

Ombudsman's Determination

Applicant	Mr M
Scheme	Solvay UK Defined Benefit Pension Scheme (the Scheme)
Respondents	Solvay Pension Trustee Limited (the Trustee)

Outcome

1. I do not uphold complaint and no further action is required by Solvay Pension Trustee Limited.

Complaint summary

2. Mr M 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 M considers he has lost out on the pension due from 1 April to 5 April 2019, and says that the Trustee should have paid him a bridging payment to cover the five days.

Background information, including submissions from the parties

3. In January 2019, the Trustee wrote to Mr M 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, the pension payment date was changing to the 6th of each month in order to simplify the payroll process.
 - The change did not impact the structure of the pension and the change was only for administrative purposes.
4. On 31 January 2019, Mr M complained about the change to his pension payment date. He said that he would be without a pension from 1 April until 5 April 2019, and asked for a bridging payment to cover the five days.

5. The Scheme administrator replied to Mr M and said:-
 - The pension paid on 6 April 2019, covered Mr M's pension from 1 April to 30 April 2019.
 - Mr M would still get 12 months of pension payments in 2019.
 - The pension was paid monthly in advance.
 - The Scheme rules allowed the Trustees to change the pension payment date and members were not allowed to choose the pension payment date.
 - If the change of payment date caused inconvenience due to existing direct debits Mr M should contact the recipients to explain the change.
6. On 18 February 2019, Mr M asked for a copy of the Internal Dispute Resolution Procedure (**IDRP**). He said his pension was not going to be paid monthly in advance when there were five days before 6 April 2019.
7. The Scheme administrator replied and provided a copy of the IDRP saying that:-
 - The pension payment date change did not alter the pension amount.
 - The Trustee had given adequate notice about the pension payment date change.
 - Mr M would still receive 12 payments in one year.
8. On 7 March 2019, Mr M complained under the IDRP and said:-
 - He would be without a pension from 1 April to 5 April 2019.
 - On 1 March 2019, he received his pension monthly in advance but from 1 April until 5 April 2019 he would receive no pension, then on 6 April 2019 he would receive the pension monthly in advance.
 - For the tax year April 2018 to April 2019 his P60 would only show 11 months pension payments.
9. On 22 March 2019, the Trustee replied under Stage One of the 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 2019 was in regard to the pension from 1 April until 30 April 2019.
 - The Trustee also explained that the rationale behind the change of the pension payment date was to provide efficiencies across the four pension schemes. This involved appointing one Scheme administrator and consolidating the three 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. On 3 April 2019, Mr M appealed the decision repeating his main points.

11. On 23 April 2019, the Trustee replied under stage two of the IDRP:-

- The pension would not be “under paid” in April 2019, as the amount paid on 6 April 2019, was the pension payable from 1 April 2019 until 30 April 2019.
- The Trustee recognised that Mr M did not have a pension from 1 April until 5 April 2019, and this was why the Trustee had provided enough notice that the pension payment date was changing.
- The majority of the pension for April would be paid in advance and the Trustee apologised for the miscommunication.
- The Trustee had the power to alter the payment date of the pension as the Scheme Rules allowed for this.
- After reviewing the impact any payment date changes, the 1st of the month was considered but the 6th had the least impact on all the pensioners of the Scheme, as it resulted in only 78 out of 406 pensioners having the payment date changed.
- The Trustees recognised the change of payment date was inconvenient for some pensioners, but sufficient notice had been given.
- A copy of the Scheme Rule extract was provided to Mr M which stated, that the Trustee could determine the regular payment dates for pensions and whether or not pensions are paid in monthly instalments, or in advance or in arrears.

Adjudicator’s Opinion

12. Mr M’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.
- Mr M’s request for a bridging pension to cover the five days from 1 April 2019 until it was paid on 6 April 2019, was not reasonable as this would have involved the Trustee making two payments in April 2019.
- Mr M had not lost out financially as he received his full pension for April 2019.

13. Mr M did not accept the Adjudicator's Opinion and the complaint was passed to me to consider. Mr M provided his further comments which do not change the outcome. He said:-
- He agreed the Trustee could change the date of payment and managing his direct debits was never an issue for him. However, the Trustee had never produced a current rule that the pension was not paid wholly in advance.
 - The Trustee caused confusion as they continued to say the pension was paid monthly in advance right up to the last response to the IDRPs.
 - The mention of two payments was a "red herring" and irrelevant as the Trustee could have adjusted payments in April and May.
 - It was purely "academic" to say the payment made on 6 April 2019, covered the month of April, as he was without an income for five days.
 - The Trustee declined to realign everyone to 1st of the month.
 - His P60 only contained 11 months pension payments for April 2018 to April 2019 tax year so the Trustee was clearly incorrect saying it was 12 months.
14. The Trustee has said it had provided a current rule about the pension not being paid wholly in advance when it replied under the IDRPs. It sent Mr M a copy of the Scheme Rule 5.2.1 which confirmed the Trustee can decide the date the pension was paid and whether or not the pensions were paid in advance or arrears.
15. I agree with the Adjudicator's Opinion and I will therefore only respond to the main points made by Mr M for completeness.

Ombudsman's decision

16. The Trustee used its discretion to decide the new pension payment date for all the pensioners of the Scheme, including Mr M. 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.
17. It is clear that the Scheme Rules allow the Trustee to change the timing of the pension payment date and the method of payment. The Trustee provided sufficient notice of the changes to the pension payment date and explained the rationale behind the decision. This was to simplify and consolidate the internal payroll process and to minimise the number of pensioners affected by the change.
18. 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.
19. Mr M is unhappy that the payment date was not changed for all pensioners to 1st of the month. The fact that there may have been an alternative course of action

available does not make the chosen course of action unreasonable. Ultimately, it is for the Trustee to decide. I am satisfied that the Trustee's decision to change the payment date to 6th of the month and provide adequate notice of the change was not unreasonable.

20. Mr M wanted a bridging payment to cover the five days from 1 April 2019 until his pension was paid on 6 April 2019. This would have involved the Trustee making two payments to 78 pensioners on the 1st of the month (for the five days' pension payment) and another payment on the 6th of the month, for the remaining pension due for April 2019. It would not have been reasonable to have decided to make two payments to some pensioners given the relatively short space of time before the full payment was due to be made. The Scheme Rules also allow a pension to be paid in arrears as well as in advance.
21. Mr M has also confirmed that changing his direct debts to align with the new payment date was not an issue. I appreciate that Mr M was without an income for five days, but he has not lost out financially. He received the full amount of pension due for April 2019, and the correct total annual pension for the year in question.
22. I do not uphold Mr M's complaint.

Anthony Arter

Pensions Ombudsman
15 April 2020