

Ombudsman's Determination

Applicant	Mrs E
Scheme	Scottish Teachers' Pension Scheme 2015 (the Scheme)
Respondents	SPPA Policy (SPPA)

Outcome

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

Complaint summary

2. Mrs E's complaint is that:
 - The Scheme administrator failed to notify her that the Faster Accrual (**FA**) she had requested in September 2015 was only for one Scheme year and had to be requested again annually.
 - The Annual Benefit Statement (**ABS**) she received after she had made her FA election was incorrect, as it showed the FA having been applied, which was not the case.
 - No extra contributions had been deducted from her salary, meaning the FA has not been applied to date.

Background information, including submissions from the parties

3. The sequence of events is not in dispute, so I have only set out the salient points. I acknowledge there were other exchanges of information between all the parties.
4. Mrs E was a member of both the final salary and the career average (**the 2015 section**) sections of the Scheme.
5. Mrs E had the following options under the 2015 section:
 - To use FA and increase her accrual rate from the standard rate of 1/57th of pensionable pay to any of the following:
 - 1/45th

- 1/50th
 - 1/55th
 - To have the FA commence from the next available 1 April or backdate it to the date of joining the 2015 section.
6. Under the final salary section, Mrs E also had the following options:
- Elect to buy out the standard early retirement reduction (**ERRBO**)
 - Lower the Scheme retirement age (which was linked to her State Pension Age (**SPA**) of 66) by one, two or three years.
7. The Scheme provided an Annual Benefit Statement (**ABS**) each year, which showed accrued benefits and the accrual rates applied if any FA had been purchased.
8. On 12 September 2015, Mrs E completed and returned two application forms to SPPA, one regarding FA and the other for the ERRBO. The FA application form said on its first page:
- “Please read the Faster Accrual factsheet (the **Factsheet**) at www.2015.sppa.gov.uk before making your application.”
9. The Factsheet stated that:
- “Applications must be made within one month of joining the 2015 Scheme if the election is to take effect from your start date. Thereafter, applications must be made before the end of each year for the contract to begin the following 1 April. The election will run for **one scheme year only** from 1 April to 31 March.
- Faster accrual contributions are based on your age on your last birthday at the start date of the election. You must pay the higher contributions for the one-year period of the election unless the agreement is revoked.”
10. Mrs E confirmed on the FA form that her current employer was West Lothian Council (**WLC**). Under the heading “Please provide details if this is to be applied to more than one employment contract”, Mrs E identified City of Edinburgh Council (**CEC**) as a secondary employer. She selected FA of 1/45th and requested that her chosen FA rate should start from 1 April 2016.
11. On 12 September 2015, Mrs E signed and dated the declaration page of the FA application form below the statement which said:
- “I understand that the extra contribution rates must be paid for a complete Scheme year.”
12. Mrs E had returned the completed ERRBO form the same day. She had elected to purchase the maximum three years’ worth of buy-out.
13. On 25 September 2015, SPPA wrote to Mrs E saying:

- The quotation for the purchase of 1/45th FA would require her to contribute an extra 6.79% of her pensionable earnings divided into equal monthly contributions between 1 April 2016 and 31 March 2017.
- If she accepted the quotation, she should complete the attached acceptance form, which stated:

“I have read the Factsheet and understand the conditions for making an agreement to purchase Teachers’ Faster Accrual.”

14. Mrs E signed, completed and returned the acceptance form to SPPA shortly afterwards.
15. On 29 September 2015, Mrs E contacted SPPA via the online web query service, complaining that she had been assured, during a telephone call with SPPA on 15 September 2015, that the paperwork for her applications would be sent out to her within a week. This had not happened, and Mrs E asked for this paperwork to be sent as soon as possible and for her complaint about this issue to be addressed.
16. Mrs E received her ERRBO quotation shortly afterwards, together with an options acceptance form, which she signed on 5 October 2015, returning it to SPPA, who received it on 7 October 2015.
17. On 12 October 2015, SPPA emailed Mrs E to confirm her acceptance forms had been received by the deadline. It provided a link to its website so that she could raise a formal complaint about not being sent her paperwork within a week if she still wished to do so.
18. Mrs E replied by return that she did not intend to proceed with that complaint. However, she wanted to know that her completed acceptance forms had been received.
19. SPPA confirmed by return that, as stated in its email of 29 September 2015, the acceptance forms had been received. It also confirmed it had sent her two quotations by post on 25 September 2015 which, if she had received them, confirmed that her acceptance forms had been received. It attached further copies of the quotations to the email.
20. On 23 October 2015, Mrs E sent an email to SPPA asking if her completed acceptance forms had been received. SPPA emailed its reply by return and confirmed her forms had both been received and would be processed in due course and that it would be in touch with her and with her employer “very soon”.
21. On 26 November 2015, SPPA wrote to Mrs E regarding her FA application, saying:
 - As she had taken out an ERRBO, her Scheme retirement age had been amended to 65.
 - This had resulted in a change of factors for calculating her FA.

- The FA quotation for the 1/45th accrual rate would result in the requirement for her to pay an extra 7.27% rather than 6.97% of her pensionable earnings between 1 April 2016 and 31 March 2017.
 - Should she wish to proceed with the FA, she should complete and return a new acceptance form, which was attached to the email.
22. The form which Mrs E was required to sign and date, contained a declaration as follows:
- “I have read the factsheet and understand the conditions for making an agreement to purchase Teachers’ Faster Accrual.”
23. Mrs E signed the new form on 6 December 2015, and it was received by SPPA on 8 December 2015.
24. On 14 December 2015, SPPA wrote to CEC to confirm that Mrs E had elected to pay extra contributions at the rate of 7.27% which should be deducted from her pensionable pay with effect from 1 April 2016 until 31 March 2017.
25. Also on 14 December 2015, SPPA wrote to Mrs E, confirming her recent election to purchase FA and reiterated the declaration stated in paragraph 22.
26. On 22 December 2015, SPPA wrote to Mrs E to confirm:
- She had elected to purchase FA at the rate of 1/45th.
 - The extra percentage contributions required for the FA would be deducted from her pensionable pay by her employer at the rate of 7.27% per year.
 - The deductions would be due monthly between 1 April 2016 to 31 March 2017.
 - Mrs E’s present employers had been informed of the contract and had been instructed to deduct the relevant contributions.
 - If she should commence new or concurrent employment, the onus was on her to inform the relevant employers of her current FA contract.
 - Her payroll department had been asked to contact her to arrange collection of any arrears that were due.
27. On 26 April 2016, Mrs E sent an email to SPPA saying her employer had heard nothing about the applications she had made for the FA and the ERRBO. She asked SPPA to forward the relevant documentation to her employer, WLC, using the email link she had supplied in her email.
28. On 15 August 2016, Mrs E raised a query about her 2015 ABS via the online web query service. She asked:
- Why the details of her employer were different from the employer which provided her main employment.

- Where she could find information about her elections for ERRBO and FA on the online member homepage.

29. On 22 September 2016, SPPA responded to Mrs E as follows:

- It confirmed that when the 2015 ABS was generated, Mrs E was still employed by her previous employer, CEC. The ERRBO task had been created after the end of the 2014/15 year.
- By the time the 2016 ABS became available, it would reflect her current employer's details.

30. On 22 March 2019, Mrs E telephoned SPPA to ask if both the FA and ERRBO were shown on her ABS. SPPA confirmed that ERRBO does not show on the ABS, but the FA did show at the rate of 1/45th rather than the standard 1/57th.

31. On 27 August 2019, Mrs E sent an email to SPPA following up on a telephone conversation on 20 August 2019. She sought clarification on the following:

- She had been told during the previous telephone call to check her payslips for deductions at the rate of 1/45th but was unsure how to do so. She had been checking her statements on the website but, during the telephone call she had been told these were inaccurate.
- She asked about how she could ensure the FA continued in future years, saying she had no evidence of ever having received documentation about the FA.
- She had not been informed about the need for annual FA reapplications and asked when this information had been sent to her.
- If SPPA already knew the statements were wrong, why had it not informed her in writing of this situation.
- She was very distressed to learn during the phone call that the FA was not being applied as she had limited time between now and retirement to adjust her retirement planning.
- She wanted to know what SPPA was going to do about the situation.

32. SPPA treated Mrs E's email as a formal complaint and, on 29 August 2019 sent its Stage One response under its Internal Dispute Resolution Procedure (**IDRP**) as follows:

- It confirmed the standard accrual rate for teachers was 1/57th of pensionable pay each year.
- FA was an annual contract which allowed members the flexibility to save more for their pension without tying themselves into a long-term agreement, which may be financially difficult to maintain over an entire career.

- It provided a copy of the Factsheet, confirming that it was available for members at the outset of any application for FA.
- It confirmed the application form which Mrs E had signed stated that the contract was for one year only.
- Further, the letter of acceptance that Mrs E had signed stated that the contract would run from 1 April 2016 to 31 March 2017, which was one Scheme year.
- It had investigated Mrs E's record which indicated her employer, WLC, had failed to deduct, or report that it had deducted, any contributions for the FA.
- It apologised for the misleading 2018 and 2019 ABS' and confirmed the correct accrual rate for these should be 1/57th, the Scheme standard accrual rate, and the rate Mrs E had been paying for both of those Scheme years.
- Regarding the ERRBO, it confirmed that, while the system was presently incapable of showing ERRBO updates on the ABS', Mrs E's contributions were up to date.
- It confirmed the "pension statement earnings" was Mrs E's pensionable pay from both her employments in the years 2017 and 2018.
- Each ABS was automatically generated by the SPPA system, meaning if errors occurred, it would not know about them until a member provided correct information or raised a query, which would then be investigated.

33. On 7 September 2019, Mrs E responded to SPPA's letter of 29 August 2019 saying:

- Her concerns had not been addressed to her satisfaction.
- She noted SPPA's comment that, despite submitting a request for FA in Scheme year 1, accruals were not at the rate of 1/45th but remained at 1/57th. She felt it was SPPA's responsibility to ensure her request had been carried out, but SPPA only discovered the request had not been implemented when she complained. She felt she could no longer rely on any information supplied to her by SPPA.
- She also noted SPPA's point that it was necessary to reapply annually for the FA. However, the information that explained this requirement was "buried in a leaflet" on SPPA's website.
- She had never been sent this leaflet.
- She said the inaccurate 2018 and 2019 ABS' had misled her by showing the 1/45th accrual rate, when this was not in fact applied. She had relied upon the statements rather than the website content for updates on the progress of her pension. The fact that her request had not been implemented meant her pension had not been growing at the rate it should have been for the previous three years.
- She asked how SPPA intended to put matters right for her.

34. On 1 October 2019, SPPA provided its Stage 2 IDR response which said:

- It apologised that, initially, Mrs E had not received the standard of service that she expected. However, many of the issues Mrs E had raised were not the responsibility of SPPA and as a result it had not found evidence to support her complaint but apologised for any distress and inconvenience caused.
- It provided an offer to Mrs E that was intended to help her restore her pension to the value it could have achieved had she submitted applications for FA at the appropriate time:
 - Mrs E would be permitted to purchase FA at the accrual rate of 1/45th for the three years between 2016 and 2019, at the percentage rate applicable had the purchase been made at the appropriate time. This would be done by making a lump sum payment.
 - Mrs E could buy FA in respect of any or all of the aforementioned years.
 - If she wanted to purchase FA for the current year, Mrs E would have to pay any arrears for that year in addition to new monthly contributions at the rate of 8.24% until the end of the current financial year on 31 March 2020. A table was provided showing the costs and savings of this exercise.
- SPPA also waived the 2.5% interest which was normally charged on late payment.
- It confirmed that SPPA had sent copies of the FA and ERRBO letters to WLC on 20 April 2016, the same day that Mrs E had emailed to say her employer was unaware of her elections to purchase FA or ERRBO.
- It noted that while WLC had implemented the ERRBO, it had not implemented the FA.
- It agreed mistakes were made by SPPA as it had not issued the correct documents to WLC in a timely manner. However, it had corrected these mistakes the same day they had been discovered. In any event, SPPA could not be held responsible for WLC's failure to deduct the 7.27% contributions for Mrs E's FA.
- It was not SPPA's responsibility to ensure increased contributions were being deducted from members' salaries at the requested rate. Rather, if Mrs E had been checking her payslips, she would have noticed no extra deductions were being taken in respect of the FA and should have taken this up with her employer.
- SPPA only receives notification of any extra deductions from employers on their annual returns which arrive the year following contributions having been collected. It was Mrs E's responsibility to ensure the extra contributions for the FA were being deducted from her salary.
- Responding to Mrs E's assertion that she had never received the FA leaflet, SPPA confirmed it was not its policy to issue leaflets or factsheets to members applying

for FA. It had processed her application on the assumption that she had visited the SPPA website and had read and understood the conditions attached to the options on offer to her. The application form advises members to read the FA Factsheet and supplies a link to this document on SPPA's website.

- The FA Factsheet clearly states that any FA election will run for one year only, from 1 April to the following 31 March. Further, it states that, thereafter, applications must be made before the end of each year for the contract to begin the following 1 April.
- Mrs E's signed application form stated that she had read the Factsheet and understood the conditions for FA. SPPA therefore made the assumption that Mrs E had read and understood these conditions before signing her application form.
- SPPA could not be held responsible for Mrs E's misinterpretation of the FA rules and conditions.
- There were inaccuracies in the ABS' for 2018 and 2019 with both ABS' showing an accrual rate of 1/45th which was incorrect. It had addressed these errors to Mrs E in its Stage One IDRPs letter dated 29 August 2019. It reiterated its apologies for these issues, but said it was not able to check every individual ABS for accuracy and relied on members to contact it if they believed their ABS was incorrect.
- It noted Mrs E had not contacted SPPA regarding her 2017 ABS which showed a correct accrual rate of 1/57th, the year her FA was intended to be in operation with an increased accrual rate of 1/45th. SPPA said this was unfortunate because had Mrs E done so, the fact her FA had not been implemented by her employer could have been discovered and corrected much earlier. Further, had Mrs E requested a further FA for the next year, and for the following two years after that, the error could have come to light at that time.

35. On 4 October 2019, Mrs E responded to SPPA to ask:

- Would it be possible to provide her with two different statements, one showing her current pension value and a further statement showing what the value would be if she were to make the one-off payment proposed by SPPA.
- Could SPPA explain what was meant by the column headed "Saving to Mrs E". She commented that the figures quoted to bring the FA up to the level it would have been had it been deducted monthly over the preceding years, seemed high when compared to her monthly take-home salary. She also thought the figures did not take into account deductions made prior to income tax deduction. This meant the one-off payment would cost her 20% more than if the contributions had been made monthly when they should have been made.
- She would be willing to consider making a one-off payment to rectify matters, but not if the cost of doing so exceeded what it would have cost if she had been paying monthly since her original application.

- She asked if SPPA would be prepared to reduce the payment figure following this principle.
36. On 4 October 2019, SPPA received an undated letter from Mrs E which she had sent in response to SPPA's letter and offer dated 1 October 2019. Mrs E said:
- SPPA appeared to be saying that, by making a one-off payment of £7,913, she could increase her pension by £103 per annum.
 - The figures seemed to be wrong, implying that accrual at 1/45th over a period of 3½ years represented the total cost of the pension accruing at that rate, but ignoring the fact that she had already been paying throughout the period in question at the rate of 1/57th. She was not confident of SPPA's figures and asked for them to be re-checked.
37. On 14 October 2019, SPPA sent a further letter to Mrs E, responding to the queries she had raised on 4 October 2019 as follows:
- It provided a table of figures showing how much her pension would likely increase if she purchased FA at the rate of 1/45th for the three years between 2016 and 2019.
 - It explained the "Saving to Mrs E" column was the amount she would save if she purchased FA for these years. The saving was the difference between the cost if purchasing now, and the cost had FA been purchased in the correct years.
 - Because SPPA had offered the opportunity to purchase FA at the "old rate", the offer to purchase the entire three years' FA in one lump sum represented a saving to Mrs E of £670.02.
 - It confirmed Mrs E's impression that the cost was high. It explained this was because the tax relief was not illustrated in the calculation and that this was because only Mrs E's employer could deduct tax from her salary.
 - It provided a link to the HMRC leaflet which explained how tax relief on the lump sum payment could be arranged, and suggested Mrs E speak with her employer regarding this issue.
38. On 25 October 2019, SPPA emailed Mrs E to explain the effect on her pension if she opted to buy all three years' FA, saying:
- Mrs E appeared to have read the comparisons incorrectly. The increase in her pension, if she opted to purchase all three years' FA would be £536.27 annually, not £103, as Mrs E had calculated.
 - The starting point for working out what her pension would be was the 2019 ABS, which showed the current value of her pension as £2,151.24.
 - Mrs E could buy FA at the 1/45th rate for the following years:

- 2016/2017;
- 2017/2018;
- 2018/2019.

- If she did so, the revalued figure for her 2019 pension would become £2,687.51 which was an annual increase of £536.27, compared to the pension without FA for those years.
- SPPA invited Mrs E to get in touch by telephone so the figures could be discussed in more detail.

39. On 29 October 2019, Mrs E telephoned SPPA to discuss the figures for purchasing FA. The figures were explained to her again, but Mrs E was still unsure the figures were correct, concluding that she would have to work for a further 14 years before she would obtain a worthwhile return on the quoted cost for purchasing three years' FA. During the call, SPPA made the following comments to Mrs E:

- It confirmed the figures were correct, but it was for Mrs E to decide whether the payment was worthwhile, or not.
- It would have expected Mrs E to have checked her first payslip after the FA contributions were meant to commence to ensure the contribution had been collected in April 2016.
- Nothing had been heard from Mrs E for three years after the initial contract date in April 2016.
- SPPA noted that the cost of the FA would have approximately doubled the contribution Mrs E had previously been making and she should have been able to notice this increase in contribution.
- SPPA noted Mrs E's explanation that she had checked her payslips but must have mistaken the ERRBO deduction that was taken from her salary, for the FA, which had not been deducted from her salary.
- As Mrs E had checked her ABS, she should have been alerted to the fact that the 2017 ABS showed an accrual rate of 1/57th rather than 1/45th and should have queried the matter at that stage. However, she had not done so until August 2019.

40. Mrs E did not accept the offer to purchase any of the FA years retrospectively, believing it was not going to give her a worthwhile return on her additional contributions.

Adjudicator's Opinion

41. Mrs E's complaint was considered by one of our Adjudicators who concluded that no further action was required by SPPA. The Adjudicator's findings are summarised below:

- The Adjudicator noted that SPPA had agreed it made errors when detailing the accrual rates quoted in the ABS' and that it wrote to CEC about Mrs E's FA application when it should have written to WLC. However, when this error came to light, SPPA informed WLC immediately.
- SPPA had acted in a timely manner to resolve the issues and to ensure the FA could be set up as soon as possible and could not be held responsible for Mrs E's employer failing to deduct the FA contributions for the 2016/17 year.
- Mrs E was given sufficient information to realise that the FA contract was annually renewable. The application form stated members must visit the website and read the Factsheet before proceeding. Mrs E had not done so and had instead acted on the assumption that one application for the FA was required, which would continue until cancellation or retirement.
- The Adjudicator understood Mrs E's confusion that monthly deductions from her payslip for the ERRBO covered the FA, but that assumption could not result in the complaint being upheld.
- Mrs E should have ensured she read all the available information so that she was fully informed before making her application for the FA. It was also her responsibility to check her payslips to for confirmation that her wishes had been properly implemented. If she was unsure about what had been deducted from her salary, she could have consulted her employer's payroll department.
- SPPA had made an offer which would have put Mrs E in the position she would have been in had the FA been set up correctly and had she renewed her contract annually, as had been described in the Factsheet. This offer also ensured Mrs E would pay no more than would have been paid had the FA been implemented from the outset and been followed by further annual applications in successive years.
- The errors in the ABS did not warrant any redress because the amount of pension showing on each ABS was correct, despite incorrect accrual rates being quoted.

42. Mrs E did not accept the Adjudicator's Opinion and the complaint was passed to me to consider. Mrs E 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 E, which are summarised below:

- Her pension had not increased as she had intended it to and was lower at this stage of her retirement planning than it should have been because SPPA had failed to manage her requests competently.
- SPPA did not fulfil its duties as it did not contact her main employer WLC at the outset. She did not agree that the initial error of writing to CEC instead of WLC was swiftly rectified, since WLC had been her main employer since 2006 onwards. She considered that SPPA's records had not been accurately maintained.

- The Factsheet was not sent out as standard, but rather was only made available online. This was inconvenient and obstructive.
- The FA application form cannot be submitted without being signed, meaning the applicant is also signing a disclaimer saying they have read the Factsheet, whether they have done so or not. However, she acknowledged that she had not read it but had signed the application forms, regardless of that fact. She did not believe her complaint should hinge on that single fact.
- Despite returning the FA quotation form and telephoning SPPA, she had to use the online web query service to follow up because SPPA had not sent the paperwork back to her within a week, as promised.
- She had been involved in a series of telephone calls and emails trying to obtain information about deductions, without success. As a result, she turned to the ABS' for information, but she has subsequently found these were often incorrect, and so were misleading.
- She had been informed on 20 August 2019 that the ABS' were incorrect and there was no plan to fix them going forward.
- She had requested that SPPA correct her ABS more than once to bring it into an accurate state, reflecting her actual contributions to date.
- However, SPPA did confirm to her that the service figure for her 2017 and 2018 ABS' had been updated, as was reflected her 2020 ABS. SPPA had apologised to her for any inconvenience caused by these issues.
- She did not understand the offer that was put forward by SPPA and would have expected professional typed responses to her queries, rather than a spreadsheet with hand-annotated information colour-highlighted on a "scrap of paper".
- She said her payslips were also incorrect but she believed SPPA should have been checking her contribution rate rather than it being her responsibility. If any of the contributions were wrong, SPPA should have contacted her employer, as it was not her responsibility to do so.
- She disagreed that it was her responsibility to liaise between the employer and SPPA over deductions from her salary and the setting up of pension contributions.
- It was unsatisfactory for SPPA to blame the employer for mistakes as this left her caught in the middle.
- The pension administrator and the employer should be working together to provide accurate services to pension fund members.
- The requirement for an annual application for the FA seemed counter-intuitive to her, and at the very least some sort of reminder should have been sent to her by

SPPA. There seemed to be an urgent need for SPPA to significantly improve the accuracy, timeliness and level of detail provided in their statements.

- Mrs E wanted a better offer from SPPA that would cost her less than had been quoted but would still put her in the position she should have been but for the errors and omissions in respect of the FA.

Ombudsman's decision

43. Mrs E has complained that she was not told that her request for FA had to be applied for annually. She has also complained that no contributions had been deducted for FA, meaning she had only accrued pension benefits at the standard rate. Mrs E also says that the various incorrect ABS' misled her into believing her financial situation was better than it was.
44. Mrs E contends that it should be SPPA who checks for errors in information supplied by the employer, and errors in contributions sent to it by the employer. Mrs E believes that it is not her role to make sure her employer provides accurate information to the Scheme administrator.
45. Mrs E elected to enter into a financial arrangement with SPPA whereby, for an increased rate of contributions, she would accrue pension benefits at a faster rate. Although Mrs E might argue the responsibility to implement this arrangement did not rest with her, I disagree.
46. Mrs E had a responsibility to ensure her wishes had been followed and the relevant amounts deducted. At the very least, it would have been prudent for her to have checked her payslip after the prospective start date of her FA contract. Had she done so she would have seen that additional FA deductions had not been made. If she had been unsure on this matter, she should have then contacted her payroll department. Despite this, I note that SPPA have made an offer that, if she accepted, would place her in a position equal to or better than would have been the case, had the first election been completed as requested and further years' FA been accrued, as Mrs E had intended.
47. Turning now to the issue of information held by SPPA and the fact that it wrote to a former or secondary employer at the outset of the FA application process, rather than to WLC. SPPA has confirmed it can only amend information when it is received from employers, and if its information is out of date, then it relies upon members to make sure their employers update their information. It is reasonable, therefore, to expect Mrs E to have ensured her information was accurate and up-to-date, and to have checked with her employer so as to avoid mistakes and delays in relation to her pension planning.
48. When SPPA was informed that it had not written to WLC, it corrected this error the same day it was discovered. Accordingly, I do not agree that SPPA delayed in putting things right for Mrs E in this regard.

49. The employer's subsequent failure to arrange for FA contributions to be deducted from Mrs E's salary cannot be attributed to SPPA. It was Mrs E's responsibility to check her payslips and ABS' and, if she did not understand their content, to have clarified matters with her employer.
50. Mrs E has argued that important information about the FA process was withheld or made difficult to access. However, it is for SPPA to decide how and in what depth it will supply information to its members. That it chose to supply the Factsheet online is not maladministration.
51. Further, I note that before finalising the FA application, members are directed to the Factsheet and asked to confirm that they have read and understood its content. Mrs E has admitted she did not do so, which is regrettable. However, SPPA cannot be held responsible for this failure. Had Mrs E read the Factsheet, as she signed to say she had, it is more likely than not that she would have realised a yearly FA election was required.
52. SPPA is not obliged to set up an FA scheme in any particular manner, and it has the power to decide whether the FA should be annually renewable or continuous. It can also choose whether, or not, to provide reminders to members that their FA contribution year is coming to an end. It is for the individual member to take responsibility for ensuring any additional contributions arrangements are set up and renewed.
53. It is also the responsibility of the member to ensure deductions are being made from their salary. Mrs E had the responsibility to ensure she fully understood the process for contributing to the FA rather than acting on her own assumptions.
54. In respect of the information on the ABS' that Mrs E found to be misleading, I note that while the accrual rate was recorded incorrectly the amount of pension accrued in any year was stated correctly.
55. Given that Mrs E has said she found her payslips to be confusing and did not understand the offer when it was explained to her with hand-written notes and highlights, I do not think the issue of incorrect accrual rates, of itself, would have likely misled her into the belief that her FA was in place. In any event, as Mrs E has now confirmed, SPPA did correct the information within a reasonable period of time.
56. The offer SPPA made to Mrs E would put her in the position she would have been in had the FA been deducted in the first available year and had been renewed each subsequent year.

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57. It is for Mrs E to decide whether she accepts it, or not. She should take this matter up directly with SPPA should she decide to accept the offer.

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

Anthony Arter
Pensions Ombudsman

4 October 2021