

Ombudsman's Determination

Applicant	Mrs R
Scheme	The Royal Bank of Scotland Group Pension Fund (the Fund)
Respondent	RBS Pension Trustee Limited (the Trustee)

Outcome

1. I do not uphold Mrs R's complaint and no further action is required by the Trustee.

Complaint summary

2. Mrs R has complained that the Trustee failed to inform her of its decision not to pay annual increases on the pre-1988 element of her Guaranteed Minimum Pension (**GMP**). She said that, as a result, she has been unable to make alternative arrangements for her retirement.
3. Mrs R would like the pre-1988 element of her GMP to receive the same annual increases as the pre-1997 element of her GMP.

Background information, including submissions from the parties

4. Mrs R resigned from her employment on 18 March 1985. She had a preserved pension of £1,028 from the Fund.
5. The Fund administrator sent Mrs R a retirement statement dated 30 June 2018. The statement informed her that:-
 - The Fund would pay increases on the GMP built up after 5 April 1988, in line with price inflation, up to 3% a year, but it would not pay increases on her GMP built up before 6 April 1988.
 - The Fund pension, over Mrs R's GMP, built up before 6 April 1997, would be increased in line with price inflation up to a maximum of 5% a year.
6. Mrs R complained under both stages of the Fund's Internal Dispute Resolution Procedure. She said that:-

- She wanted to know when the Trustee had decided not to pay any increases on the pre-1988 element of her GMP, and why she had not been informed of its decision.
- She said that the Trustee should have informed members of its decision when it was made.
- If she had been informed about the Trustee's decision not to pay any increase on the pre-1988 element of her GMP, she would have had the opportunity to make alternative plans for her retirement.

7. In response to the complaint, the Trustee said that:-

- It was required to notify members of a change or a proposed change to the Fund. However, as increases to Mrs R's GMP were never to have been paid from the Fund, there had been no change to her Fund pension. The Trustee was therefore not required to communicate any information to Mrs R.
- It could not increase her pension by more than was permitted by legislation and the Fund Rules. In line with the Rules and legislation, no increases are awarded to the pre-1988 GMP element of Mrs R's pension.
- The increases to the pre-1988 elements of GMP used to be provided through the State Pension system, but this had changed with the introduction of the single rate State Pension in 2016. The changes to the State Pension were out of the Trustee's control and it was not required to provide any information about them.

Adjudicator's Opinion

8. Mrs R'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 GMPs are statutory and are not within the control of the Trustee. Therefore, the Trustee did not have a responsibility to inform Mrs R of the changes.
- The Trustee had acted appropriately and was paying increases on the elements of Mrs R's GMP that it is required to under statute. The Trustee had no obligation to pay increases on the pre-1988 element of Mrs R's GMP.

9. Mrs R did not accept the Adjudicator's Opinion and the complaint was passed to me to consider. Mrs R provided her 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 made by Mrs R for completeness. Mrs R made the following comments:-

- She did not agree that the Trustee had provided her with enough information to understand the implication of the pre - 1988 and post -1988 elements of her GMP. Therefore, she was unable to prepare for retirement as she did not have all the necessary information.
- The Trustee did not provide information about GMP's in the letter she received in January 1986, about her preserved pension. A former colleague had told her that Scheme members who had left after 2010 had received some information regarding increases to their deferred benefit statements.

Ombudsman's decision

10. There is no requirement for the Trustee to inform Mrs R of the changes to GMP increases.
11. The Trustee has followed the requirements set out in legislation and it has no duty to pay increases on the pre-1988 element of Mrs R's GMP, even when the State is not paying any increases.
12. I do not uphold Mrs R's complaint.

Anthony Arter

Pensions Ombudsman
29 April 2020