

Ombudsman's Determination

Applicant	Mrs E
Scheme	Aon Retirement Plan (the Plan)
Respondents	Aon UK Trustees Limited (the Trustee)

Outcome

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

Complaint summary

2. Mrs E has complained that the amount of interest being offered by the Trustee in relation to the late payment of her retirement benefits places her in a "worse" position than she would have been in had the delay in payment not occurred.
3. The Trustee has since offered to pay interest on the lump sum of arrears at a rate of 1.5% above the Bank of England base rate. However, Mrs E says she remains financially disadvantaged as the rate of inflation over the delayed period was much higher than this.
4. Mrs E has said that the delay, and subsequent complaint process, caused her significant distress.

Background information, including submissions from the parties

5. On 24 July 2015, Mrs E emailed the Trustee as her Normal Retirement Date (**NRD**) of 8 September 2015 was approaching. As she had received no correspondence from the Trustee regarding her retirement benefits, she asked for confirmation of when this information would be provided.
6. On 31 July 2015, Mrs E sent a further email to the Trustee as she had received no response to her previous email.
7. The Trustee said that a retirement pack was generated and issued to Mrs E on 15 August 2015. Mrs E said she did not receive this.
8. On 25 April 2019, the Trustee wrote to Mrs E as its records indicated that she had passed her NRD, but she had not yet taken her retirement benefits. Mrs E was

advised to contact the administration team to request up to date quotations for taking retirement benefits or transferring out of the Plan.

9. On 5 May 2019, Mrs E responded to the Trustee. She was concerned at the lack of contact prior to her NRD, despite her sending two emails in July 2015 (**the emails**) about accessing her retirement benefits. Mrs E said that she had “so far missed out on three and a half years of pension payments” due to this lack of contact and the Trustee’s failure to respond to her emails.
10. On 15 May 2019, the Trustee wrote to Mrs E and explained that:-
 - On 15 August 2015, a retirement pack was prepared and sent to her following receipt of the emails. The Trustee accepted that this should have been sent sooner and apologised for the delay.
 - A new retirement quotation was provided with a calculation date of 1 July 2019, which included interest for late payment at the Bank of England base rate.
11. On 20 May 2019, Mrs E raised a formal complaint with the Trustee. Mrs E believed that she had suffered a financial loss due to the poor administration of the Plan. She said:-
 - The Trustee had failed to correspond with her prior to her NRD, despite the emails which ought to have served as a reminder of her approaching retirement.
 - She did not receive the retirement pack from the Trustee in August 2015, nor was there any kind of follow-up call or letter. In any event, the sending of this retirement pack would have been three weeks after the emails which she said was still a “considerable” delay.
 - The new retirement quotation contained an increase in retirement benefits of £330.20 per annum, inclusive of late payment interest. She therefore calculated that she had lost £4,500 in missed payments. She said it would take 13 years of receiving retirement benefits to recoup this value.
 - She did not request, nor agree to, the postponement of her NRD.
 - She requested payment of arrears owed to her in a lump sum, backdated to her NRD, inclusive of late payment interest, to place her in the position she would have been in had her pension been paid from the correct date.
12. On 14 June 2019, the Trustee responded to Mrs E’s complaint. It apologised for the level of service that Mrs E had received and reiterated the content of its letter dated 15 May 2019. The Trustee provided a retirement quotation calculated to Mrs E’s NRD for illustrative purposes. It also asked Mrs E to confirm how she wished to take her benefits.
13. On 26 July 2019, the Trustee provided a further response under Stage One of its Internal Dispute Resolution Procedure (**IDRP**). The Trustee said:-

- A retirement quotation was logged in response to Mrs E's emails in July 2015. The service level agreement between the administration team and the Trustee was ten working days, so the processing of this quotation was outside of this agreement.
 - The Trustee was aware of service issues in 2015 and it apologised for the delay in the preparation of the quotation.
 - By issuing a retirement quotation in 2015 the Trustee considered Mrs E's request had been adequately dealt with so no separate reply or follow up was issued.
 - The Trustee recently decided to contact all members over normal retirement age who had not yet claimed their retirement benefits. This is why Mrs E was sent the letter on 25 April 2019.
 - A retirement quotation was issued calculated to her NRD. On completion of the appropriate forms, Mrs E would be paid her pension, with arrears, plus interest at the Bank of England base rate, using the rate in force over the period from the NRD to the date of payment.
14. On 30 March 2020, the Trustee provided its response to Mrs E's complaint. The Trustee said:-
- Mrs E's complaint was upheld by its IDRP and a retirement quotation was provided calculated to her NRD, inclusive of arrears, plus late payment interest using the Bank of England base rate in force from the period of her NRD to the date of payment.
 - Mrs E was due her first pension payment on 1 January 2020, which would include any back-payments on completion of the correct forms.
 - It had agreed to increase the interest rate it had previously offered to 1.5% above the Bank of England base rate in light of the recent low interest rates.
 - The retirement quote issued on 15 May 2019 was calculated in line with statutory requirements for late payment of Guaranteed Minimum Pension (**GMP**).
15. Mrs E has said that she does not accept the Trustee's offer as it "has unnecessarily prolonged resolution of this matter" which has caused her "inconvenience, expense and stress". Mrs E has not yet completed the paperwork to commence payment of her retirement benefits.
16. Mrs E also says that she suffers from "Meibomian Gland Dysfunction", an optical condition for which she has been recommended to minimise time spent on screens. Mrs E says that dealing with the complaint involved a large amount of screen time which resulted in increased physical pain.

Adjudicator's Opinion

17. Mrs E'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 agrees that there was a delay in providing a retirement quotation ahead of Mrs E's NRD and that it should have done this sooner.
 - The Trustee agreed to pay arrears, backdated to Mrs E's NRD, plus late payment interest at the Bank of England base rate. However, Mrs E had appealed the level of interest offered.
 - The usual approach taken by the Ombudsman when there has been a delay in payment of retirement benefits is to direct payment of the arrears, with interest at the Bank of England base rate, unless there is evidence of a more substantial loss. The Trustee had increased its offer to 1.5% above the Bank of England base rate in force from the period of Mrs E's NRD to the payment date.
 - There was no evidence to support a financial loss that was not remedied by the offer currently available to Mrs E.
 - Mrs E also had some responsibility in ensuring her benefits from the Plan were put into payment and there was no evidence to suggest that Mrs E made any contact with the Trustees from July 2015 when she requested a retirement quote until May 2019 when she raised a complaint.
 - Mrs E is entitled to retirement benefits from the Plan from her NRD. She could claim those benefits by completing the correct documentation.
 - The Trustee's offer to pay arrears plus late payment interest at 1.5% above the Bank of England base rate would be financially beneficial to Mrs E, and it remained open to her to accept this.
18. Mrs E did not accept the Adjudicator's Opinion and the complaint was passed to me to consider. Mrs E provided further comments which did not change the outcome. I agree with the Adjudicator's Opinion and note the additional points raised by Mrs E.
19. Mrs E's has said:-
- It was "morally" wrong for the Trustee to uphold every aspect of her complaint but to then award an interest rate which was a fraction of the inflation rate over the delayed period. She said this enabled the Plan to make a financial gain in interest at her expense.
 - Had the Trustees made its increased offer of March 2020 in July 2019, she would have accepted this and would have endured less stress and inconvenience as a result.

- The Trustee only made its increased offer in March 2020. The date the offer was made demonstrated the significance of the delay on the part of the Trustee. She has received no explanation as to why it took the Trustee until this date to make an improved offer.
- The Adjudicator has set an expectation that she ought to have acted sooner in obtaining her retirement benefits from the Plan, but this same expectation has not been set for the Trustee.

Ombudsman's decision

20. Mrs E complained that the amount of interest being offered by the Trustee in relation to the late payment of her retirement benefits places her in a worse position than she would have been in had the delay in payment not occurred.
21. There is no doubt that there has been a considerable delay in Mrs E being paid her retirement benefits from the Plan and the Trustee has accepted that there were some failings on its part. In July 2019, the Trustee offered to pay Mrs E her pension, with arrears, plus interest at the Bank of England base rate.
22. The Trustees have since made an increased offer of interest which Mrs E has confirmed no longer places her at a financial disadvantage, However, Mrs E contends that the delay in the Trustees making this improved offer is unacceptable. She says that had the Trustees made its increased offer in July 2019, she would have accepted this.
23. Mrs E has said that her complaint no longer relates to financial loss but instead concerns the time taken for the Trustee to make a reasonable offer in relation to the delay in payment of her retirement benefits. My role is to identify maladministration and, where financial injustice has arisen as a result of that maladministration, ensure that the applicant is placed back into the position he/she would have been in but for the maladministration. The Trustee offered to put matters right in July 2019, just two months after Mrs E raised her complaint. I find that the initial offer made to Mrs E was reasonable and fell in line with the level of award I would have directed in such circumstances. That Mrs E has later been made an increased offer does not render the original offer unacceptable nor does it follow that the offer should have been made earlier. It remains open to Mrs E whether she chooses to accept the Trustee's higher offer.
24. Mrs E says that if there was an expectation for her to have acted sooner in obtaining her retirement benefits from the Plan then the same expectation should have been set for the Trustee. Whilst I agree that the Trustee does have certain obligations to ensure retirement benefits are paid on time a certain amount of responsibility also lies with Mrs E to ensure she took all necessary action to bring her benefits into payment.
25. Having sent emails to the Trustee regarding her retirement benefits, it is clear that Mrs E knew about her entitlement to benefits from the Plan, and of her approaching

NRD. Having not received anything by her NRD, Mrs E then appears to have taken no further action until the Trustee wrote to her on 25 April 2019.

26. I acknowledge that Mrs E says she has spent a considerable amount of time in raising a complaint. However, Mrs E knew that retirement benefits were held within the Plan and it is her inaction that has contributed to the delay in payment.

27. I do not uphold Mrs E's complaint.

Anthony Arter

Pensions Ombudsman
21 September 2020