

Ombudsman's Determination

Applicant	Mr H
Scheme	Principal Civil Service Pension Scheme (PCSPS)
Respondents	MyCSP Cabinet Office

Outcome

1. I do not uphold Mr H's complaint and no further action is required by MyCSP or the Cabinet Office.

Complaint summary

2. Mr H has complained about the incorrect pension statements he received from MyCSP, the administrator for the PCSPS. As a result, he has lost trust in the administration of his pension and would like an external audit of his pension record to ensure he has the correct benefits.

Background information, including submissions from the parties

1. On 1 November 2014, Mr H commenced civil service employment and was enrolled into the nuvos section of the PCSPS (**the nuvos section**). All sections of the PCSPS, including the nuvos section, closed on 31 March 2015. On 1 April 2015, Mr H transitioned to the new civil service alpha scheme (**the Scheme**). The Scheme is administered by MyCSP and the Scheme manager is the Cabinet Office.
2. Under the Scheme regulations, members are permitted to buy additional pension (**Added Pension**) either by paying monthly contributions or by making a one-off lump sum payment. In June 2015, MyCSP received Mr H's completed application form to make monthly deductions for an Added Pension. MyCSP sent Mr H confirmation that this had been set up.
3. In July 2016, MyCSP sent Mr H his annual benefit statement (**ABS**). MyCSP said, "Please read your statement carefully and check the information against your own records to make sure it's correct. We have produced this statement using the latest information that we hold". The ABS also stated, "The information we hold has been provided by your employer".

4. MyCSP quoted Mr H's annual pension entitlement from the Scheme, as at 31 March 2016, as £30,272 and his annual entitlement from the nuvos section as £732.
5. Mr H queried the figures quoted from the Scheme with MyCSP. MyCSP determined that Mr H's employer (**the Employer**) had sent incorrect Added Pension information. MyCSP told Mr H that the Employer had corrected the Added Pension record and an amended ABS would be sent.
6. In October 2016, MyCSP sent Mr H an amended ABS. MyCSP quoted Mr H's annual pension from the Scheme as £2,383. Mr H queried the ABS, as his pensionable earnings were incorrect. MyCSP looked into this and confirmed it had been sent the wrong pensionable earnings data from the Employer. The Employer sent MyCSP the corrected figure and in turn Mr H was issued with an updated ABS.
7. Upon receipt of the updated ABS, Mr H contacted MyCSP querying whether the contributions had been recorded correctly. MyCSP told Mr H that the most recent ABS was correct.
8. In July 2018, MyCSP sent Mr H a pension savings statement (**PSS**). During the tax year 2015 to 2016, MyCSP told Mr H that his pension input amount (**PIA**) (the PIA amount is the value of benefits accrued over the pension input period) was £484,363.28. MyCSP suggested Mr H use Her Majesty's Revenue and Customs' (**HMRC**) online calculator to determine if he had incurred a tax charge.
9. Mr H queried the PIA with MyCSP. In response, MyCSP said that there was an error in the Added Pension details. An amended PSS was issued which quoted a PIA of £40,313.76 for the tax year 2015 to 2016.
10. Mr H raised a complaint with MyCSP due to the incorrect PSS. In response, MyCSP said that the PSS sent in July 2018 was correct based on the information sent by the Employer. Upon a review of the record, MyCSP concluded that the Added Pension contribution details were held incorrectly by the Employer. MyCSP informed the Employer of this and asked that the future data was sent with the correct Added Pension contributions. MyCSP apologised for the level of service Mr H had received.
11. Unhappy with the response, Mr H raised further concerns with MyCSP in October 2018. He said that the PSS contained a warning that if he had exceeded his maximum annual pension contributions limit, he should contact HMRC. He said, if he had exceeded this, he would have been investigated by HMRC for money laundering. Mr H requested an external audit of his pension account.
12. In response, MyCSP explained that all contributions are paid into a collective fund, not an individual account. The contributions bands were established by the government's actuary department to be broadly equivalent to the benefits available from the Scheme. Individual benefits are based on calculations in line with the Scheme regulations. MyCSP provided a breakdown of Mr H's Added Pension and his pension benefits accrued in the Scheme.

13. In January 2019, Mr H asked for his complaint to be dealt with under the Internal Dispute Resolution Process (**IDRP**). It was agreed that the complaint would go straight to stage two of the IDRPs.
14. Between January and October 2019, Mr H chased for a response to his IDRPs complaint.
15. As the Scheme manager, the Cabinet Office is responsible for conducting the IDRPs. In October 2019, the Cabinet Office provided a stage two IDRPs response and, in summary, said:-
 - MyCSP had accepted responsibility for the poor service and had apologised on numerous occasions.
 - The errors in the statements stemmed from the incorrect Added Pension contributions and pensionable earnings data received from the Employer. MyCSP did not cause these mistakes.
 - Mistakes would happen due to the large number of records and the human element involved in the calculations. Both the Employer and MyCSP had a duty of care, but it also needed members to take a proactive approach to ensure the accuracy of the data in the statements.
 - It assured Mr H that his pension record was now correct and MyCSP had endeavoured to put things right. MyCSP had sent Mr H detailed breakdowns of the calculations for all elements of his benefits.
 - It appreciated the mistakes have caused Mr H distress and inconvenience. As a result, it directed the Employer to pay £500 and MyCSP £250 as redress for the non-financial injustice caused.
 - It was unable to commission an independent audit of Mr H's pension record. Mr H could contact the National Audit Office and the Government Internal Audit Agency if he wanted to pursue this.

Mr H's position

16. He does not want to raise a complaint against the Employer.
17. He is unhappy that he had to wait over nine months for the IDRPs response.
18. The distress has caused a physical impact which has led to periodic hospital appointments.
19. He questions where his contributions are actually paid if his PIAs are not based on contributions made.
20. Both the National Audit Office and the Government Internal Audit Agency have said they will not audit individual pension records.

21. He does not have confidence that his Scheme pension has been calculated correctly and his concerns can only be rectified by an independent external audit. He is waiting for this to take place before he can plan his retirement. After this has been done, he will be prepared to discuss the redress offered.

Cabinet Office's position

22. Both MyCSP and the Employer sent Mr H a copy of the data file. The Added Pension contributions and pensionable earnings matched on both files.
23. When the corrected data file was used to amend the ABS, it was not applied to correct the figures used in the PSS. So, due to the incorrect data held, it did not issue a PSS in 2017 as Mr H had not exceeded the annual allowance. In 2018, MyCSP issued a PSS as Mr H had exceeded the annual allowance. It was only when Mr H questioned the amounts that MyCSP noticed the incorrect data.
24. It has undertaken a thorough independent examination of Mr H's record and pension statements. It has provided pension calculation breakdowns for Mr H's annual pension and PIAs.

Adjudicator's Opinion

25. Mr H's complaint was considered by one of our Adjudicators who concluded that no further action was required by MyCSP or the Cabinet Office. The Adjudicator's findings are summarised below:-
 - MyCSP received the data file from the Employer and calculated the ABS based on this. Both the Employer and MyCSP have sent evidence of its information files. The Added Pension and pensionable earnings on both files were the same. Once Mr H highlighted the errors, MyCSP contacted the Employer for the correct figures and MyCSP amended Mr H's ABS accordingly. MyCSP cannot be held responsible for producing an incorrect ABS as it was based on information sent by the Employer.
 - However, when MyCSP issued the incorrect PSS, it did hold the correct data from the Employer. This amounts to maladministration. Mr H claims were hypothetical that, had he submitted the incorrect annual allowance figures from the PSS onto HMRC's online calculator, he would have been investigated for money laundering. There was no financial or other impact caused by the error.
 - Although MyCSP sent Mr H incorrect pensions statements, Mr H did not make any financial decisions based on the statement. So, he has not suffered financial detriment.
 - Mr H received three incorrect pension statements between 2016 and 2018. Further, Mr H had to wait nine months for a response to the IDRP. Taking this into account, the Adjudicator considered that Mr H had suffered significant distress and inconvenience and an award of £500 would be appropriate to reflect this. As

the Cabinet Office has offered a total award of £750 this was sufficient in the circumstances.

- The Cabinet Office has confirmed that Mr H's pension record is correct, however, the Adjudicator understood why Mr H may believe otherwise. The Cabinet Office has provided reassurances that it has undertaken an independent and thorough investigation into Mr H's pension records and pension documentation. It is satisfied that Mr H's pension record is correct. There is no reason why Mr H's record would not be correct as the investigation would have highlighted any errors and Mr H has not provided any evidence to support a different view.
- The Cabinet Office provided a breakdown of the Scheme PIA calculations for Mr H, which are set out in the Appendix. The PIA is the growth in pension savings during a pension input period (**PIP**). To calculate this, MyCSP needs to calculate the growth in benefits from year to year. It will subtract the opening balance from the start of the PIP from the closing value of the PIP. The opening value is the amount of pension built up during the previous PIP. This amount is multiplied by 16 (a calculation set by HMRC) and adjusted to account for inflation. This is then compared with the value of benefits built up during the current PIP, also multiplied by 16. The difference between these two figures is the PIA.
- Based on the calculation performed by MyCSP, as set out in the Appendix, the Adjudicator was satisfied that the correct procedure was followed..

26. Cabinet Office and MyCSP accepted the Adjudicator's Opinion.

27. Mr H did not accept the Adjudicator's Opinion and the complaint was passed to me to consider. Mr H provided his further comments which do not change the outcome. I agree with the Adjudicator's Opinion and note the additional points raised by Mr H.

28. Mr H said:-

- MyCSP requested £21 plus VAT for an amended ABS, following the incorrect ABS he received in July 2016.
- In the July 2018 PSS, MyCSP said that the PIA for the tax year 2016 to 2017 was £0.

29. The reassurances from MyCSP and the Cabinet Office were wrong, and the total lack of due diligence and duty of care had not been considered.

30. This is evidenced by the Employer paying for independent sessions with a pension expert. The pension expert discovered mathematical anomalies.

31. As a result, he wants a thorough independent review of his pension.

Ombudsman's decision

32. It is evident that there has been maladministration; this is not in dispute. Since 2016, Mr H has received numerous incorrect pension documents.
33. Mr H says that MyCSP has shown a lack of duty of care and due diligence. As an example, he has argued that it would not be reasonable to quote an annual pension of £30,272 after one years' service or a PIA of £484,363.28. Further, as the errors have extended over numerous years, Mr H said that these have had a considerable impact on his life. I can appreciate Mr H's frustration, as none of these errors were his fault. In order for Mr H to regain his trust with the Cabinet Office and MyCSP, he would like an independent review of his pension record. As there is no evidence of any mistakes with the current calculations, this is not something I can direct. If Mr H wishes to proceed with an independent review, he would need to arrange and finance this himself.
34. It is clear that there have been numerous errors and Mr H has justifiably lost trust in MyCSP and the Cabinet Office, however, as there is no evidence of financial loss as a result of the errors, I can only make a finding based on the non-financial injustice Mr H has suffered.
35. Mr H received numerous incorrect pension statements between 2016 and 2018 and had to wait nine months for a response to the IDRP. Mr H also made a number of telephone calls to MyCSP to try and rectify these errors. Despite reassurances from MyCSP and the Cabinet Office, an initial external review of Mr H's pension identified mathematical anomalies. I find it likely that this would have caused Mr H significant distress and inconvenience. In such circumstances I would generally direct an award of £500. I note the Cabinet Office has taken reasonable steps to address the impact of the errors and offered Mr H an award of £750. I find this offer is reasonable and I make no further award. Should Mr H wish to accept the offer made by the Cabinet Office, he should contact it directly.
36. I do not uphold Mr H's complaint.

Anthony Arter

Pensions Ombudsman
11 March 2021

Appendix

Alpha PIA calculation breakdown:

2015/2016

Opening Value:	£0.00
Pension @ 01/04/2016:	£2,519.61
Closing Value:	$£2,519.61 \times 16 = £40,313.76$
Pension Input Amount:	$£40,313.76 - £0.00 = £40,313.76$
Post alignment:	$267/365 \times £40,313.76 = £29,409.22$
Pre alignment:	$£40,313.76 - £29,409.22 = £10,904.54$

2016/2017

Opening Value:	£40,313.76
Inflation:	0%
Pension @ 05/04/2017:	£5,328.47
Closing Value:	$£5,328.47 \times 16 = £85,255.52$
Pension Input Amount:	$£85,255.52 - £40,313.76 = £44,941.76$

2017/2018

Opening Value:	£85,255.52
Inflation:	1%
Revalued Opening Value:	$£85,255.52 \times 1.01 = £86,108.08$
Pension @ 05/04/2018:	£8,501.10
Closing Value:	$£8,501.10 \times 16 = £136,017.60$
Pension Input Amount:	$£136,017.60 - £86,108.08 = £49,909.52$

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2018/2019

Opening Value:	£136,017.60
Inflation:	3%
Revalued Opening Value:	$£136,017.60 \times 1.03 = £140,098.13$
Pension @ 05/04/2019:	£11,952.33
Closing Value:	$£11,952.33 \times 16 = £191,237.28$
Pension Input Amount:	$£191,237.28 - £140,098.13 = £51,139.15$