

Ombudsman's Determination

Applicant	Mr I
Scheme	BAE Systems Pension Scheme (the Scheme)
Respondents	BAE Systems Pension Funds Trustees Limited (the Trustee)

Outcome

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

Complaint summary

2. Mr I has complained that no death benefits were paid to him from the Scheme when his father died.
3. Mr I stated that the completion of an Expression of Wish form by his father had led his father to believe that Mr I would receive benefits from the Scheme on his death.

Background information, including submissions from the parties

4. At the time of his death, Mr I's father's benefits were in payment from the BAE Systems 2000 Pension Plan, which has since merged to become part of the Scheme. Mr I's father had retired more than five years before his death and was not survived by a spouse or civil partner.
5. On 16 April 2018, Mr I's father was sent an Expression of Wish form by Equiniti who was acting on behalf of the Trustee. The covering letter included the following wording:

"You have also requested details if any beneficiaries can receive your pension upon your death.

A dependant's pension is possible for a spouse or civil partner. The Trustees may consider someone who in their opinion had a relationship resembling marriage or civil partnership.

Please find attached a Nomination Form for you to complete and return to the above address."

6. The Expression of Wish form had two main sections, one to nominate someone for a lump sum death benefit and the other to nominate someone for a dependant's pension. The lump sum death benefit section stated:

“Under the BAE Systems 2000 Pension Plan in most circumstances only the Trustees can decide who should receive a lump sum benefit which becomes payable after your death. You can help the Trustees to make a decision by providing details of the people who you would like to receive this lump sum benefit. The Trustees will bear your wishes in mind when making a decision, but are not legally bound by them.”

7. On 13 August 2018, the Expression of Wish form was re-issued to Mr I's father.
8. On 15 August 2018, Mr I's father completed the Expression of Wish form and returned it to the Trustee. On the form he nominated his son as his desired recipient of the lump sum death benefit. The section to nominate someone for a dependant's pension was left blank.
9. Section 6.1 of the Scheme's Trust Deed and Rules (**the Rules**) specifies the terms under which a lump sum death benefit would be payable from the Scheme:

“A lump sum death benefit will be paid if a Member dies:

6.1.1 in Pensionable Service; or

6.1.2 within 5 years after starting to receive a pension; or

6.1.3 with a preserved pension that has not started.”

10. Mr I was advised by the Trustee that no further benefits were payable from the Scheme following his father's death.
11. On 11 October 2019, the Trustee acknowledged receipt of Mr I's formal complaint which would be considered under stage one of the Scheme's Internal Dispute Resolution Procedure (**IDRP**).
12. On 26 November 2019, the Trustee advised Mr I that it had not upheld his stage one complaint on the grounds that it was obliged to pay benefits in accordance with the Rules.
13. On 27 November 2019, Mr I advised the Trustee that he wished to appeal its decision, which initiated stage two of the IDRP.
14. On 13 December 2019, the Trustee wrote to Mr I to advise that his stage two appeal was not successful. In this letter it confirmed that the rules of the BAE Systems 2000 Pension Plan were not altered when it merged with the Scheme.

Adjudicator's Opinion

15. Mr I'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 Adjudicator agreed that the Trustee can only pay benefits in accordance with the Rules. In this case, the deceased member's benefits had been in payment for more than five years. In these circumstances, the Adjudicator was satisfied that no lump sum death benefit was payable under the Rules.
 - The Adjudicator acknowledged that the Expression of Wish form sent to Mr I's father did have a section relating to the payment of a lump sum death benefit. He noted that this part of the form would only be relevant if such a benefit was payable in accordance with the Rules. The Adjudicator said that the form itself does not provide an automatic entitlement to the payment of death benefits.
16. Mr I did not accept the Adjudicator's Opinion and the complaint was passed to me to consider.
17. Mr I provided his further comments which do not change the outcome. He said:-
 - It was not the completion of the nomination form by his father that led his father to believe that Mr I would be paid a lump sum benefit on his death. It was the acceptance of the completed form by the Trustee that led him to think this.
 - The merger of the BAE Systems 2000 Pension Plan into the Scheme must have resulted in a change to the rules after the nomination form was accepted. He concludes that this explains why the Trustee did not reject the completed nomination form.
18. I agree with the Adjudicator's Opinion and note the additional points raised by Mr I.

Ombudsman's decision

19. Mr I's complaint relates to the non-payment of death benefits on the death of his father and, in particular, the acceptance of a completed nomination form.
20. It is common within the pensions industry for scheme administrators to ask members to complete nomination forms. The completion of the form does not automatically lead to an entitlement of a benefit. These forms are only relevant if the member dies and a death benefit is payable. In the case of Mr I's father, the purpose of him being sent the form was to identify any possible dependants who may have been entitled to a dependant's pension on his death. The section of the form that Mr I's father completed, which nominated Mr I for a lump sum payment, was not relevant in his circumstances as he had been in receipt of his retirement benefits for more than five years.

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21. The merger of the BAE Systems 2000 Pension Plan into the Scheme had no impact on the benefits payable following Mr I's father's death. Both sets of rules are identical in relation to the lump sum payable in the event of the death of a member who was in receipt of a pension.
22. I am satisfied that no lump sum death benefit was payable under the Rules when Mr I's father died.
23. I do not uphold Mr I's complaint.

Anthony Arter

Pensions Ombudsman
10 February 2021