

Ombudsman's Determination

Applicant	Mr H
Scheme	Local Government Pension Scheme (the Scheme)
Respondent	Local Pensions Partnership Administration (LPPA)

Outcome

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

Complaint summary

2. Mr H's complaint is that as a result of the incorrect information he was provided by LPPA on 21 July 2021, he forfeited the purchase of a property. He says that LPPA should compensate him for the conveyancing costs he has incurred of £918.

Background information, including submissions from the parties

3. Mr H was a member of the Scheme.
4. On 18 January 2021, Mr H began the process of purchasing a property. He secured the services of Nationwide Building Society to obtain a mortgage and paid mortgage administration fees of £325 to facilitate the purchase.
5. On 6 June 2021, Mr H telephoned LPPA to enquire about the figures in his recent benefit statement. During the call, he mentioned that he was planning to purchase a property and wanted to know the lump sum payment he would be entitled to if he claimed his pension. The adviser informed Mr H that his standard lump sum would be around £10,000, while his maximum lump sum would be £28,000. Mr H clarified that he did not wish to put his pension into payment at that time but wanted to confirm the retirement application process. The adviser explained that LPPA would need to send him paperwork to complete and return, after which it would process his pension payment. The adviser also suggested that Mr H should claim his pension six to eight weeks before needing the funds, to give LPPA sufficient time to process his retirement application.
6. On 19 July 2021, Mr H telephoned LPPA to request the immediate payment of his pension, explaining that he needed the lump sum to complete the purchase of a property. The adviser informed Mr H that retirement application forms would be sent

to him via email and to his home address. The adviser also explained that Mr H had missed the cut-off date for the July annual pension payment but assured him that he could expect to receive his lump sum within two weeks, around the beginning of August 2021. However, a specific date was not provided.

7. Following this, Mr H contacted the property seller to assure them that he had been in communication with his pension provider and that he would have the necessary funds to purchase the property by the beginning of August 2021.
8. On 21 July 2021, Mr H telephoned LPPA again and spoke with the same adviser. During this call, the adviser informed Mr H that they had previously provided him with incorrect information about the payment timeline of his lump sum. The adviser stated that he should expect to receive his lump sum around 18 August 2021. Mr H was disappointed with the new timescale and asked if there was a way to speed up the process. In response, the adviser explained that they would log a formal complaint for him which may help expediate the payment of his lump sum.
9. Following this, Mr H informed the property seller about the delay, explaining that he would not receive his lump sum payment until 18 August 2021. The seller subsequently withdrew from the sale and sold the property to another buyer.
10. On 23 July 2021, LPPA sent retirement application forms to Mr H's home address.
11. On 27 July 2021, Mr H completed and returned the retirement application forms to LPPA, thereby submitting his request to put his pension into payment.
12. On 29 July 2021, LPPA reviewed Mr H's retirement application forms and took action to immediately process the payment of his lump sum.
13. On 3 August 2021, Mr H received a letter from LPPA which confirmed that his retirement application had been approved and that his lump sum would be paid on 4 August 2021.
14. Around mid-August 2021, Mr H raised a complaint with LPPA under the Scheme's Internal Dispute Resolution Procedure (**IDRP**). He explained that he had requested that LPPA process his retirement application as a priority due to his intention to use the lump sum to purchase a property. He stated that LPPA had provided him with incorrect information in relation to the payment date of his lump sum on 21 July 2021, which had caused him to miss out on the property purchase as the property he was interested in was sold to another buyer. He said that LPPA should compensate him for the mortgage administration fees he incurred of £325 and the conveyancing costs he incurred of £918.
15. LPPA responded to Mr H's complaint under both stages of the IDRP. In summary, LPPA stated the following:
 - It acknowledged that incorrect information was provided to Mr H on 21 July 2021, which contributed to the sale of the property not progressing. However, it had taken prompt action and processed Mr H's retirement application within two days

of receiving his completed forms, with payment being credited to his bank account four days later.

- It accepted that on 19 July 2021 and 21 July 2021, the adviser should not have provided any timescales to Mr H but limited the information to its service level agreement (**SLA**). LPPA operated on a 10-day SLA for processing retirement applications from the point the completed forms were received. This included its internal checking and validation time but did not include the time taken for the payment to be set up and processed via BACS and subsequently credited to the member's bank account.
- Due to the part it played in the property purchase falling through, it had made a compensation payment to Mr H of £100, as a gesture of goodwill and had refunded £325 in relation to the mortgage administration fees.
- It was unwilling to offer any additional reimbursements in relation to the conveyancing costs Mr H incurred as the misinformation it had provided on 21 July 2021 was not the sole reason he lost out on the property purchase. Given that, the property seller chose to cancel the sale after Mr H informed them of a 3-week delay, an argument could be made as to how committed the seller was in the first place to selling the property to him. Also, considering the lateness of Mr H's retirement application from the date he required funds to complete the purchase, it is clear that the purchase of the property was in motion prior to LPPA's involvement, therefore many conveyancing costs were incurred by Mr H before any incorrect information was provided to him.

Adjudicator's View

16. Mr H's complaint was considered by one of our Adjudicators who concluded that no further action was required by LPPA. The Adjudicator's findings are summarised below in paragraphs 17 to 20.
17. LPPA had accepted that it provided Mr H with incorrect information on 21 July 2021 and had paid £425 to him as compensation. However, Mr H was of the view that LPPA should also reimburse the conveyancing costs he incurred of £918. Having reviewed the information available in Mr H's case, the Adjudicator's was of the view that LPPA had adequately compensated him for the provision of the incorrect information and that further compensation was not justified in his case.
18. The primary responsibility for ensuring that sufficient funds were available, in a timely manner for the purchase of the property rested with Mr H. The available information indicated that Mr H initiated his pension claim with LPPA on 19 July 2021, just a few weeks before he intended on purchasing the property. In the Adjudicator's view, it was unreasonable for Mr H to have waited until mid-July to secure the funds required to purchase the property as this placed him in a position where even a minor delay could result in him losing the property.

19. The Adjudicator acknowledged that all the paperwork required to purchase the property may have been in place between Mr H and the seller, but she noted that the completion of this purchase was entirely contingent upon Mr H having the necessary funds. Given that Mr H would only have the required funds once he had received his lump sum, he ought to have claimed his pension at an earlier date than 19 July 2021. In her view, it was risky and unreasonable for Mr H to have relied on LPPA, a third party, to ensure that the lump sum he required to complete the property purchase would be available precisely when he needed it.
20. Property transactions by nature are inherently unpredictable until contracts are signed and completed. It is never guaranteed that a seller will follow through with the sale and withdrawals can occur for a multitude of reasons. In Mr H's case, the seller withdrew after being informed that the payment of his lump sum was delayed until 18 August 2021. Considering that this was only a short delay, the Adjudicator was of the opinion that it was plausible the seller pulled out of the transaction because they received a better offer from another buyer who was immediately ready to complete the purchase. Consequently, the Adjudicator concluded that in her view, Mr H's complaint could not be upheld.
21. Mr H did not accept the outcome outlined in the Adjudicator's View and asked for his complaint to be passed to the Ombudsman for a Determination. Mr H said that:
 - He did not need to be "lectured" about planning and preparing his financial decisions. The Adjudicator had failed to recognise that if he was provided with the correct information on 21 July 2022, the property would not have been sold to another buyer and he would have been able to complete the purchase.
 - The Adjudicator was not a party to the negotiations and discussions that had taken place between the property seller and himself. The seller had instructed their solicitor to proceed with the sale once the funds were in place. Everything was in place, including his own funds all that was missing was the correct information from LPPA.
22. Subsequently, Mr H's complaint was passed to me to consider, however, I agree with the Adjudicator's view.

Ombudsman's decision

23. Mr H's complaint centres on the incorrect information he was provided by LPPA on 21 July 2021, which he claims led to him losing the opportunity to purchase a property. He says that LPPA should compensate him for the conveyancing costs he has incurred of £918.
24. When making significant financial decisions, such as buying a property, it is reasonable to expect an individual to plan well in advance, particularly when it comes to securing the necessary funds.

25. The key issue is that Mr H waited until 19 July 2021 to request for his pension to be put into payment. This was despite being informed by LPPA on 6 June 2021 that he should claim his pension six to eight weeks before he needed the funds. I consider that since Mr H had applied for a mortgage in January 2021 and had started the proceedings of purchasing the property, it would have been prudent for him to have initiated his pension claim much earlier. If he had done so, the lump sum he needed to complete the purchase would have been available on time, or at the very least, he would have had a buffer to manage any unexpected delays.
26. Mr H was clearly cognisant of the fact that without claiming his pension he would not have had the necessary funds to complete the purchase of the property. Therefore, it was his responsibility to plan effectively and to anticipate potential delays that are inherent in administrative processes to minimise the risk of losing the property. Consequently, I find that, Mr H's failure to claim his pension earlier created an unnecessarily tight timeline, a situation that could have been avoided had he taken the appropriate steps in advance. Ultimately, to my mind, it was his actions and delay in claiming the pension, rather than the incorrect information provided by LPPA, that resulted in the lump sum not being available when he wanted it to be.
27. Moreover, there is no conclusive evidence to support Mr H's contention that the seller withdrew from the transaction and sold the property to another buyer solely due to the misinformation provided by LPPA on 21 July 2021. Clearly it may have been disappointing for the seller to have been informed that Mr H would not receive his lump sum until 18 August 2021, and therefore would not be in a position to complete the purchase until then. However, I find that the delay was relatively short, shifting from the original timeline of early August 2021 to just 18 August 2021. Considering this, I agree with LPPA that the seller's unwillingness to wait raises questions about their commitment to selling the property to Mr H. As the Adjudicator has suggested, it is possible that the seller accepted a more attractive offer from the other buyer or simply preferred this buyer as they had immediate cash funds to finalise the purchase of the property.
28. Additionally, the fact that the other buyer was able to finalise the sale so quickly after Mr H informed the seller of the revised lump sum payment date suggests that the buyer had been competing with Mr H for the property. This further underscores the unreasonableness of Mr H's decision to delay claiming his pension until the last minute. It also suggests that even if Mr H had received accurate information from LPPA on 21 July 2021 regarding the fact that his lump sum would be paid to him on 4 August 2021, the other buyer might still have completed the purchase sooner.
29. In conclusion, while LPPA did provide incorrect information to Mr H on 21 July 2021, I find that this error was not the sole reason (or indeed even the main reason) that Mr H lost the property. Mr H's delayed pension claim, combined with the seller's apparent lack of commitment, played significant roles in this outcome. Given these circumstances, I find that no further compensation is warranted in this case, beyond the £425 already provided by LPPA.

CAS-82498-K7Z8

30. Therefore, I do not uphold Mr H's complaint.

Dominic Harris

Pensions Ombudsman

8 October 2024