

Ombudsman's Determination

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| Applicant | Mr R |
| Scheme | GEAPS Pension Scheme (the Scheme) |
| Respondents | Mercer Limited (Mercer) The Trustee of the GEAPS Pension Scheme (the Trustee) |

Outcome

1. Mr R's complaint against Mercer and the Trustee is partly upheld. To put matters right, Mercer shall pay Mr R £500 in recognition of the significant distress and inconvenience he suffered.

Complaint summary

2. Mr R's complaint concerns alleged delays on the part of Mercer which he believes resulted in the reduction of his cash equivalent transfer value (**CETV**) in February 2020.

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. Mr R was an active member of the Scheme, a defined benefit occupational arrangement, between July 1984 until 31 March 2002.
5. In September 2019, Mr R was thinking of transferring his benefits to another provider and signed a letter of authority (**LOA**) appointing True Bearing Chartered Financial Partners to act as his independent financial adviser (**the IFA**).
6. On 6 September 2019, the IFA asked Mercer, the Scheme administrator, to provide a CETV illustration.
7. On 28 October 2019, Mercer, the Scheme's administrator sent Mr R a CETV illustration of £343,849.02, guaranteed from 16 October 2019 until 16 January 2020 (**the October CETV**). It explained that if he wished to proceed with a transfer, he

needed to complete and return the enclosed transfer declaration forms by 16 January 2020.

8. On 1 December 2019, the Trustee and the Scheme Actuary undertook a review of the Scheme market value adjustment (**MVA**) factors used to calculate CETVs. Thereafter, as recommended by the Scheme Actuary, new MVA factors were adopted.
9. On 11 December 2019, Mr R signed a new LOA and appointed Beaufort Financial as his new financial adviser (**the Beaufort IFA**). In order to help advise Mr R on whether he should transfer to another provider, the Beaufort IFA outsourced part of its service to a third-party pension transfer specialist (**PTS**).
10. On 13 December 2019, the Beaufort IFA sent Mercer a copy of the newly signed LOA and requested a CETV illustration. This included a list of 19 questions relevant to the transfer of defined benefits.
11. On 18 December 2019, the PTS telephoned Mercer to submit an information request over the phone. The PTS telephone notes state that it asked for confirmation on how Mr R's guaranteed minimum pension (**GMP**) would be treated up until his early retirement age, and how the GMP would increase, in payment, after Mr R's normal retirement age.
12. In response, the Mercer representative said that the information request was due to be worked on by 20 December 2019. Mercer's telephone notes indicate that, during the telephone call, the PTS primarily wished to know what information was required to secure the October CETV illustration.
13. On the same day, PTS contacted the Beaufort IFA and said "...you have an open request for factors and other scheme information which is due to be worked on the 20th, and will be emailed to yourself when complete".
14. In response, the Beaufort IFA asked when PTS would return to their office following the Christmas break. PTS responded by saying that "...assuming we have all the information required by 6 January when we return to the office in the new year, the report can be completed by Friday 10 Jan."
15. On 20 December 2019, Mercer resent the Beaufort IFA a copy of the October CETV illustration, which contained the following information: Mr R's pensionable service dates; a breakdown of Mr R's deferred pre and post 1988 GMP; a breakdown of Mr R's pre-April 1997 excess benefits over his GMP, and his post April 1997 benefits; confirmation the Scheme held no additional voluntary contributions; Mr R's normal retirement date; and his tax-free cash entitlement.
16. On 6 January 2020, the PTS telephoned Mercer to follow up on its request for additional information. According to the PTS' telephone notes, the Mercer representative said that there were no pending tasks on its system regarding a request for information. In light of this, the PTS asked for an extension of four weeks

on the October CETV's expiry date. Mercer said that if a new CETV needed to be requested then a fee would be charged.

17. On the same day, the PTS informed the Beaufort IFA that Mercer had not provided the requested information. PTS explained that it was unlikely that it would meet the October CETV's guarantee date and that if a new CETV quote was required an additional charge would apply.
18. On 10 January 2020, the PTS telephoned Mercer for an update on its information and extension request.
19. On 13 January 2020, the PTS telephoned Mercer again about extending the October CETV's guarantee date. The Mercer representative said that it was not prepared to do so.
20. On 21 January 2020, Mercer told PTS that if a new CETV was required, it would be free of charge.
21. On 22 January 2020, Mercer responded to the PTS' information request and confirmed:
 - the Scheme actuary was calculating a new CETV for Mr R, which would be issued shortly;
 - the early retirement factors for Mr R's GMP and excess benefits for age 56;
 - how Mr R's deferred benefits received statutory increases up until his retirement age, thereafter any applicable early retirement factors were applied;
 - there were no commutation factors as Mr R received "cash in addition", so he did not have to commute his pension for a lump sum;
 - Mr R's GMP had not yet been equalised; and
 - if Mr R transferred his pension any additional benefits, following the equalisation of his GMP, could also be transferred to the receiving scheme.
22. On 23 January 2020, the Beaufort IFA emailed Mercer that not all of the additionally requested information had been provided to the PTS.
23. On 29 January, 10, 14 and 27 February 2020, the PTS telephoned Mercer for an update on the new CETV.
24. On 27 February 2020, Mercer sent the Beaufort IFA a new CETV of £270,545 guaranteed from 24 February 2020 until 24 May 2020 (**the February CETV**). Since October 2019, Mr R's CETV had reduced by £73,304.02.
25. On 2 March 2020, the Beaufort IFA submitted a formal complaint, on behalf of Mr R, about the CETV reduction. It said that delays caused by Mercer in providing additionally requested information meant that the October 2019 CETV lapsed. If

these delays had not occurred the guarantee date of 16 January 2020 would have been met.

26. On 4 March 2020, Mercer acknowledged the Beaufort IFA's complaint.
27. On 7 May 2020, Mercer received the completed transfer discharge forms.
28. On 5 June 2020, Mercer transferred £270,545 to Mr R's new pension provider.
29. On 20 December 2021, Mr R submitted a complaint under the Scheme's Internal Dispute Resolution Procedure (**IDRP**) about the CETV reduction.
30. On 6 April 2022, the Scheme's operations Committee (**the Committee**) provided its response to Mr R's IDRP complaint, on behalf of the Trustee, and said that:-
 - The reduction between the October CETV and the February CETV was due to a change in the MVA factors, which was implemented on 1 December 2019.
 - The Scheme's MVA factors were routinely reviewed by the Trustee and Scheme actuary, this was to ensure the factors reflected the current financial markets. There was no legal requirement, or entitlement, to inform members of any such review, or in any MVA changes as and when they occurred.
 - The LOA received in December 2019 was unclear as to whether the Beaufort IFA required a new CETV, or for the October CETV to be re-issued. Mercer believed that most of the questions enclosed with the LOA would have been answered by re-issuing the October CETV.
 - The PTS asked a number of additional queries on 6 January 2020. At this point it was unclear what additional information was outstanding, or if the October CETV had been received. It was also unclear why information over and above that provided with the October CETV illustration was required.
 - Mercer responded to the PTS' information request on 22 January 2020. This was within 12 working days of the date of the Beaufort IFA's request made on 6 January 2020. This fell within Mercer's service level agreement (**SLA**) of 15 working days.
 - The February CETV was requested on 21 January 2020 and provided on 27 February 2020. This was within the statutory requirement to provide a CETV within three months of the request. It accepted that more could have done to manage the Beaufort IFA's expectations at the time.
 - It did not agree that Mercer was responsible for any form of delay, or that it was responsible for the reduction in Mr R's CETV.

Adjudicator's Opinion

31. Mr R's complaint was considered by one of our Adjudicators who concluded that, while no further action was required by Mercer, it was responsible for causing Mr R distress and inconvenience and that this should be recognised by paying Mr R £500. The Adjudicator's findings are summarised below:-

- Having completed a review of the timeline of events, the Adjudicators view was that the main period of any alleged delays occurred between 18 December 2019 and 16 January 2020. He noted that there were three bank holidays between this period on 25 and 26 December and 1 January 2020, whereby Mercer was closed. Mercer's SLA during this period was also 15 working days.
- The telephone call that took place between the PTS and Mercer on 18 December 2019 was the starting point for the alleged delays. The PTS/Beaufort IFA, and Mercer, each provided their own telephone notes outlining what was discussed during the 18 December 2019 telephone call, all providing a different version of events.
- It was clear that an information request was submitted by PTS on 18 December 2019. However, Mercer made an incorrect assumption that re-issuing the October CETV would be sufficient enough to allow the Beaufort IFA to advise Mr R. What constitutes as sufficient information to enable the Beaufort IFA to advise Mr R was not for Mercer to decide or make any assumptions on.
- Irrespective of Mercer's misjudgement, the Adjudicator's view was that it was unlikely that the October CETV's guarantee date would have been met. The Beaufort IFA was only appointed on 11 December 2019, additional information was requested by PTS on 18 December, and Mercer's SLA was 15 working days while over a Christmas break. The earliest the information request could have been responded to was 13 January 2020, three days before the guarantee date.
- PTS in its role as a third-party specialist would have been required to check and review the information provided by Mercer, in order to draft a report for the Beaufort IFA. Thereafter the Beaufort IFA would also be required to sufficiently advise Mr R and return the completed transfer declaration forms to Mercer before the 16 January 2020 deadline. To expect this to have occurred within three working days was, in the view of the Adjudicator, unreasonable. On the balance of probabilities, even if Mercer provided the required information, within its SLA, it was more likely than not that the October CETV deadline would not have been met.
- Mr R had not suffered a financial loss as once the October CETV guarantee was not met, or unlikely to have been met, he was no longer entitled to the value of £343,849.02. The figure of £73,304.02 cannot be claimed as a financial loss.
- It was unfortunate for Mr R that the MVA factors were changed in December 2019 to reflect a changes in returns on scheme assets/investment and in the Scheme

mortality rates providing less favourable CETV's. However, the regular review of a Scheme's MVA factors forms a standard practice and there was nothing to suggest that the February CETV was incorrect.

- In addition to the assumptions made by Mercer about what information the Beaufort IFA needed to advise Mr R, it was noted that the Beaufort IFA's complaint that was raised on 2 March 2020, was not responded to until 20 December 2021. These instances each amounted to maladministration which would have caused Mr R significant distress and inconvenience.

32. Mr R did not accept the Adjudicator's Opinion, and the complaint was passed to me to consider. Mr R provided his further comments which are:-

- He originally appointed an IFA from True Bearing to advise him on transferring his pension. However, True Bearing were unable to advise on such a transfer and returned his transfer paperwork. He believes that at this point 80% of the necessary paperwork was already complete. Once the Beaufort IFA was appointed, he was told that they would get the process started and put everything in place to complete the remaining requirements/paperwork to affect a transfer.
- The Beaufort IFA, via PTS, said that they required some additional information, which they believed would be available from Mercer within "a few days". He believed that this information should have been readily available, but it was not. Once this information was received. The Beaufort IFA needed to make an appointment with him to sign the outstanding paperwork, then return it to Mercer by scanned email. This would mean the October CETV would have been met.
- Mercer had admitted that there were errors in the process as it waived its usual fee of £250 for providing a second CETV within the same calendar year as the first. This, in his view, was an admission of failure on the part of Mercer. Mercer also made further, in his view, deliberate delays between 10 and 13 January 2020, when it did not agree to extend the October CETV's guarantee date. He inferred that this may have been because of the start of Covid-19, and that Mercer may have been waiting for a crash in the financial markets, or because they were being taken over by another company.
- The fact that the October CETV's guarantee date fell over the Christmas period, with three bank holidays, should have meant that the guarantee date was extended. Furthermore, the Beaufort IFA was told that the information request on 18 December 2020, would be provided by 20 December 2020. Mercer's failure to provide the information in this timeframe should have added further precedent for the guarantee date to be extended.
- The paperwork to affect the transfer was, as he believed, 80% complete. The Beaufort IFA was also giving his transfer their full attention. All that was required was for him to sign a form and email it to Mercer. He did not agree that the Beaufort IFA was asking for an excessive amount of information. If the information

was provided by 6 January 2020, the Beaufort IFA believed that there still would have been time to meet the guarantee date.

- The recommended redress of £500 did not sufficiently reflect the distress and inconvenience he had suffered to Mercer's maladministration.

Ombudsman's decision

33. Mr R's complaint related to alleged delays which he believes meant that the Beaufort IFA was unable to meet the October CETV guarantee date. As a result of this, upon recalculation, the February CETV was reduced by £73,304.02, which he is claiming as a financial loss.
34. I have reviewed the timeline of events and note that the Beaufort IFA's new LOA, as well as 19 substantial questions/requests for information, was received by Mercer on 13 December 2019. By this time, almost two-thirds of the CETV's guaranteed period had elapsed. It appears that Mercer thought that re-issuing the October CETV was a sufficient means of responding to the information request of 13 December 2019, as it contained, in Mercer's view, enough information to help advise Mr R.
35. As the Adjudicator has explained, Mercer's misplaced assumption on this matter was in error, as it was not for Mercer to decide on what constitutes as sufficient information for the purpose of advice. However, regardless of Mercer's misplaced assumptions, it does not appear to me that the deadline for the guaranteed October CETV was ever likely to be met.
36. I understand that by the time Mr Y appointed the Beaufort IFA, he was of the view that "80%" of the work was completed on his transfer request", and that the Beaufort IFA was only awaiting receipt of the information requested on 13 December 2019. However, in addition to this, a further request for information was made by PTS on 18 December 2019.
37. I note that Mercer's SLA is 15 working days. So, from the 13 December 2019, taking account of the three bank holidays in December 2019 and January 2020, Mercer should have responded to the information by 8 January 2020, in order to meet its SLA.
38. However, on review of the information requested by the Beaufort IFA and PTS, I do not agree that Mercer was reasonably going to be able to respond to the substantive requests in that time. Particularly at the time of year the request was made. I believe that Mercer should have better managed the Beaufort IFA and PTS' expectations by providing a more realistic date the request could have been actioned and responded to.
39. Furthermore, I would have expected the Beaufort IFA to have better managed Mr Y's expectations as to the likelihood that the October CETV's guarantee would be met, when they started making information requests with a little over a month to go before that date, and with the intervening festive period still to come. Mr Y changed IFA

nearly two months into the October CETV guarantee period. The Beaufort IFA required a substantial amount of complex information from Mercer to allow PTS to compile its transfer report to enable the Beaufort IFA to properly advise Mr Y on his transfer options.

40. I find that regardless of Mercer's SLA, and its inability to meet to meet its SLA, the margin for meeting the guarantee date of 16 January 2020 was slim. Overall, in my view the guarantee date was never going to be met as a result of factors outside of Mercer's control, and it would not be appropriate to find Mercer or the Trustee liable for any loss suffered.
41. Consequently, I find that Mr R was not entitled to the October CETV, and he cannot claim the reduction in the February CETV as a loss. The reasoning for the reduction in the February CETV has already been explained by the Adjudicator, so I will not comment on it any further, except to say that there is nothing to suggest it was incorrectly recalculated.
42. I have taken note that Mercer did not provide the requested information until 22 January 2020, and that further information was still required by Mercer thereafter. While this amounts maladministration, as I explained above, the October CETV guarantee was not going to be met in any case.
43. I understand that Mr R believes that removing the fee to calculate a second CETV within a calendar year amounts to an admission of Mercer's shortcomings. I do not agree that this amounts to an admission of liability. Further, there is no requirement for Mercer to extend the guarantee date of the October CETV irrespective of the bank holidays in December 2019 and January 2020. These bank holidays would have been known to Mr R when the October CETV was originally provided, and to his advisers when requests for information were being made late in the guarantee period.
44. Nonetheless, Mercer did not provide the requested information until 22 January 2020, seven working days outside of its SLA and seemingly made an incorrect assumption on re-issuing the October CETV. I also note did not respond to a complaint received on 2 March 2020, was not responded to until 20 December 2021. These errors will have caused Mr R significant distress and inconvenience and must be recognised.
45. I partly uphold Mr R's complaint.

Directions

46. Within 21 days of the date of this Determination, Mercer shall pay Mr R £500 for the distress and inconvenience caused by Mercer's maladministration.

Dominic Harris
Pensions Ombudsman

29 May 2025