

## Ombudsman's Determination

Applicant	Mr L
Scheme	The Sun Life Assurance Company of Canada 1988 UK & Irish Employee Benefits Scheme ( <b>the Scheme</b> )
Respondents	The Trustees of the Sun Life Assurance Company of Canada 1988 UK & Irish Employee Benefits Scheme ( <b>the Trustees</b> )  Hymans Roberston LLP ( <b>Hymans</b> )

## Outcome

1. I do not uphold Mr L's complaint, and no further action is required by Hymans or the Trustees.

## Complaint summary

2. Mr L's complaint is that he was not provided with a Cash Equivalent Transfer Value (**CETV**) as part of the information issued to him ahead of him reaching age 55. Mr L states that a CETV figure was withheld and delayed, and he was forced into selecting the wrong retirement option.
3. Mr L also stated the annual increase of his pension had been negatively impacted by the delays he experienced during the process of selecting his retirement benefits.

## Background information, including submissions from the parties

4. On 24 February 2021, ahead of Mr L reaching the age of 55 in May 2021, Hymans issued a Retirement Information Pack to him (**the Retirement Pack**) which set out his options in respect of how he could choose to receive his retirement benefits from the Scheme. It was highlighted that these options were based on a retirement date of 31 May 2021 and they were: -
  - A regular annual income of £1,874.64 plus a spouse or civil partner income on death (**Option One**).
  - A Pension Commencement Lump Sum (**PCLS**) up to £10,056.63, plus a regular annual income of £1,508.52 (**Option Two**).
  - The option to transfer the entire value of the pension to another pension scheme (**Option Three**).
5. The Retirement Pack explained that Option Three required Mr L to request a CETV quotation and discharge forms for completion. Further information about Option Three and some of the appropriate considerations for Mr L to make in relation to it were included in the Retirement Pack.
6. A recommendation to seek independent financial advice was also provided in the Retirement Pack and it was highlighted that this was a legal requirement in respect of any defined benefit pension transfer above £30,000 – relevant for Mr L if he chose Option Three. It was noted that both Hymans and the Trustees were unable to advise Mr L on which option to choose.
7. The Retirement Pack explained Mr L should return the Decision Form to confirm his choice of how he wanted to receive his retirement benefits. This was if he wanted to take early retirement from the Scheme, again, based on a retirement date of 31 May 2021. The need for other documents to verify his details was also explained and a list of which document types were suitable was provided. It was indicated that all documents would need to be issued in the post.
8. The Retirement Pack also included an “Additional Information” page which, under the heading of Pension Increase, provided the following notification about annual increases to income:

“Your regular income will increase each 1 January following your retirement. This is at the lower of the rate of the percentage increase in the Retail Prices Index and 5%. If your pension has been paid for less than 12 months when the increase is first due the increase will be scaled down according to the number of complete months between your retirement date and 1 January”.

9. Between 21 April 2021 and 5 May 2021 Hymans responded to Mr L's enquiries in respect of Option One and Option Two. These enquiries were in relation to pension increases, adjustments for early payment and the effect of delaying putting his pension into payment and forecast figures for the future.
10. On 19 May 2021, Mr L was in contact with Hymans further. This was in part in respect of a designated electronic link (**the Link**) that he had requested, which was required to allow him to submit the Decision Form and the other required documents to Hymans. This was instead of posting them, as the Retirement Pack had suggested would be required.
11. On 20 May 2021, the initial version of the Link was provided to Mr L. This email explained the nature of his defined benefit pension arrangement, in that his retirement benefits would be recalculated at his chosen retirement age and that he was under no obligation to take retirement at that time.
12. On 24 May 2021, following his queries raised to Hymans as to whether he could transfer his pension to another scheme, Mr L telephoned it to request a CETV quotation.
13. On 27 May 2021, Mr L informed Hymans that he was receiving an error message when trying to access the Link. The next day, Hymans responded to explain that "the links expire after 7 days" and to also provide an updated version. Mr L responded the next day to highlight the original version of the Link stated it would expire in thirty days. He also again asked for a CETV quotation.
14. On 2 June 2021, Hymans issued an updated version of the Link to Mr L with a thirty-day expiry period. It was also confirmed to Mr L that his CETV quotation request had been registered.
15. Later the same day, Mr L issued his completed Decision Form to Hymans. This confirmed he would like to put his pension into payment via Option Two and he requested the maximum PCLS figure available. Mr L noted he would still like to receive the CETV quotation for his own records.
16. On 6 June 2021, Hymans' email to Mr L included the following: -

"Once you start to receive benefits from the Scheme you will no longer be entitled to receive a transfer value unless one is required for divorce purposes. Based on our previous conversation it was my understanding that you were going to review the transfer value prior to making a decision on your retirement options. As previously stated, you are under no obligation to take retirement at your 55th birthday."

17. Mr L responded on the same day to state he had decided to return the forms before the Link expired. He suggested Hymans had delayed the submission of the paperwork to prevent him from receiving a CETV quote. Mr L also asked for additional information about the PCLS amount, annual pension increases and whether his single status and having no dependants formed part of the calculations regarding his retirement benefits.
18. On 10 June 2021, Hymans responded to Mr L to explain that the maximum permissible PCLS entitlement was 25 percent of his total pension. Also, his pension income would increase on 1 January each year in line with the Retail Price Index and up to 5% for each full year, with the amount to be pro-rated in the first year of payment, based on his retirement date. It was also confirmed that the Scheme had a dependant's benefit but no single life option. Hymans also asked Mr L whether the "settling" of his benefits should be delayed while he considered the option to transfer.
19. Mr L responded to Hymans the same day to confirm he would like to proceed and to receive his pension benefits as he had instructed in the Decision Form already submitted. Again, he had selected Option Two. Mr L stated his instructions should be processed at the earliest opportunity.
20. On 14 June 2021, following Hymans' request, Mr L provided it with documents to confirm his address and the bank account his pension benefits should be paid to.
21. On 15 June 2021, Mr L emailed Hymans to raise a complaint about the requirement for additional documents and the issues he had experienced with regards to the Link, where it expired in seven days rather than thirty days he had been informed of. He stated that if his complaint was upheld, he would be seeking £40 as recognition of the distress and inconvenience he had suffered.
22. On 17 June 2021, Hymans issued confirmation to Mr L that his PCLS would be paid shortly after his retirement date of 31 May 2021, and it provided him with a statement confirming his retirement benefits. It was also confirmed to Mr L that his first income payment was due on 1 July 2021.
23. On 23 June 2021, Mr L's PCLS payment was issued to his chosen bank account, and his pension was subsequently put into payment.
24. On 2 August 2021, Hymans confirmed to Mr L during a telephone conversation that it would agree to provide him with a CETV, but that this would be on a non-guaranteed basis.

25. On 11 August 2021, Hymans issued its response to Mr L's complaint of 15 June 2021. It provided an explanation with regards to the need for additional documents to say this was for added security to ensure benefits were paid to the correct person. Further, the Retirement Pack should have include a Proof of Identity Form that set out the documents required. It apologised Mr L had been advised the Link would expire in thirty days, as it had been amended to a default expiry period of seven days.
26. On 27 August 2021, Hymans issued its further complaint response to Mr L. Its previous explanations and apologies were reiterated. It stated its position remained unchanged, in that it was satisfied Mr L's "benefits were settled in a reasonable timeframe." It confirmed it did not agree to meet Mr L's claim that he should receive a payment for non-financial injustice, in view of the inconvenience he said he had suffered. The letter also explained the next step for Mr L if he was not satisfied with the response to his complaint, which was to raise his concerns through the Scheme's Internal Dispute Resolution Procedure (**IDRP**).
27. On 14 September 2021, Hymans issued the details of the non-guaranteed CETV illustration to Mr L. The figure quoted was £92,868.36. The letter included the following explanation: -

"...I enclose a statement for completeness for your file, which shows the transfer value that could be available to you had you not crystallised your benefits and retired from the Scheme. As your benefits have been settled from the Scheme, this statement is not guaranteed.

A transfer value can only be guaranteed if you are a deferred member of the Scheme and have not taken any benefits and are based on the transfer factors at the time of calculation. We are unable to provide backdated transfer value quotations, and only in prescribed circumstances can a transfer out of the Scheme be possible to members once they have retired."
28. Mr L provided a copy of his complaint that was raised under stage one of the IDRP. His position overall is summarised under point 32.
29. On 17 December 2021, the Secretary to the Trustees Paragon Pension Services (**Paragon**) issued the IDRP stage one response to Mr L to explain it did not uphold his complaint. The Trustee's position together with the position of Hymans is summarised under point 33.
30. Mr L later requested that his concerns were escalated to the stage two of the Scheme's IDRP. Again, his overall concerns are summarised below.

31. On 1 March 2022, Paragon issued the IDR stage two response to Mr L that explained the Trustees had considered all of Mr L's concerns and concluded the Scheme and Hymans had acted properly in the handling of his retirement, so his complaint was not upheld.

### **Summary of Mr L's position**

32. Mr L's concerns are summarised below.
  - His full retirement options were withheld, and this did not allow him to make the correct retirement decision. The absence of a CETV forced him to select Option Two.
  - A CETV should have been calculated and included as part of the Retirement Pack. His multiple requests for a CETV were denied by Hymans and the eventual figure was delayed.
  - It should have been possible for Hymans to have provided him with an estimate of the CETV.
  - He was informed a CETV was not available, which caused him distress, and it was not until weeks later he was told it could be provided. Hymans had a process to provide "non-binding" CETV quotations, and this should have been provided to him.
  - The information in the Retirement Pack was inaccurate, out of date and confusing. It stated a transfer out of the Scheme was not recommended and Hymans also implied the same to him on the telephone.
  - Mr L informed Hymans that as Option Three was not recommended, it should continue to generate a CETV so he could confirm he had made the correct decision. He intended to utilise any cooling off period, if he changed his decision and the delays he experienced prevented him from doing so.
  - To highlight his financial loss, he noted the annual income figure of Option Two which was circa £1,800 per year and the CETV that was circa £92,000 and indicated 25 percent of the latter figure (being the maximum PCLS amount) would have been greater than the maximum PCLS he received.

- Without the delays he experienced his pension income could have started earlier, when he reached age 55. These delays allowed the Trustees to reduce the first annual increase in his pension income with effect from 1 January 2022, and he had incurred a loss that will be compounded year on year. The reduction he had suffered was 8.3% which he said had been calculated from the delays he had experienced.
- It is unlikely that anyone in receipt of the same level of his income per year (with a potential 0% increase each year) would, in their lifetime, receive a total income up to the value of the CETV quotation of around £92,000 and he is seeking “substantial compensation” to reflect this.
- He wished to return the PCLS and income he had received and cover any costs, to unwind his selection of Option Two, to return him to being a deferred member of the Scheme to allow him to transfer and utilise his CETV.

### **Summary of the Trustees and Hymans' position**

33. A summary of the points made by Hymans and Paragon (on behalf the Trustees) in response to Mr L's complaint is provided below.

- There had been no error by Hymans or the Trustees in terms of the processing of Mr L's retirement request and his benefits are being paid correctly and in accordance with his instructions.
- There is no legal or Scheme-specific basis that allows for the retirement process to be unwound, to allow for Mr L to become a deferred member of the Scheme so that he can transfer out of the Scheme. His request was declined.
- There is no legal requirement to offer a CETV on retirement. There is also no requirement under the rules of the Scheme to offer a CETV on request or upon acceptance of a retirement quotation.
- It was not standard practice to issue a CETV after a retirement option had been selected.
- The Trustees considered that overall, the service Mr L received was satisfactory and the information about his retirement options was provided to him in a clear and timely manner. No evidence was found that Hymans recommended to Mr L he should not transfer out of the Scheme, and he was instead informed he should speak to a financial adviser.

- The Retirement Pack was based on a retirement date of 31 May 2021, with this being the last date of the month of Mr L reaching the age of 55 and therefore the earliest date on which he could take early retirement benefits. It was explained to Mr L that the first pension increase would be pro-rated, and the first increase was correct.
- The Trustees considered the offer already made for £100 was sufficient and appropriate, as there had been minimal maladministration.

## Adjudicator's Opinion

34. Mr L's complaint was considered by one of our Adjudicators who concluded that no further action was required by Hymans or the Trustees. The Adjudicator's findings are summarised below.

34.1. Under chapter 4 Pension Schemes Act 1993 (**the 1993 Act**) certain members have the right to a 'cash equivalent' of their rights under their pension scheme, known as a CETV. That was however for Mr L to request and there was no requirement for it to be included as part of the Retirement Pack. The need to make such a request was also made clear to Mr L in the Retirement Pack.

34.2. The Occupational Pension Schemes (Transfer Values) Regulations 1996 (**the Regulations**) specify how a CETV must be calculated and verified. A CETV must be the Trustees' best estimate at the point of calculation of how much money would be needed to provide the total pension payments the member is expected to receive. This assessment is complex, and it requires time and the legislation states that a guaranteed CETV should be provided in three months from the date of request.

34.3. It was not appropriate for Hymans to have provided Mr L with any estimate of what his CETV could be. It could only confirm the figure after carrying out the full calculation and after Mr L had made a formal request. Further, the legislation was not applicable in Mr L's case as it only applies in respect of a guaranteed CETV and not for a non-guaranteed CETV, which was what Mr L received.

34.4. The 1993 Act specifies that for a right to a CETV to apply, a crystallisation event must not have occurred. However, a crystallisation event had occurred when Mr L's pension was put into payment on 23 June 2021. When Mr L's pension was put into payment, his right to a guaranteed CETV and his right to transfer was removed.

34.6. Very soon after Mr L submitted his Decision Form to confirm the choice of Option Two, Hymans explained very clearly to him that once his pension was put into payment he would no longer be entitled to a CETV, and it stated that his pension being put into payment could be delayed until he received this and there was no obligation for him to retire at age 55. Mr L, however, confirmed his instructions should be processed and his retirement benefits should be paid as soon as possible. So, Mr L was clearly aware of the impact his pension being put into payment would have on his right to a CETV, but he made the choice to proceed.

34.7. With regards to Mr L's comments that he wanted to submit his instructions of 2 June 2021 before the Link expired and that he intended to utilise any cooling off period and cancel his instructions, this was not a reasonable approach for Mr L to have taken. A CETV calculation required time and there was never any guarantee it would be provided in time for Mr L to be able to reverse his decision. There was also no evidence to show that a cooling off period was an option or that Mr L made Hymans or the Trustees aware of his intention to make use of it, if it was an option.

34.8. An alternative and more appropriate option of delaying his pension being put into payment was provided to Mr L, but he chose to proceed. Subsequently, the Trustees and Hymans are not responsible for the relevant consequence of this decision, which was Mr L's right to a CETV ending.

34.9. The Retirement Pack was issued to Mr L on 24 February 2021, but it was not until 24 May 2021 that he formally requested a CETV. Had Mr L submitted his request earlier, it was likely that this would have been received before his pension payments began and his right to a CETV ended.

34.10. Once Mr L had confirmed his instruction that Option Two should proceed on 10 June 2021, it would have been reasonable for Hymans to assume that a CETV was no longer required or was not appropriate and to have informed Mr L that his CETV request was no longer being processed. Such communication was appropriate, because Mr L's right to a CETV would no longer apply as soon as his pension began to be paid and he had confirmed it should be paid.

34.11. Mr L was provided with a non-guaranteed CETV, as a gesture of goodwill, on 14 September 2021. That timescale was reasonable, although the issue of the time taken to provide a CETV was not particularly relevant because Mr L's right to a CETV ended in June 2021 and from that point there was no requirement for Hymans to provide it to him.

34.13. The time taken to respond to Mr L's complaints was not unreasonable. Further, there was only a period of 8 calendar days between Mr L raising his first complaint and his pension being put into payment on 23 June 2021, with his right to a CETV ending at that point. So, any of the events that took place after that date would not have had any bearing on his entitlement to a CETV ending.

34.14. Similarly, the other issues Mr L referred to about the Link and how he was informed documents should be issued and the request for additional documents also had no influence on the events that led to his right to a CETV ending. These were separate issues or requirements that were resolved in good time and would not have prevented Mr L from requesting a CETV earlier than he did. These other issues did not amount to maladministration.

34.15. The detail provided in the Retirement Pack was clear, and the information contained in it or alongside it was appropriate. For Option Three, the relevant risks and different considerations for Mr L to make were highlighted. It was explained that neither Hymans or the Trustees were authorised or able to provide Mr L with any advice about which retirement option he should choose. A recommendation to seek independent professional advice was provided and that was something that Mr L could have done at any time, if he was unsure about which retirement option to select.

34.16. There was no evidence to suggest Mr L was provided with any recommendation by Hymans or the Trustees in terms of the retirement option he should or should not choose. It was made clear to Mr L that neither party was permitted to advise him in any way, and it was always his decision to make.

34.17. Mr L's income had been increased correctly, and his pension payments did not begin later than they should have done. It was made clear to Mr L that the benefit options provided to him were based on a retirement date of 31 May 2021 and that the first pension increase would be pro-rated. Further, 31 May 2021 was the last day of the month he reached the age of 55 and so, was the earliest date from which his retirement benefits could be taken, and payment began in June 2021.

34.18. It was not appropriate for Mr L to be returned to a deferred member of the Scheme, and he is not entitled to a CETV in the Scheme. Mr L cannot claim any difference between the non-guaranteed CETV illustration he received, and the retirement benefits he will receive from the Scheme following his selection of Option Two as financial loss.

34.19. Mr L had received an offer of £100 for non-financial injustice. However, an apology was sufficient because no maladministration had occurred.

35. Mr L did not accept the Adjudicator's Opinion, and the complaint was passed to me to consider. Mr L provided his further comments which are summarised below.

- The £100 offered by Hymans was to be included as part of The Pension Ombudsman's ruling and this should be paid to him when a ruling is made.
- Deliberate financial obfuscation and extreme negligent poor customer service had taken place. Retirement Option Three was unfairly hidden and withheld from him. Hymans should have provided him with a non-guaranteed CETV figure in the Retirement Pack. It had had twenty years to provide this figure.
- It was wrong for Hymans to tell him that transferring out of the Scheme was not recommended. If he had received and been aware of the CETV amount, then he would have known if it would have been worthwhile obtaining professional advice.
- No person would hire a financial advisor and incur the cost of that service if they did not know the CETV amount.
- Hymans did not allow any transfers out of the Scheme for a period of time, so they were aware it was a better option for him, but the CETV was still withheld.
- If all members transferred out of the Scheme there would be nothing for the Trustees to manage, so it was in its interests to provide incorrect advice and to mis-lead members into selecting the wrong retirement option.

36. I have considered Mr L's comments, but they do not change the outcome. I agree with the Adjudicator's Opinion

### **Ombudsman's decision**

37. Mr L's primary complaint is that his CETV quotation was first 'withheld' from him and later delayed. He states that this caused him to select what he now considers to be the wrong option in terms of how he chose to receive his retirement benefits from the Scheme.

38. I appreciate why Mr L has said that a CETV quotation should have formed part of the Retirement Pack. There is however no such legal requirement, and I agree with the Adjudicator's view that it was not necessary for the Retirement Pack to have included such detail. However, the Retirement Pack did make it very clear that Mr L had "the option to transfer [his] benefits to an alternative pension arrangement", but that if he was interested in that option he would need to "contact [the administrator] to request a transfer quotation". Therefore, in my view it was clear what action Mr L needed to take if he wanted to pursue a transfer.

39. If a qualifying member is considering transferring out of a Scheme, it is for that member to formally request a CETV quotation. The Regulations allow a period of three months for the calculation and issuing of the quotation. Mr L submitted a formal CETV request but did not allow a reasonable period for it to be issued to him and, before it had been received, he submitted alternative instructions for Option Two. Hymans pointed out that if these instructions were processed his right to a CETV would end. Mr L confirmed his instructions should be processed and his pension should be paid as soon as possible. Mr L made his choice in the full knowledge that he would no longer have a right to a transfer.
40. I find that Mr L is not entitled to a CETV, and he should not be returned to being a deferred member of the Scheme. His right to a CETV ended when his pension was put into payment and that happened purely as a result of his instructions.
41. I agree with the Adjudicator's comments about the suggestion made by Mr L that he was forced into deciding which retirement option to select. There is no evidence to show this was the case and the Retirement Pack made clear that it was Mr L's decision alone. That document also presented the options available to Mr L in an appropriate way and did not seek to influence his decision.
42. On the matter of whether Mr L's pension was increased correctly and if it should have been paid sooner, I agree with the Adjudicator's findings that it has been increased correctly, and it was not delayed. The first year increase was appropriately pro-rated – reflecting the date his pension came into payment. This is for the same reasons as already explained by Paragon in its response to Mr L's complaint.

43. Mr L has stated that irrespective of the outcome of his complaint, the £100 he has been offered for non-financial injustice should be paid to him at the time of the issuing of this Determination. The Adjudicator's view was that maladministration had not occurred, and that only an apology was appropriate. I too am satisfied that there has been no maladministration because of the actions of Hymans or the Trustees in this matter and, accordingly, I do not award Mr L a payment for non-financial injustice.
44. I do not uphold Mr L's complaint.

**Dominic Harris**  
**Pensions Ombudsman**  
12 January 2026