

Ombudsman's Determination

Applicant	Mrs D
Scheme	Police Pension Scheme (the Scheme)
Respondents	Metropolitan Police Service (MPS) Shared Services Connected Ltd (the Administrators) Equiniti Paymaster (Payroll)

Outcome

1. I do not uphold Mrs D's complaint and no further action is required by MPS, the Administrators or Payroll.

Complaint summary

2. Mrs D has complained that when the Administrators received her retirement forms in September 2018, it was incorrectly recorded that her pension should commence on 19 December 2018. As a result:-
 - Her pension commencement lump sum (**PCLS**) was paid two months early, potentially affecting her rights to life cover and other benefits due to a serving officer.
 - She had to return this money at her own expense. However, when the correct date for payment subsequently arrived, her PCLS was not paid on time.
3. Mrs D has also complained that:-
 - The monthly pension payments were incorrect for the first three months, affecting her tax position.
 - She had to follow up the matter repeatedly to have the payments corrected. It was not until June 2019, that she received an explanation of what had gone wrong with the processing of her pension and payment of the arrears into her bank account.
 - Her temporary promotion salary had not been taken into account and she wanted her benefits recalculated.

- The errors and omissions warrant an award for the distress and inconvenience caused. Particularly, because her retirement holiday was "spoiled" by the worry the issues caused her.

Background information, including submissions from the parties

4. The sequence of events is not in dispute, so I have only set out the salient points. I acknowledge there were several other exchanges of information between all the parties.
5. Mrs D was a serving Police Officer with the MPS and joined the Scheme on 28 November 1988.
6. On 19 November 2018, Mrs D submitted her retirement application forms with a proposed retirement date of 3 February 2019. However, she found the online retirement submission system difficult to use so she telephoned the Administrators to ask for help. The Administrators offered to process her application manually. However, Mrs D then resubmitted her forms electronically.
7. Due to a processing error on the electronic submission system, the retirement date defaulted to 19 December 2018. As a result, Mrs D's PCLS was paid on 20 December 2018.
8. The same day, Mrs D emailed the Administrators and said:-
 - She wanted to make a formal complaint as her PCLS was paid on 20 December 2018, which was several weeks early.
 - As she was not due to retire until 3 February 2019, this additional service would increase both her pension and her lump sum.
 - She required an explanation on how the mistake had occurred and reassurance that both her PCLS and future pension payments would be corrected.
 - She was due to receive salary for December-January and January-February, but was "deeply concerned" that now she was shown on the records as retired, she would receive a pension payment instead of salary, which would cause a financial loss to her. She asked for reassurance that this would be rectified immediately so that her personal financial outgoings would not be affected.
 - The PCLS did not appear to reflect her 30 years' service, completed at the rank of Detective Chief Inspector.
 - She had a period of more than one year on approved Temporary Detective Chief Inspector rank prior to reaching confirmed rank. She asked for a breakdown of the pension calculations and confirmation that her current and previous status had been taken into account.

- She sought compensation for the “upset, disappointment and distress” that the error had caused her. She also said that the mistake had a direct effect on her private financial plans, mortgage payments and life insurance cover.
- She had worked for over 30 years in policing and had made plans to retire on a specific date. The error had occurred while on a special family holiday in Australia, during which she should have been “relaxing and winding down, not spending her time ensuring the matter was properly addressed”.

9. The Administrators responded that day and stated that:-

- The information sent by the MPS Human Resources department (**HR**) had been checked and Mrs D’s retirement date was confirmed as 3 February 2019.
- It appeared Payroll had paid the PCLS in error.
- Her email had been passed to the Pension Team who would liaise with Payroll, and Mrs D would be emailed again as soon as they had responded.

10. On 15 January 2019, the Pension Team sent an explanation for the error to Mrs D:-

- It had been informed that her retirement date was 20 December 2018. However, a subsequent email confirmed her correct retirement date was 3 February 2019.
- Unfortunately, due to an oversight, the email was missed. As a result, her PCLS and pension payments were paid early.
- It had checked with HR and confirmed she was still showing as an active police officer. Accordingly, she would receive her salary up until her retirement date of 3 February 2019.
- It confirmed that Mrs D had agreed to return the PCLS and any pension payments she had already received.
- It also confirmed everything was in place for her retirement on 3 February 2019 and that, if Mrs D had received temporary salary within the three years prior to retirement, this would be reflected in her pension calculation.
- It apologised for the upset and distress she had been caused and confirmed it was still considering her request for compensation in this regard.

11. On 4 February 2019, Mrs D asked for her complaint to be considered under Stage One of the Internal Dispute Resolution Procedure (**IDRP**), saying:-

- She had previously not been due to retire until 3 February 2019 but her PCLS was paid incorrectly on 20 December 2018. She understood this was the fault of the Administrators. She had since returned both the PCLS and pension payments in full.

- She had not received a proper response to the complaint she made on 20 December 2018.
- She wanted compensation from the Administrators for the following:-
 - Her Christmas holiday in Australia that had been ruined.
 - As a result of receiving her PCLS early, she had suffered considerable distress over Christmas because she was worried about not having insurance cover and salary if she was no longer an active serving Police Officer. She wanted £2,000 in compensation.
 - The additional distress she had suffered, as the Administrators did not support her in dealing with this issue both during her holiday and after her return to the UK.
 - The Administrators were not prepared to take ownership of her complaint; her telephone calls were not returned and her emails were routed to a different employee for a response.
 - The £30 it cost her to return the PCLS by CHAPS transfer, for which she still had not been reimbursed.
 - For the time, telephone calls, emails and letters written in an effort to resolve matters, for which she sought £500, making a total of £2,530.

12. On 7 June 2019, the Administrators issued a response under Stage One of the IDRP and stated:-

- Legislation mandated that the PCLS must be paid within an 18-month period starting six months before and ending 12 months after the member becomes entitled to it.
- Although Mrs D's PCLS was paid before her retirement date, this did not breach the legislative requirements. However, it was good practice to pay the PCLS on or around the date of retirement.
- In Mrs D's case, the amount of PCLS paid out was incorrect, as it had been based on the wrong retirement date. Mrs D had since been reimbursed the £30 charge she had incurred when she returned the money.
- It was accepted that the level of service provided fell below the expected standards.
- It was noted that a response to her complaint was provided on 15 January 2019 and aside from her claim for compensation, this appeared to have answered the points she had raised.
- It was also noted that her pension payment for February 2019, was not paid until 3 June 2019.

- Mrs D should be compensated, in line with the guidance provided by the Pensions Ombudsman Service, for the distress and inconvenience she had suffered.
- Taking into consideration all of the facts of her complaint, Mrs D was offered £500 for the distress and inconvenience the errors and delays had caused her.
- The calculation of her benefits had been reviewed and Payroll had been advised that Mrs D's pensionable earnings did not include the temporary salary increase to which she was entitled.
- Payroll would be recalculating her benefits and would issue an updated statement to her as soon as possible, together with payment of all arrears due to her.

13. Mrs D did not accept this outcome.

14. On 21 January 2020, Mrs D wrote to the MPS to appeal under Stage Two of the IDRP. The points she raised are as follows:-

- The £500 offered did not fully reflect the extent of the maladministration or the distress she had suffered.
- A special "once in a lifetime" family holiday had been ruined due to the erroneous payment of the PCLS.
- The threat of having no insurance cover for her family, and the difficulties of pursuing the issue whilst on holiday, compounded matters and resulted in family discord during the holiday.
- The uncertainty as to whether she would be able to meet financial commitments if her salary stopped early, and was replaced by pension, had contributed to her severe distress.
- Another contributory factor to her distress was the necessity to intervene when her PCLS, which was due to be paid on 4 February 2019, was not paid on time. She had to intervene again before it was finally paid on 6 February 2019.
- The CHAPS fee she incurred when she returned her PCLS on 15 January 2019 was not refunded until 15 March 2019, causing her further concern.
- Payroll had told her on 15 January 2019, that any temporary salary increase as a result of her promotion would be taken into account in her benefit calculation. This did not happen, leading to further distress and inconvenience.
- The monthly pension payments made between February 2019 and June 2019 were incorrect, which resulted in HM Revenue & Customs (**HMRC**) being misinformed.
- It took until September 2019 for her to remedy the situation with HMRC.

- Given the fact that she had become self-employed following her retirement from the MPS, the impact of the time spent trying to resolve her pension issues was amplified.
 - Late payment interest was not added to the arrears of pension and PCLS, which were finally paid following Payroll's letter of 13 June 2019.
 - She had raised the issue of her temporary salary increase at the outset and Payroll had assured her on 15 January 2019 that this would be taken into account in the benefit calculations. However, it was not until 5 July 2019 that the first correct instalment of pension was paid.
 - These points "painted a picture of serious frustration and anger" and disappointment, which persisted over time. This did not occur over the "short period of time" mentioned in the Pensions Ombudsman's guidance note on non-financial injustice, which was alluded to in the response under stage One of the IDRP.
15. On 21 May 2020, the MPS issued its response under Stage Two of the IDRP and stated:-
- Mrs D was no longer disputing the accuracy of the pension and PCLS paid to her.
 - It therefore concluded that Mrs D's remaining complaint was that she had not been offered a sufficient award for the distress and inconvenience she had suffered.
 - The key factors that had contributed to Mrs D's distress were concerns that she would not receive salary for December 2018 and January 2019. As a result, she would not receive the maximum possible pension and PCLS.
 - Payroll had emailed Mrs D on 15 January 2019. It confirmed that she was still showing as an active Police Officer and that she would receive her salary up until her retirement on 3 February 2019.
 - In the same email, Payroll also confirmed that everything was in place for Mrs D's retirement on 3 February 2019 and that it would be happy to provide a breakdown of the pension calculation once it had been processed.
 - It fully agreed with Mrs D that the service she had received fell below the standards it expected from its pension Administrators. It sincerely apologised for the distress and inconvenience the errors had caused her.
 - It accepted that Mrs D was greatly inconvenienced during what should have been a relaxing period for her. It also appreciated the additional impact on her family, as well as the financial and geographic factors she was dealing with during her holiday, when these errors occurred.

- It had considered the guidance published by the Pensions Ombudsman before reaching any conclusions about the level of distress and inconvenience to which Mrs D had been subjected. It stated this amounted to “significant”, as described in both the guidance and example cases it had read on the Pensions Ombudsman’s website.
- Having reconsidered the matter, it remained of the view that the £500 already offered was appropriate for the significant distress and inconvenience Mrs D had experienced. It did not uphold her complaint.

16. Mrs D’s position:-

- A fault in the new HR system was to blame for the initial error that resulted in the early payment of her PCLS.
- It was difficult to return the PCLS. Her phone calls to Payroll, seeking information, went unanswered and her calls were not returned.
- Emails to Payroll “bounced” and the staff member at Payroll could not generate emails to her. This problem took a number of days to resolve and added to her distress and frustration.
- She endured multiple problems with her salary and pension payments which began in December 2018 when she was wrongly paid a pension payment. The salary payments and pension payments continued to be incorrect until April 2019 and her arrears were not paid to her until June 2019.
- All of this demonstrated that, far from being of short duration and reasonably rectified, the situation had persisted over an extended period as a result of errors not of her making.
- She has suffered severe distress and inconvenience over several months as a result of poor communication, numerous broken promises and missed deadlines.
- More than two years had passed since the initial error occurred. She was still spending a significant amount of time checking her pension documents to rectify the “catalogue” of errors made by the parties.
- The upset and distress caused to her and to her family cannot be rectified and she wanted an award greater than the £500 on offer.

17. The MPS’, the Administrators’ and Payroll’s position:-

- It was recognised that errors had been made. However, the £500 offered to Mrs D reflected the mistakes made and the inconvenience caused.
- The errors did not take place over a prolonged period and did not materially affect Mrs D.

- A review of the complaint indicated that the relevant factors fell within the “significant” category for compensation as set out by the Pensions Ombudsman.
- The Pensions Ombudsman’s guidance note indicated that any redress payment should represent an acknowledgement to the applicant of the distress and inconvenience they had suffered. Its purpose was to remedy the injustice suffered, and not to punish or penalise the respondent for bad behaviour.

Adjudicator’s Opinion

18. Mrs D’s complaint was considered by one of our Adjudicators who concluded that no further action was required by MPS, the Administrators or Payroll. The Adjudicator’s findings are summarised below:-
- The Adjudicator concluded that the issues Mrs D had complained about had been resolved. The remaining issue was whether the sum of £500 was an adequate award for the distress and inconvenience Mrs D had experienced as a result of the poor service she had received.
 - The Adjudicator noted that Mrs D did not consider that the matter had been of short term duration. The Adjudicator also noted that Mrs D did not consider that £500 was sufficient to compensate her for the repeated errors, expenses incurred in pursuit of her complaint, or the impact it had on her enjoyment of her holiday.
 - The Adjudicator acknowledged that people experience distress to differing degrees. The guidance on awards for non-financial injustice indicated that, for the matter to be considered “severe”, there would need to be prolonged and repeated maladministration that was not resolved in a timely manner.
 - Although the PCLS was paid seven weeks early, the Administrators responded swiftly to Mrs D’s query about the date of retirement and confirmed it had been corrected. Consequently, Mrs D was aware from 20 December 2018 that her retirement would be on 3 February 2019.
 - The early payment of her PCLS did not cause Mrs D financial detriment and her salary continued up until her correct retirement date. Her pension commenced the following month. Although the pension in payment was incorrect for the first three months, this was put right within three months and an arrears payment was made in June 2019. Mrs D was reimbursed the £30 cost of returning the PCLS within a reasonable timescale.
 - Mrs D’s concerns about the impact of the incorrect payments on her tax position was noted. The Adjudicator considered that, since both salary and pension were paid via MPS or the Scheme respectively, any corrections would have been made at the time any overpayment of income tax was identified. There was no evidence to suggest any overpaid tax had not been returned.

- The Adjudicator explained that awards for distress and inconvenience were generally modest and were not intended to be punitive. They were instead intended to reflect the non-financial injustice caused by the respondent's maladministration.
 - The Adjudicator considered that it would be exceptional, given the events Mrs D had complained about, if I were to make an award of the magnitude sought by Mrs D. The Adjudicator said that she did not agree that the circumstances of the case met the standard to be considered "severe".
 - The individual issues Mrs D had raised were largely resolved in a timely manner. The errors in pension payments had been corrected, and arrears paid, within a reasonable timeframe.
 - The Adjudicator was of the view that Mrs D had suffered significant distress and inconvenience. The award of £500 that had been offered was appropriate. Consequently, the complaint should not be upheld.
19. Mrs D did not accept the Adjudicator's Opinion and the complaint was passed to me to consider. Mrs D provided her further comments which do not change the outcome. I agree with the Adjudicator's Opinion and note the additional points raised by Mrs D, which are set out below:-
- Mrs D said that she was "really disappointed" and "felt really let down" by the whole complaints process.
 - She felt that the repeated and numerous errors she had documented would meet the threshold to be considered "severe". Consequently, they warranted a higher award for the distress and inconvenience that she had suffered.
 - She was not asking for a substantial sum. She considered that the distress she experienced during her holiday, that was "ruined", the time she had spent dealing with the matter, and the "repeated frustrations" she had suffered ought to be fairly acknowledged.
 - She did not accept the offer of £500.

Ombudsman's decision

20. I note that the issues Mrs D raised in her complaint were put right within a reasonable timeframe. I also note that MPS has offered the sum of £500 on the basis that the distress and inconvenience it has caused Mrs D falls into the category of "significant," as I have set out in published guidance.
21. Mrs D does not agree that £500 is appropriate. She considers that the extent of the errors, the time expended, and the frustration she experienced in resolving matters, warrants an award in the range of £2,000. In addition, Mrs D is seeking reimbursement of her expenses, which she estimates to be approximately £530.

22. On reviewing the evidence, I am satisfied that the initial error was identified and swiftly corrected. Mrs D was provided with an adequate explanation of what had led to the error, and assurances that her retirement date would be on 3 February 2019, as she had anticipated.
23. I note that Mrs D's first three pension payments were incorrect but this was also resolved within a reasonable period of time and an arrears payment was made in June 2019. I also note that Mrs D has not demonstrated that these incorrect pension payments caused her any financial hardship.
24. The matter of the appropriate award for the maladministration was assessed using the guidance I published on awards for non-financial injustice and an offer of £500 was initially made to Mrs D at Stage One of the IDRPs. A reconsideration of the matter was carried out at IDRPs Stage Two but confirmed the offer was appropriate. Mrs D continued to refuse it.
25. I have considered the initial mistake when the PCLS that was paid in advance of Mrs D's retirement date. This understandably caused her concerns that this meant she had retired early. I am mindful that Mrs D was informed this was not the case soon after the mistake was made. I consider that the sum of £500 to be appropriate in the circumstances and in line with what I would direct for non-financial injustice in similar cases.
26. I do not uphold Mrs D's complaint. If Mrs D has not already received the £500 offered by MPS, in respect of the maladministration which she has suffered, she should now do so if she wishes to accept the offer.

Anthony Arter

Pensions Ombudsman
14 March 2022