

## Ombudsman's Determination

Applicant	Mr N
Scheme	BT Pension Scheme ( <b>the Scheme</b> )
Respondent	BT Pension Scheme Management Limited ( <b>the Trustee</b> )

## Outcome

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

## Complaint summary

2. Mr N has complained that:-
  - The Trustee would not allow him to change his chosen retirement option in 2018, despite having allowed him to do so in 2015.
  - The overall service provided in response to his benefits claim was poor.

## Background information, including submissions from the parties

3. On 3 July 2015, Mr N decided to take early retirement and obtained a retirement quotation (**the Retirement Quotation**) via the Scheme's online member portal. Full details of the six options that were included are set out in the Appendix. Mr N selected Option 2.
4. On 6 July 2015, Accenture, the Scheme's administrator at the time wrote to Mr N confirming that his claim for Option 2 had been received and asked him to complete a benefits claim form, (**the Benefits Claim Form**). A note immediately after Option 2 on the form stated:-

"I understand that, in electing to receive the aforementioned benefits, my decision is irrevocable."
5. Mr N was also provided with a telephone number and encouraged to contact Accenture if he had any questions about his retirement options.

6. On 17 July 2015, Accenture received the completed Benefits Claim Form from Mr N in which he confirmed his claim for Option 2.
7. On 6 August 2015, Mr N telephoned Accenture to say that he would like to change his retirement choice and instead select Option 5. Accenture said that a check would be carried out to establish whether this was possible. Mr N asked for an urgent call back.
8. On 13 August 2015, Accenture telephoned Mr N and said he could change his retirement choice to Option 5.
9. On the same day Accenture emailed Mr N and said:-

“...we currently have you selecting the option with increasing pension only, if you wish to be paid maximum tax-free cash and a split pension, please send us [the Retirement Quotation] stating you wish to be paid as per that quotation...”
10. In response, Mr N emailed Accenture including a screen shot of the Retirement Quotation and said:-

“...if you can allow me to change to Option 5 it would be very much appreciated.”
11. On 26 August 2015, Accenture wrote to Mr N and confirmed that his benefits would be paid in accordance with Option 5. Accenture said that in addition to a lump sum of £112,535.98, Mr N would receive payments in the first year from 1 September 2015 of:-

Pension – increasing element	£8,435.42
Pension – non-increasing element	£8,444.98
12. Mr N subsequently received payment of his retirement benefits in 2015.
13. On 26 February 2018, Mr N telephoned Accenture to say that he would like to change his retirement option and he was told this was would not be possible.
14. On the same day Mr N emailed BT (**the Company**) and said:-
  - He had only become aware the previous day that selection of Option 5 meant that part of his pension would not accrue annual increases.
  - He had telephoned Accenture and been told that nothing could be done to change that. But he would like to reverse his decision to take Option 5 and instead select Option 2.
15. On 28 February 2018, Mr N again telephoned Accenture to ask for a change to his retirement option. Accenture said Mr N would receive a call back.
16. Mr N did not receive a call back regarding that enquiry.

17. On 19 March 2018, the Company replied to Mr N's email of 26 February 2018 and said:-
- The Company is a separate entity to the Scheme, which the Trustee is responsible for.
  - The concerns Mr N had raised were a matter for the Trustee to consider under the Scheme's Internal Dispute Resolution Procedure (**IDRP**).
18. On 21 March 2018, Mr N wrote to the Trustee and complained under stage 1 of the IDR. In summary he said:-
- When completing the Benefits Claim Form, he had selected Option 2. Having changed his mind, he telephoned Accenture on 13 August 2015 and asked if he could instead select Option 5.
  - At the time of his retirement in 2015 he had been experiencing stress and was unsure of the implications of his decision.
  - He was surprised Accenture agreed to the change, but Accenture said it was permitted as there was hardly any difference between Option 2 and Option 5.
  - The Benefits Claim Form stated that Option 2 was irrevocable. So, Accenture should not have accepted the change to Option 5.
  - He would like the Trustee to allow him to reverse his retirement choice and instead select Option 2.
19. On 28 June 2018, the Trustee replied and said:-
- The Trustee's administration team (**BTPSA**) had taken over administration of the Scheme with effect from 1 May 2018. In future Mr N should write to BTPSA at the same address as previously used by Accenture.
  - Accenture would continue to be referred to in response to Mr N's complaint for convenience.
  - The letter Accenture sent to Mr N on 26 August 2015 specifically stated that his pension would be split between increasing and non-increasing elements.
  - The Benefits Claim Form did state that Option 2 was irrevocable, but due to the fact that Mr N's pension and lump sum had not gone into payment, it was possible to change his retirement choice to Option 5.
  - Once a member's benefits have gone into payment, pensions legislation does not allow a change to the member's retirement choice.
  - Mr N currently received a pension of £17,220.34 a year but if he changed from Option 5 to Option 2 it would reduce to £16,318.67 a year. The Finance Act 2004 prohibits the reduction of a member's pension.

- If the Trustee allowed a reduced pension to be paid to Mr N, the payments would be classed as 'unauthorised payments' and be subject to 55% tax deductions. The Scheme would also face additional tax liability.
- Mr N's complaint was not upheld.

20. On 19 November 2018, Mr N wrote to the Trustee and appealed the decision under the IDRPs stage 2. In summary he said:-

- He was told by the Company that it would not allow him to reverse his retirement option. By contrast the Trustee said that pensions legislation would not allow the change. So, he was unsure what to believe.
- A note in the Benefits Claim Form stated that Option 2 was irrevocable, so a new form should have been sent in order to claim Option 5 instead.
- The Retirement Quotation was misleading.
- Accenture told him that Option 2 and Option 5 are almost the same, but he found this to be untrue. He had only been allowed to switch between those options because it was beneficial to the Scheme.
- He had telephoned Accenture on 28 February 2018 to discuss reversing his retirement option and was told that he would receive a call back, but this was not honoured. This shows that the overall service Accenture provided was poor.

21. On 8 March 2019, the Trustee replied and said that its findings at stage 1 of the IDRPs had been correct. The Trustee also added that:-

- The main difference between Option 2 and Option 5 is that Mr N receives a higher initial pension under Option 5, whereas he would have started with a lower pension under Option 2 and receive a higher amount in the future. However, the overall value of the benefits paid would be the same under the two options in actuarial terms.
- Although it would have been preferable for Mr N's change from Option 2 to Option 5 to have been requested through a new benefits claim form, Accenture reasonably accepted this by email.
- The Retirement Quotation was accurate, and Mr N has been paid in accordance with his claim for Option 5.
- There had been occasions when enquiries from Mr N were not adequately dealt with.

### **Mr N's position**

22. Mr N said:-

- The Retirement Quotation was misleading because the options had not been listed separately and there was no option without a lump sum being included.
- Accenture should have sent a new benefits claim form before accepting the change he requested from Option 2 to Option 5. That change should not have been allowed anyway, because Option 2 was quoted as "irrevocable".
- He was told by the Company that he would not be allowed to reverse his claim for Option 5. By contrast the Trustee said that legislation would not allow the change. So, he was unsure what to believe.
- He had telephoned Accenture on 6 August 2015 to urgently discuss changing his retirement choice, but no decision was provided until 13 August 2015.
- He telephoned Accenture on 28 February 2018 to discuss a change to his retirement option and was told that he would receive a call back, but this was not honoured. So, the overall service received from Accenture had been poor.

### **The Trustee's position**

23. The Trustee has said:-

- In 2015 Mr N requested the change from Option 2 to Option 5 by telephone and email.
- The correspondence exchanged between Mr N and Accenture throughout August 2015 showed that he understood what he was doing.
- Mr N was not asked to complete a new benefits claim form. But a confirmation letter was sent to him on 26 August 2015, which stated that Option 5 included a non-increasing element to his pension.
- Mr N then waited three years, while receiving his pension, before claiming that he did not understand the implications of his decision to select Option 5 and that he would like to reverse that decision and instead select Option 2.
- The Pension Schemes Act 2004 permits pensions in payment to be changed under certain circumstances. However, no error was made in dealing with Mr N's initial benefits claim, so that provision does not apply in this case.
- The Company provided Mr N with the IDR process in order for the Trustee to consider the request to reverse his retirement option. The Company also informed Mr N that it was unable to require the Trustee to make that change.
- Mr N telephoned Accenture on 6 August 2015 to ask whether he could change his retirement choice. The response he received on 13 August 2015 was late.

- There is no record of Mr N receiving a call back in response to his enquiry on 28 February 2018.

## **Adjudicator's Opinion**

24. Mr N'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 Trustee has confirmed Mr N's change from Option 2 to Option 5 was only possible, because Mr N's benefits had not been put into payment at the time. Pension legislation does not permit members to change their retirement option once they have begun to receive their benefits. So, it is not possible for Mr N to now change to Option 5 as his benefits have been in payment for approximately 6 years.
- On 13 August 2015, Accenture emailed Mr N and said, "...we currently have you selecting the option with increasing pension only [Option 2], if you wish to be paid maximum tax-free cash and a split pension, please send us [the Retirement Quotation] stating you wish to be paid as per that quotation..." Mr N then emailed Accenture and included a screen shot of the Retirement Quotation. He also said, "If you can allow me to change to Option 5 it would be very much appreciated."
- The Adjudicator formed the opinion that it was reasonable for Accenture to change Mr N's retirement claim on the basis of that email exchange, despite the relevant note in the Benefits Claim Form saying the decision was "irrevocable".
- Option 5 was clearly for a split pension including a non-increasing element as set out in the Retirement Quotation. Accenture then emphasised this point in its email of 13 August 2015, before Mr N confirmed he would like to claim Option 5 instead of Option 2. So, Accenture had provided Mr N with sufficient details to make informed choices before he elected to change his retirement option.
- Accenture then wrote to Mr N on 26 August 2015 and confirmed that his benefits would be paid in accordance with Option 5. So, Accenture sent Mr N appropriate confirmation of the benefits selected and he ought to have been aware of the implications as a result of his decision. Consequently, the Adjudicator took the view that the Trustee had reasonably concluded that Mr N cannot reverse his claim for Option 5.
- Further, Mr N could have contacted Accenture if he found the Retirement Quotation to be unclear, or if he required a retirement quotation that did not include a lump sum. In its letter of 6 July 2015, Accenture provided a telephone number on which Mr N could make enquiries regarding his retirement options.
- The Trustee had confirmed that the main difference between Option 2 and Option 5 is that larger benefits are initially payable under Option 2, but potential future

increases under Option 5 mean that there is no difference actuarially in the overall benefits payable. The Adjudicator considered that it was reasonable for Accenture to say that the benefits payable under Option 2 and Option 5 are almost the same, and there is no evidence that Mr N was only allowed to switch between those options because this was beneficial to the Scheme.

- In its email of 19 March 2018, the Company informed Mr N that the Scheme is a separate entity from the Company and that he would need to contact the Trustee in order to raise his complaint under the IDR. In response to Mr N's complaint under the IDR, the Trustee had then confirmed that pensions legislation would not allow Mr N to change his retirement option. In the Adjudicator's view Mr N has not been provided with conflicting information by the Company and the Trustee, and it is clear why he cannot change his retirement option.
- Despite Accenture not returning Mr N's telephone call of 6 August 2015 until 13 August 2015, the change from Option 2 to Option 5 was still processed in accordance with Mr N's wishes at the time.
- In relation to the call made on 28 February 2018, Mr N had already telephoned Accenture two days earlier on 26 February 2018 and had been told that he would not be allowed to change to his claim for Option 5. So, when Mr N telephoned Accenture again on 28 February 2018 he was already aware that Accenture would not allow him to reverse his retirement claim.
- The Adjudicator considered that Accenture's late response to Mr N's telephone call of 6 August 2015 and failure to provide a response to his telephone call of 28 February 2018 was not sufficient to have caused significant distress and inconvenience.

25. Mr N did not accept the Adjudicator's Opinion and the complaint was passed to me to consider. Mr N 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 N.

#### **Mr N's additional comments**

26. Accenture was at fault for not sending a new benefits claim form in response to his request to change his retirement claim from Option 2 to Option 5. It is unclear whether the change was permitted under pensions legislation without completing a new form.
27. During his telephone call to Accenture on 26 February 2018 he was told that it would not be possible to reverse his decision to claim Option 5, because his pension was already in payment. No mention was made of the fact that he could complain about this under the IDR.
28. He telephoned Accenture again on 28 February 2018, because the issue of changing his retirement option had not been resolved. If he had received the expected call

back from Accenture, he would have initiated the IDRPs earlier, instead of waiting for a reply from the Company.

29. He initiated stage 2 of the IDRPs on 21 November 2018 by writing to BTPSA, which had taken over administration of the Scheme and, having posted it by Recorded Delivery, the letter was signed for on 28 November 2018. On 5 December 2018, he asked BTPSA for another IDRPs complaint form because he had not received an acknowledgement letter. His IDRPs stage 1 response letter had stated that Accenture was no longer dealing with administration of the Scheme and so he had assumed that his original IDRPs complaint was lost.
30. The Trustee has acknowledged that it continued using Accenture to handle correspondence for some months after BTPSA had taken over the administration of the Scheme. Having been unaware of this at the time, he was concerned that his complaint letter would not be delivered to the Trustee in time. He then received an email from BTPSA confirming receipt of his IDRPs stage 2 complaint on 7 December 2018. The deadline for the Trustee receiving that letter was 28 December 2018. So, the delay did cause him distress and inconvenience.

### **Ombudsman's decision**

31. Mr N has complained that the Trustee would not allow him to change his chosen retirement option once his benefits had come into payment. He submits that Accenture was at fault for not sending him a new benefits claim form in response to his first request to change his retirement claim from Option 2 to Option 5. He argues that it is unclear whether that change was permitted under pensions legislation without completing a new form.
32. I note that during his email exchange with Accenture on 13 August 2015, Mr N received confirmation that he had selected the option with an increasing pension, (Option 2). Accenture also said that if Mr N wished instead to be paid maximum tax-free cash and a split pension (Option 5), he should send a copy of the Retirement Quotation and confirm that decision. I consider that in providing this response, Accenture took appropriate steps to ensure that Mr R was aware of the implications of changing his chosen option.
33. Mr N then confirmed his understanding of Accenture's reply by sending a screenshot of the Retirement Quotation and by saying, "...if you can allow me to change to Option 5 it would be very much appreciated." On that basis I find there was no requirement for Accenture to send a new benefits claim form to Mr N for completion before processing his revised instruction. The issue here is not with the completion of the benefits claim form but rather that pension legislation does not allow benefits that are already in payment to be changed. As Mr N had not been paid any benefits at the time he requested a change from Option 2 to Option 5, the change was permissible. I find that the Trustee has correctly concluded that Mr N cannot now reverse his decision to claim Option 5, because his benefits have been in payment since 2015.



34. Mr N has said that during his telephone call to Accenture on 26 February 2018 Accenture made no mention of the fact he could complain under the IDRP. He says he would have initiated the IDRP earlier, if he had received a call back from Accenture in response to the follow-up telephone call he made on 28 February 2018.
35. I acknowledge that during the telephone call on 26 February 2018, it would have been helpful, had Accenture informed Mr N that he could raise a complaint under the IDRP. I note however that the Company's email of 19 March 2018 confirmed that Mr N would need to challenge Accenture's decision through the IDRP. While I accept that there was a short delay, of around three weeks, in Mr N being informed of how to progress his complaint, I do not consider that sufficiently significant to be considered as maladministration. In any event the delay was not a contributory factor in the Trustee concluding that Mr N is not permitted to change his retirement option.
36. Mr N has also complained that he received poor service in response to his complaint at the second IDRP stage. In its IDRP stage 1 response letter of 28 June 2018, the Trustee informed Mr N that administration of the Scheme had been taken over by BTPSA with effect from 1 May 2018. The Trustee also gave Mr N a deadline of six months from the date of the letter in which to appeal the stage 1 decision under IDRP stage 2, and a postal address was provided. Mr N has confirmed that, having sent his IDRP stage 2 complaint letter by Recorded Delivery on 21 November 2018, it was signed for on 28 November 2018.
37. I note that Mr N considered it necessary to ask BTPSA for a new IDRP complaint form on 5 December 2018, on the basis that the original was lost, although by this time he was aware that his complaint letter had been signed as received by BTPSA, at the address provided by the Trustee. Further, BTPSA emailed Mr N on 7 December 2018, to confirm that his complaint had been received. I am not persuaded that there was a delay, or poor service, which was sufficient to have caused Mr N significant distress and inconvenience.
38. I do not uphold Mr N's complaint.

**Anthony Arter**

Pensions Ombudsman  
7 April 2021

**Appendix**

39. On 3 July 2015, Mr N received the Retirement Quotation via the Scheme's online member portal and it included the following options:-

**Option 1****Annual Increasing Pension**

£18,770.53

**Annual Non-Increasing Pension**

Not applicable

**Total Initial Pension**

£18,770.53

**Tax-Free Lump Sum**

£56,311.59

**Option 2****Annual Increasing Pension**

£15,686.50

**Annual Non-Increasing Pension**

Not applicable

**Total Initial Pension**

£15,686.50

**Tax-Free Lump Sum Taken From the Scheme**

£104,576.66

**Option 3****Annual Increasing Pension**

£15,686.50

**Annual Non-Increasing Pension**

Not applicable

**Initial Pension**

£15,686.50

**Tax-Free Lump Sum Taken From AVC**

£104,576.66

**Option 4****Annual Increasing Pension**

£12,028.03

**Annual Non-Increasing Pension**

£8,444.98

**Initial Pension**

£20,473.01

**Tax-Free Lump Sum**

£56,311.59

**Option 5****Annual Increasing Pension**

£8,435.42

**Annual Non-Increasing Pension**

£8,444.98

**Total Initial Pension**

£16,880.40

**Tax-Free Lump Sum  
Pension Priority**

£112,535.98

CAS-35822-K6Z1

**Option 6**

**Annual Increasing Pension**

£8,435.42

**Total Initial Pension**

£16,880.40

**Annual Non-Increasing Pension**

£8,444.98

**Tax-Free Lump Sum  
AVC Priority**

£112,535.98