

Ombudsman's Determination

Applicant	Mr K
Scheme	Principal Civil Service Pension Scheme (PCSPS)
Respondent	MyCSP

Outcome

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

Complaint summary

2. Mr K's complaint is about the administration of his pension benefits and that he received inaccurate pension statements which he still believes to be incorrect. He is also unhappy with how MyCSP dealt with his subsequent complaint regarding the issue.

Background information, including submissions from the parties

3. Mr K is a current member of the PCSPS.
4. In September 2016, Mr K contacted MyCSP as his Annual Benefit Statement (**ABS**) showed a lower lump sum and pension than the figures provided in his previous ABS.
5. In March 2017, MyCSP replied to Mr K and explained that there had been a number of changes to the way each ABS was set out, this also included a change to the way pensionable earnings were used to calculate benefits.
6. Mr K responded to MyCSP and explained that he understood the changes to pensionable pay but considered the problem was in relation to his previous service stated in the ABS. Mr K explained that he had taken on a full-time role at the Home Office (**HO**) in 2006 but was also working for the Child Support Agency (**CSA**) at the same time, on a part time basis for 9 hours a week.
7. MyCSP advised Mr K that CSA and HO (**the Employers**) were responsible for maintaining accurate service and payroll records and it was unable to produce a correct ABS without correct information from the Employers.

8. Over a number of months MyCSP made several enquiries with the Employer's regarding Mr K's service and there were numerous email exchanges. During this time Mr K continued to chase MyCSP for a response and this resulted in Mr K complaining about the time take for the issue of his service to be resolved.
9. In September 2018, MyCSP issued Stage One of the Internal Dispute Resolution Procedure (**IDRP**) and said:
 - Up until 30 April 2012 the administration of the PCSPS was completed by Authorised Pensions Administration Centres (**APAC**) or the Employers, and since 1 May 2012 it has been by MyCSP centrally.
 - During the course of Mr K's employment, the "transition of accurate data" had failed and the MyCSP records were incomplete.
 - It expected that employment records should follow an employee when they changed employers, and it is the most recent employer's responsibility to maintain and provide accurate data to MyCSP.
 - Mr K's employment history with the various employing bodies conflicted with that held by MyCSP and this meant that currently Mr K's pension entitlement could not be verified.
 - The remaining discrepancy was because there was no evidence of Mr K returning to full time employment in February 2017.
 - It appreciated Mr K had raised the issue in 2016 so apologised and upheld his complaint in respect of the delays.
10. In October 2018, MyCSP wrote to Mr K to explain that it had contacted the Cabinet Office (**CO**) for guidance on how to deal with Mr K's concurrent service with HO whilst he was working for CSA.
11. Mr K responded shortly afterwards and clarified that he had not worked full time concurrently.
12. Following an extensive exchange of email's between MyCSP, Mr K and the Employers it was established that Mr K's correct service was:

5 January 1998 to 30 July 2006	Full time with CSA
31 July 2006 to 9 February 2007	Full time with HO
	And
	Part time with CSA (9 hours a week)
12 February 2007 to 17 May 2009	Full time for CSA
18 May 2009 to 6 June 2017	Full time for HO
7 June 2017 to present	Mr K became a full-time employee of Her Majesty's Revenue & Customs

13. In November 2018, Mr K appealed the IDRP decision as he wanted an accurate ABS. He also wanted a full explanation of how his pension benefits were calculated, including an explanation of why things had taken so long. He asked for compensation for the distress and inconvenience caused by MyCSP.
14. In January 2019, the CO confirmed it was waiting for legal advice on how to treat Mr K's concurrent service.
15. In March 2019, MyCSP updated Mr K that it had now received a response from the CO, and it had decided on how to deal with the concurrent service with HO. It issued a revised ABS along with a full breakdown of how Mr K's pension benefits were calculated.
16. On 28 May 2019, Stage Two of the IDRP was issued by the CO. It apologised for the delay in replying to the appeal made in November 2018, and said:
 - It acknowledged that it had taken a long time to resolve the issue, and the initial delay was caused by MyCSP's failure to progress the case.
 - The Employers had also delayed matters by not providing MyCSP with the information it required.
 - As part of the investigation MyCSP had established that HO had put him in the wrong pension scheme for his concurrent service. He was put in the Classic Section rather than the Premium Section. It provided a copy of the relevant Regulations (see Appendix). The mistake was corrected but this meant Mr K had underpaid his contributions by £200.40 and HO may request the additional pension contributions from him.
 - It agreed the delays were lengthy and directed MyCSP to pay Mr K £500 for the distress and inconvenience caused.
17. Subsequently HO agreed to pay the £200.40 pension contributions and MyCSP paid Mr K £500 in July 2019.
18. MyCSP position:
 - Mr K was in employment with CSA, in a full-time role, from 5 January 1998. This contract of employment with CSA continued until 17 May 2009 and so is deemed to be his first employment.
 - As he joined the PCSPS before 1 October 2002, he was eligible to join what is now known as the Classic Section of the PCSPS for this first period of employment.
 - On 31 July 2006, Mr K took up a full-time post with HO but also moved to a part-time working pattern with CSA working 9 hours per week.
 - Mr K's HO role was full time and was classed as a second contract of employment. As Mr K started this contract of employment with HO after 30

September 2002 he was eligible for the Premium Section of the PCSPS for this second period of employment.

- However, Mr K was incorrectly enrolled in the Classic Section when he joined HO on 31 July 2006 and he should have been enrolled in the Premium Section.
- Mr K left HO and returned to a full-time working pattern with CSA from 12 February 2007, until he left on 17 May 2009.
- Mr K was then re-employed by HO on 18 May 2009. As he was no longer employed by CSA, he only had one contract of employment at the time. This was continuous with the part time role he had with CSA and as such his scheme eligibility remained the same as the first CSA employment (Classic Section).
- Mr K moved into the Alpha scheme from 1 April 2015.
- Mr K then left the HO in June 2017 and joined HM Revenue & Customs (**HMRC**) on 7 June 2017, the next day. Again, this was continuous with the employment he had with CSA then HO (from 2009) and as such his scheme eligibility remained the same as that first employment until he moved to the Alpha Scheme in 2015.
- In summary:
 - Although he had many changes of employer Mr K had been in continuous full-time service in one role or another since 5 January 1998 to date.
 - Between 31 July 2006 and 9 February 2007 Mr K had a concurrent period of service (due to concurrent employment contracts).
 - Mr K was eligible for the Classic Section in the first employment (until moving to the Alpha Scheme in April 2015). As the concurrent second employment began in 2006, he was eligible for the Premium Section for that service.

19. As part of the investigation into this complaint Mr K said he thought that his ABS was still incorrect as the reckonable service did not match his qualifying service.

20. MyCSP said:

“Part time service qualifies in full but reckons based on hours worked. As his part time service with CSA was part of his first employment it forms part of his service in classic. This is the main reason why there is a difference between his qualifying and his reckonable service in classic. Mr [K] also has some unpaid days during this employment (though after the period in 06/07 in question) that qualify but do not count towards reckonable service. These are

provided to us by the employer... We do not hold the reason for these unpaid days as that is not relevant to a pension calculation.

Mr [K]'s full time service with Home Office from 31/07/2006- 09/02/2007 was his second employment (under a second contract of employment at that time) under which he was eligible for premium. Therefore, under premium, as his service was full-time (and he did not have any unpaid absences) his qualifying service and reckonable service are the same for that period."

Adjudicator's Opinion

21. Mr K's complaint was considered by one of our Adjudicators who concluded that no further action was required by MyCSP. The Adjudicator's findings are summarised below: -

- MyCSP was not proactive enough in the early stages of Mr K's complaint and failed to follow up a number of requests for information with the Employers.
- The Adjudicator appreciated that the length of the delay was frustrating for Mr K, but MyCSP was ultimately reliant on the Employers providing the correct information.
- MyCSP also had to receive input from the CO to establish how Mr K's concurrent service and pension benefits should be treated.
- The explanation provided by MyCSP as to how Mr Ks pension benefits were treated was reasonable and there is nothing to indicate that the benefits quoted in the revised ABS sent in 2019 were calculated incorrectly.
- The difference between the reckonable and qualifying service was due to a number of unpaid days recorded by the Employers, but if Mr K disputed those unpaid days, he would need to raise this as a separate issue with the relevant employer.
- The offer of £500 for distress and inconvenience was reasonable, taking into account that HO had also paid Mr K's missing employee pension contribution of £200.

22. Mr K did not accept the Adjudicator's Opinion. He said: -

- When he joined the HO it was his primary employment as it was full time and initially, he was placed in the Premium Scheme, but his pension contributions were then refunded, and he was then placed into the Classic Scheme.
- He had no intention of returning to the CSA at this time.

- His contract with HO was fixed term so he had retained his part time status with CSA because he was in the process of getting a mortgage and needed evidence of secure employment.
 - He had been disadvantaged by MyCSP because had he stayed at the CSA at the lower grade full-time, he would have had continuous full-time reckonable service under the Classic Section. Had he resigned from the CSA and then just been employed by the HO he would also have had continuous full-time reckonable service. By working 2 Civil Service jobs he lost out on the Classic reckonable service even though he was working longer hours.
 - The previous pension administrator prior to MyCSP was 'Home Office Pay & Pensions Service' and his dual membership was correctly administered, so he does not agree the interpretation of his reckonable service by MyCSP was correct.
23. MyCSP agreed with the Adjudicator's Opinion and confirmed the £500 for distress and inconvenience, was paid to Mr K in July 2019.
24. The complaint was passed to me to consider, and I note Mr K's comments which do not change the outcome.

Ombudsman's decision

25. Mr K contends that the revised ABS issued in 2019 is incorrect, and his concurrent service has not been treated correctly. He is also unhappy at the time taken to resolve the service issue.
26. Given the unique nature of Mr K's employment history I do not find that MyCSP have dealt with Mr K's service incorrectly. I note MyCSP's explanation that Mr K's employment with HO was a second employment, as he continued in his permanent role with CSA, albeit on a part time basis. This means that Mr K was eligible for the Premium Section in relation to the second employment with HO.
27. Mr K has said he has been disadvantaged by how MyCSP has treated his service. I agree that if he had not worked part time for CSA then he would have continued in the Classic Section when he began working for HO. However, I consider that it was Mr K's choice to maintain his 9 hours CSA part time service, as he has explained that he wanted a permanent role when applying for his mortgage and his role with HO was only on a fixed basis. I do not find that MyCSP is responsible for the effect on Mr K's reckonable service, due to his decision to continue his part time work with CSA.
28. Mr K considers that his reckonable service should be treated differently by MyCSP than the previous administrator of the PCSPS. MyCSP has explained that the difference between reckonable and qualifying service is due to the hours worked under his part time CSA employment, but also the number of unpaid days that the Employers had notified MyCSP. This complaint only concerns MyCSP as the

respondent and not the Employers, Mr K should approach the Employers if he wishes to challenge the number of unpaid days on record.

29. Having considered both the extensive email exchanges and Mr K's service record I am satisfied that the benefits quoted in the revised ABS are correct and that MyCSP has correctly interpreted Mr K's reckonable and qualifying service.
30. MyCSP and the CO have both acknowledged that there were extensive delays in establishing Mr K's correct service. MyCSP are reliant on the Employer providing accurate service records and it had to obtain additional evidence concerning Mr K's service from the Employers, and then guidance from the CO on how to treat his concurrent service. I appreciate that Mr K found the matter frustrating, but I consider that the award of £500 made by the CO and paid by MyCSP, was appropriate in the circumstances, taking into account that the additional £200 employee pension contributions were also paid.
31. I do not uphold the complaint.

Anthony Arter

Pensions Ombudsman
18 November 2021

Appendix

Extract from Stage Two IDRP –

“Scheme Eligibility – PCSPS – Section 1 (the 2002 Section)

...

(5) Condition C is that –

(a) the person’s employment begins on or after 1st October 2002 and before 30th July 2007 and the person is not someone who became an active member of the 1972 Section in respect of that employment and subsequently opted out of the 1972 Section....”