In her emails to TPT she stated that: -

- It had provided incorrect information to her on a number of occasions since she contacted it prior to her 55th birthday, which was in August 2023.
- If the correct information had been provided to her at the time of her original decision regarding her benefits in the Scheme, she would have chosen the option of a TCLS at that time.
- Its actions had caused her financial hardship and distress, and she should receive compensation.

20. On 9 August 2024, TPT issued its response letter to Ms T (**the August 2024 Letter**), and it stated: -

- It issued letters to her in March, June, August and November 2023 that explained the impact other pension benefits would have on her being eligible for a TCLS and it was therefore satisfied she had been informed of this correctly.
- The information provided to her in the conversation on 8 July 2024 with regards to the normal two-week timescale for payment would likely have created an expectation that quotation figures for a TCLS were due to follow. However, the July 2024 Letter and other letters, including the November 2023 Letter, made the terms and requirements for a TCLS clear.
- Its process and the legislative requirements for a TCLS required it to complete an eligibility calculation before providing any customer a quotation for a TCLS. In order to carry out this calculation, it required the details of any other pension rights held.
- The reference to April 2024 being the date trivial commutation came into effect was likely a misunderstanding and was not the date it was introduced. It may have been a reference to changes about how the £30,000 limit for a TCLS was calculated, but not when it was introduced.
- It apologised for any misunderstandings or miscommunications, but in summary said that her complaint was not upheld because it was satisfied it made clear to her on several occasions that there was a limit of £30,000 in terms of the capital value of her combined pensions and that if benefits exceeded this limit, a TCLS could not be paid.
- As the total value of her pensions exceeded the £30,000 limit, she was not eligible for a TCLS.
- The value of her other pensions still counted towards the £30,000 limit whether she was taking benefits from them or not, so her earlier decision to receive monies from her L&G annuity had no impact on her eligibility for a TCLS and she was never eligible.

21. On 19 August 2024, Ms T raised a complaint with the Trustee under the Scheme's Internal Dispute Resolution Procedure (**IDRP**).

22. On 4 October 2024, the Trustee issued the stage one IDR response to Ms T. This letter explained the decision outlined in the August 2024 Letter was correct. The Trustee was satisfied Ms T had been informed correctly with regards to her eligibility for a TCLS, because it believed the November 2023 Letter provided detailed information of the criteria for trivial commutation. The Trustee also said that the telephone conversation on 8 July 2024 may have led Ms T to expect quotation figures to arrive with the July 2024 Letter, but this letter would have made it clear to her that she may not be eligible for a TCLS. This was also confirmed to her separately during a telephone conversation on the same day.
23. In October 2024, Ms T confirmed she wanted to appeal the stage one IDR decision and for it to be referred to The Trustee's Appeals and Discretions Committee (**the Committee**). In her appeal Ms T explained her view that: -
- TPT had not made her aware of the requirement to consider other pensions with regards to her eligibility for trivial commutation.
  - Regarding the 8 July 2024 telephone call, she did not agree that it was a misunderstanding that she would receive the quotation for a TCLS and then payment would be made in two weeks. That was the process explained to her by TPT.
  - TPT told her separately that payment would be made to her in October 2024.
  - TPT had told her on many occasions that the calculation for a TCLS was a new rule that came into effect in April 2024 and this was not correct.
24. TPT had apologised to her on many occasions for providing her with wrong information.
- If the TPT representative she spoke to could have answered her question at the time it was raised with regards to her L&G annuity, this would have saved her disappointment and upset.
25. On 4 November 2024, the Chair of the Committee wrote to Ms T to provide the stage two IDR response. Her complaint was not upheld and the letter explained: -
- The Committee had found unanimously that TPT was not at fault and was not therefore responsible for the financial difficulties she had experienced.
  - She was not entitled to receive a TCLS because her pension benefits were over £30,000 and as this was a statutory requirement, the Trustee could not change this decision.
  - During the telephone call on 8 July 2024, TPT did not provide any guarantee that she was eligible to receive a TCLS. The comment about the timescale for payment of two weeks was a reference to what would happen normally after all forms were returned.

- On 9 July 2024, the position regarding normal TCLS eligibility criteria was made clear to her.
- The Committee acknowledged there were a handful of minor misunderstandings, and it apologised. It did not, however, agree that incorrect information had been provided to her.

## **Adjudicator's Opinion**

26. Ms T's complaint was considered by one of our Adjudicators who concluded that no further action was required by TPT or the Trustee. The Adjudicator's findings are summarised below.
27. The Adjudicator took into account Paragraph 7 schedule 29 Finance Act 2004 that states a TCLS can only be paid where the value of the member's pension rights under all registered pension schemes that they belong to is not more than £30,000. Ms T had confirmed that her pension benefits were above this limit and the Adjudicator subsequently concluded she was not eligible for a TCLS payment.
28. To assess whether the eligibility requirements for a TCLS were made clear to Ms T, including the need for her to confirm her total pension holdings to TPT so it could determine whether she was eligible for a TCLS or not, the Adjudicator considered the content of the letters TPT issued to her in March, June, August and November 2023. The Adjudicator stated these letters, and in particular the November 2023 Letter, were clear in explaining the full requirements for trivial commutation, and concluded that Ms T should have been aware of these requirements before she contacted TPT on 26 June 2024.
29. The Adjudicator noted that it was not until after 12 July 2024 that Ms T provided TPT with the details of all of her pension arrangements and that this was after the communications Ms T said she relied on as confirmation her pension funds would be paid through a TCLS.
30. When reviewing the element of Ms T's complaint with regards to the incorrect information she said she received, the Adjudicator considered the details of the relevant telephone conversations that took place from 26 June 2024.
31. The Adjudicator stated that the information TPT provided to Ms T during its telephone conversations with her could have been clearer at times but was satisfied that she was not provided with any clear indication or guarantee that her pension funds would be paid to her through a TCLS. It was noted that TPT's reference to the timescale for payment of two weeks that was made during the 8 July 2024 telephone conversation, was more likely than not, a general comment made in relation to its normal process where a TCLS can be paid.

32. The Adjudicator was satisfied that TPT's apology to Ms T was sufficient to recognise where it may have caused confusion or a misunderstanding and so, a payment for compensation was not appropriate.
33. Taking all communications and conversations into account, the Adjudicator said it was not reasonable for Ms T to have relied on the information she received from TPT on the telephone as confirmation her pension monies would be paid to her through a TC lump sum.
34. TPT provided recordings of its telephone conversations with Ms T and the Adjudicator listened to these but did not find any new information that had not already been considered. No further additional evidence or information was provided by Ms T, the Trustee or TPT. Ms T did not accept the Adjudicator's Opinion, and the complaint was passed to me to consider.
35. I agree with the Adjudicator's Opinion.

### **Ombudsman's decision**

36. Ms T has complained that TPT provided her with incorrect information, and she has said she should receive compensation. She also said she should receive her full pension as a TCLS payment.
37. Paragraph 7 schedule 29 of the Finance Act 2004 is the applicable legislation which confirms that to be eligible to receive a TCLS payment, an individual's total pension holdings must be under the £30,000.00 limit. Ms T has confirmed her total pension holdings are over this amount. So, I agree with the Adjudicator that Ms T is not eligible to receive a TCLS payment and that her pension should not be paid to her this way.
38. To determine whether a non-financial injustice payment should be awarded to Ms T, I need to consider if TPT's actions amount to maladministration and if so, whether the threshold for an award has been met.
39. I recognise it is Ms T's view that she received wrong information from TPT, and there was not any misunderstanding. I also appreciate that TPT's initial comments to her may have created some expectation that it would be possible to pay a TCLS in her case.
40. However, in my view it is clear that the information TPT provided to Ms T in its letters to her explained that if she wanted to select the option of a TCLS, her eligibility for such a payment would need to be determined. It went on to make clear that as part of this process she would be required to provide TPT with the details of all of her pension holdings. The £30,000.00 threshold for the TCLS was also clearly explained in the letters TPT sent to Ms T.

41. The letters issued to Ms T by TPT that set out the requirements for TC were issued to her before she first contacted it on 26 June 2024 to request that her pension monies were paid to her this way. So, Ms T should reasonably already have known at the outset of her enquiries that she was not eligible to receive a TCLS payment (or, at very least, that calculations would be required before it would become apparent whether she was or was not eligible).
42. Nor do I consider that the telephone conversations, in which discussions included reference to when a TCLS might be paid, amounted to a representation that a TCLS would be paid. Indeed, at that time the information required to ascertain whether the value of all pensions was below the £30,000 limit had not been provided to TPT, so it would not be possible to definitively say whether a TCLS could be paid. Therefore, I am satisfied that TPT did not at any time provide Ms T with a guarantee that trivial commutation would be possible. Accordingly, I do not find that maladministration has occurred, so cannot award Ms T a non-financial injustice payment.
43. I do not uphold Ms T's complaint.

**Dominic Harris**

Pensions Ombudsman  
8 September 2025