

Ombudsman's Determination

Applicant	Mr N
Scheme	The ASDA Group Pension Scheme (the Scheme)
Respondents	Rothesay Life Plc (Rothesay) Asda Group Pension Scheme Trustees Limited (the Trustee)

Outcome

1. I do not uphold Mr N's complaint, and no further action is required by Rothesay and the Trustee.

Complaint summary

2. Mr N's complaint is that:-
 - Rothesay delayed providing him with an individual policy document (**the IPD**). He is also unhappy that Rothesay provided him with an incorrect retirement quotation on 21 October 2021.
 - He was misinformed by the Trustee, on several occasions, that he could claim his pension on an unreduced basis from age 60.

Background information, including submissions from the parties

3. Mr N joined the Scheme on 1 July 1984.
4. On 17 September 1988, Mr N left the Scheme and became a deferred member.
5. The Scheme is an occupational defined benefit pension arrangement, of which Mr N was a final salary member. He was contracted out of the State Earnings Related Pensions Scheme (**SERPS**) which meant that, alongside his other benefits, he accrued a Guaranteed Minimum Pension (**GMP**) within the Scheme.
6. In 2007, Mr N requested an estimated retirement quotation.
7. On 1 February 2007, the Trustee issued a retirement quotation to Mr N. This showed an annual pension of £1,450 and a maximum lump sum of £9,550, based on him

receiving payment of his retirement benefits from June 2028 when he attained age 65, which is his Normal Retirement Age (**NRA**).

8. In April 2010, Mr N requested an estimated retirement quotation as at age 60 and also as at his NRA.
9. On 13 April 2010, the Trustee issued a retirement quotation to Mr N. This showed an annual pension of £1,020 and a maximum lump sum of £6,860, payable from age 60. It also showed an annual pension of £1,600 and a maximum lump sum of £10,700, based on him receiving payment from his NRA.
10. In January 2013, Mr N requested an estimated retirement quotation based on his pension becoming payable from age 60. He also requested estimated figures based on his pension becoming payable from his NRA.
11. On 25 January 2013, the Trustee issued a retirement quotation to Mr N. This showed an annual pension of £980 and a maximum lump sum of £6,580, payable from age 60. It also showed an annual pension of £1,530 and a maximum lump sum of £10,260, based on him receiving payment from his NRA.
12. In August 2019, Mr N requested an estimated retirement quotation.
13. On 13 August 2019, the Trustee issued a retirement quotation to Mr N. This showed an annual pension of £1,630 and a maximum lump sum of £10,880. These amounts were based on him receiving payment from his NRA.
14. In May 2020, Mr N requested an estimated retirement quotation.
15. On 13 May 2020, the Trustee issued a retirement quotation to Mr N. This showed an annual pension of £1,640 and a maximum lump sum of £10,960. These amounts were based on him receiving payment from his NRA.
16. In November 2020, Mr N requested an estimated retirement quotation.
17. On 17 November 2020, the Trustee issued a retirement quotation to Mr N, which showed an annual pension of £1,660 and a maximum lump sum of £11,130 (**the November 2020 Quotation**). These amounts were based on him receiving payment from his NRA.
18. On 7 July 2021, Rothesay sent a welcome letter to Mr N informing him that it had taken over the day-to-day management of the Scheme from the Trustee (**the Welcome Letter**). It also said that within the next two months, it would provide Mr N with an IPD detailing his accrued benefits and available options in the Scheme.
19. On 27 September 2021, Rothesay issued the IPD to Mr N which confirmed the following:-
 - Mr N's pension would be reduced if paid at a date earlier than his NRA.

- The pension Mr N had accrued in the Scheme would be revalued annually before his retirement date. The rate of revaluation would be in line with the annual percentage rate of increase in the Retail Prices Index (**RPI**) published by the Office for National Statistics (**ONS**) over the 12 months ending in the September immediately before the revaluation date.
 - The GMP component of Mr N's pension would be revalued annually before his retirement date. This would be in line with Limited Rate Revaluation, which is capped at 5% per annum.
20. On 15 October 2021, Mr N telephoned Rothesay and requested an estimated retirement quotation.
21. On 21 October 2021, Rothesay issued a retirement quotation to Mr N, which showed an inflated annual pension of £2,606 and an inflated maximum lump sum of £17,378 (**the October 2021 Quotation**). These amounts were based on him receiving payment from his NRA.
22. On 27 October 2021, Mr N telephoned Rothesay and highlighted that the pension figures presented in the October 2021 Quotation were significantly higher than those shown in the November 2020 Quotation. In response, Rothesay informed Mr N that it would recalculate his pension benefits and provide him with an up-to-date retirement quotation.
23. On 26 November 2021, Rothesay issued a revised retirement quotation to Mr N, which showed an annual pension of £1,587 and a maximum lump sum of £10,580 (**the November 2021 Quotation**). These amounts were based on him receiving payment from his NRA.
24. In early December 2021, Mr N telephoned the Trustee. The representative he spoke to, misinformed him that his pension would only be reduced if he claimed it before age 60. However, within a few days, the same representative sent a follow-up email apologising for the error and clarified that a reduction would apply if Mr N claimed his pension before his NRA.
25. **Mr N's position:-**
- Rothesay took three months to provide the IPD, despite the Welcome Letter explicitly stating that the IPD would be provided within two months.
 - Rothesay provided an incorrect retirement quotation on 21 October 2021. After he pointed out that the pension figures were significantly higher than those shown in the November 2020 Quotation, Rothesay issued a revised quotation on 26 November 2021. However, it showed figures that were lower than those presented in the November 2020 Quotation.
 - Additionally, the Trustee misinformed him, on several occasions, that the earliest date he could claim his pension, without a reduction, was when he attained age 60 in June 2023.

26. Rothesay's position:-

- The delay in issuing the IPD, was due to the fact that Rothesay was in the process of taking over the day to day management of the Scheme. When Rothesay took over the administration, it needed to collaborate with the Trustee to obtain the required data, and complete the necessary calculations, before it could produce IPDs for the Scheme's large membership. This led to a delay beyond the timeframe in the Welcome Letter.
- It accepted that the October 2021 Quotation was incorrect. However, a revised quotation, which showed the correct pension figures, was issued to Mr N on 26 November 2021. In recognition of the distress and inconvenience Mr N has suffered as a result of the misinformation, it was willing to pay him £50 (**the Offer**).
- The difference between the November 2020 Quotation, provided by the Trustee, and the November 2021 Quotation, provided by Rothesay, was due to a change in the assumptions used when revaluing Mr N's pension benefits.
- The Trustee used an assumed inflation rate of around 7% per annum. Rothesay used a more conservative rate of 2% per annum, which was based on the RPI published by the ONS. This change in inflation assumptions, explains the lower pension figures in the November 2021 Quotation when compared with the pension figures in the November 2020 Quotation. However, despite these differing assumptions, Mr N's actual pension benefits will ultimately be the same, irrespective of which party calculates the figures. This is because when he attains NRA, the revaluation rate, that the pension figures will be based on, will be known.

27. The Trustee's position:-

- Since becoming a deferred member of the Scheme, Mr N has received several retirement quotations. A reduction for early retirement from age 60 was correctly applied to the pension figures. No reduction was applied to the pension figures that were quoted as payable from his NRA.
- It accepted that, in December 2021, Mr N was incorrectly informed that his pension would only be reduced if claimed before age 60. However, a follow-up email was sent to him clarifying that a reduction for early payment would apply if he claimed his pension before age 65. Mr N did not receive any written confirmation that he could claim unreduced pension benefits from age 60, nor did he receive any quotations that had been calculated on that basis.
- As the retirement quotations accurately reflected the early retirement factors that were applicable up until his NRA, there was no financial impact on him. Although Mr N may have believed, for a brief period, that he could claim his pension on an unreduced basis from age 60, the error was quickly corrected. Furthermore, Mr N had not received any quotation suggesting that unreduced pension benefits would be available to him from age 60, or any early retirement factors to make his own

calculations. So, it was unlikely that he would have based any financial plans on the miscommunication in December 2021.

Adjudicator's Opinion

28. Mr N's complaint was considered by one of our Adjudicators who concluded that no further action was required by Rothesay or the Trustee. The Adjudicator's findings are summarised below:-

- Rothesay had acknowledged that there was a five week delay in issuing the IPD. However, the Adjudicator was of the opinion that this did not constitute an undue or exceptional delay in the circumstances. Rothesay had explained that the delay occurred because it had to work with the Trustee, to secure the necessary data, to calculate IPD's for all of the Scheme members. This was a lengthy process given the size of the Scheme's membership.
- While the Adjudicator accepted that Rothesay should have informed Mr N in advance that the IPD was likely to be delayed, the delay would have caused Mr N only minor inconvenience.
- Rothesay had accepted that the October 2021 Quotation was incorrect, so there was no dispute that a problem had occurred. However, since the issue was rectified within a month, with Mr N receiving a revised quotation on 26 November 2021, the Adjudicator was satisfied that the misinformation was corrected in a timely manner and had no material impact on his financial planning.
- Further, Rothesay had clarified the reason for the discrepancy in the pension figures shown in the retirement quotations Mr N received from the Trustee, when compared with the pension figures he received from Rothesay. In the Adjudicator's view, Rothesay's explanation was reasonable.
- Rothesay had the right to make assumptions about the future rate of inflation when calculating estimated retirement benefits. Regardless of this, the revaluation assumptions, used for the purposes of the retirement illustrations, would not affect Mr N's pension benefits on retirement, as the applicable revaluation percentage would be known at the time he claimed his pension.
- Mr N had asserted that he was misinformed by the Trustee, on several occasions, that he could claim his pension on an unreduced basis from age 60. However, the available information indicated that Mr N was only misinformed on one occasion, in December 2021. The Trustee had acknowledged the error and had clarified that it was corrected a few days later.
- The Adjudicator noted that even before the incorrect information was provided in December 2021, Mr N had already received multiple retirement quotations from the Trustee between 2006 and 2021. All of these quotations consistently indicated that Mr N's NRA was 65, and that if he chose to retire before this age his pension

benefits would be reduced. For instance, the quotations issued from 2010 to 2013, which Mr N received when he requested estimated pension figures payable from age 60 and 65, displayed lower pension figures payable from age 60. The Adjudicator acknowledged that Mr N would have suffered a loss of expectation. However, in the Adjudicator's view, the level of distress and inconvenience this would have caused him would have been nominal.

- The Adjudicator concluded by acknowledging that there were minor delays and administrative errors on the part of both Rothesay and the Trustee. However, these were promptly addressed by both respondents and did not materially impact Mr N's retirement planning or financial position. Consequently, the Adjudicator was of the view that Mr N's complaint should not be upheld.

29. Mr N did not accept the Adjudicator's Opinion and provided his additional comments, which are summarised below:-

- Rather than signpost him to The Pensions Ombudsman (**TPO**), Rothesay directed him to the Financial Services Ombudsman (**FOS**). This wasted two months of his time and resulted in him having to start the complaint process again.
- The pension figures the Adjudicator quoted in the Opinion were incorrect. Furthermore, he does not recall requesting any retirement quotations as at age 60.
- He was misinformed, on numerous occasions, that his pension could be paid unreduced from age 60. Despite his NRA, he reasonably assumed that the pension benefits he held in the Scheme could have been paid to him early and unreduced from age 60.
- The Offer does not reflect the level of distress and inconvenience he has experienced in connection with this matter. Consequently, it should be increased.

30. The Adjudicator responded to Mr N and explained that:-

- She noted Rothesay had initially directed Mr N to FOS and this delayed him from complaining to TPO for a period of two months. However, it was not an unreasonable course of action for Rothesay to take in the circumstances and did not amount to maladministration. Both FOS and TPO had broad jurisdiction to consider complaints about pension related matters.
- The pension figures she had included in the Opinion, came directly from the retirement quotations that were provided to Mr N. It was evident from this information that he received retirement quotations in 2010 and 2013 as at age 60. With regard to the October 2021 Quotation, Mr N was provided with two options. Under Option 1, he was quoted a total annual pension of £3,290. Under Option 2, he was quoted an annual pension of £2,606 and a maximum lump sum of £17,378, which she had quoted in her Opinion.

- Any assumed inflation rate used by the Trustee or Rothesay would not alter the level of pension benefits Mr N would receive on retirement. When Mr N retires, Rothesay would apply a known rate of inflation, removing any uncertainty about the value of his pension benefits. His financial position on retirement, will not be affected by earlier inflation assumptions.
- The general rule that applies to retirement quotations is that they are estimates of what a member can expect to receive from the pension scheme. Consequently, the figures are not guaranteed and can, and often do, vary from the final figures on retirement.
- Since there was no record of Mr N being provided with incorrect information, other than on one occasion in December 2021, she could not agree with his assertion that he had been repeatedly misinformed.
- Furthermore, based on the retirement quotations issued by the Trustee from 2007 to 2020, it would have been unreasonable for Mr N to have assumed that he was entitled to unreduced pension benefits from age 60.
- Each time Mr N requested a retirement quotation, the Trustee provided him with a quotation based on his NRA of 65. When he requested a retirement quotation as at age 60, and also figures as at 65, the Trustee provided Mr N with quotations that showed reduced pension benefits at age 60 and unreduced pension benefits at age 65. Mr N would have been aware that his NRA in the Scheme was 65, regardless of any verbal information to the contrary.
- The delay Mr N had experienced in connection with the IPD, was neither undue nor unreasonable in the circumstances.

31. Mr N's complaint was passed to me to consider. I agree with the Adjudicator's Opinion and note the additional points that were raised by Mr N.

Ombudsman's decision

32. I note that there was a five-week delay in Rothesay issuing the IPD. I also note that Rothesay subsequently provided Mr N with an incorrect retirement quotation on 21 October 2021.
33. I agree with the Adjudicator that the short delay in providing the IPD is not sufficiently serious in the circumstances to warrant a finding of maladministration.
34. The provision of incorrect retirement figures does amount to maladministration on the part of Rothesay. That said, there is no evidence that Mr N has suffered irreversible financial loss because he reasonably relied on the inflated figures in the October 2021 Quotation. However, I do acknowledge that he momentarily suffered a loss of expectation.

35. As for the Trustee's role in the matter, there is no evidence to support Mr N's claims that he was repeatedly misinformed that he could take an unreduced pension from age 60. The only documented instance occurred during the Telephone Conversation in December 2021. However, I note that this error was promptly corrected.
36. Moreover, Mr N had already received retirement quotations at age 60 and also as at 65, enabling him to understand that his pension would only be paid unreduced at age 65, and not at age 60. Given the circumstances, I do not consider that the incorrect information Mr N received from the Trustee had any material impact on his financial planning and/or any financial decisions he made at the time.
37. I have power to make reasonable awards for non-financial injustice arising because of maladministration. While I recognise that Mr N has experienced minor inconvenience and disappointment in connection with this matter, on reviewing the evidence I do not consider that it warrants the minimum award of £500 I would direct for non-financial injustice.
38. I do not uphold Mr N's complaint.

Dominic Harris

Pensions Ombudsman
30 January 2025