

Ombudsman's Determination

Applicant	Mr NS
Scheme	Sanlam Retirement & Death Benefits Scheme (the Scheme)
Respondents	Sanlam Final Services UK Limited (the Administrator)

Outcome

1. I do not uphold Mr NS' complaint and no further action is required by the Administrator.

Complaint summary

2. Mr NS' complaint concerns the Administrator's decision not to pay him a share of his father's Scheme benefits upon his death.

Background information, including submissions from the parties

3. Mr NS' father, Mr S, was a member of the Scheme.
4. The Scheme is administered in accordance with the Sanlam Personal Retirement Scheme Trust Deed and Rules dated 3 November 2010 (**the Rules**).
5. The Rules define "beneficiaries" as:

"In relation to a Member or a Dependant in respect of whom a lump sum benefit is payable under the Scheme may be any one or more of the following:

- (a) Any person, charity, association, club, society or other body (including trustees of any trust, whether discretionary or otherwise) whose names the Member has notified to the Scheme Administrator in writing prior to the date of the Member's death;
- (b) the Member's Spouse;
- (c) the parents and grandparents or the Member or the Member's surviving Spouse and any children and remoter issue of any of them;
- (d) the Member's Dependents;

- (e) any person, charity, association, club, society or other body entitled under the Member's will to any interest in the Member's estate;
 - (f) the Member's legal personal representative; and
 - (g) any other person, charity, association, club, society or other body which the Scheme Administrator believes the Member would have wished to benefit..."
6. The Rules state that the definition for "dependant", as determined by the Administrator, is given the same meaning as in paragraph 15 of Schedule 28 of the Finance Act 2004 (**the Finance Act**)¹.
7. Rule 8 of the Rules provides the criteria for the payment of any death benefits following the death of a Scheme member. In particular Rule 8.3, payment to beneficiaries, states:
- "the Scheme Administrator may pay or apply such lump sum to or for the benefit of one or more Beneficiaries in such proportions as it thinks fit. The Scheme Administrator may pay all or any of the lump sum to the trustees of another trust to benefit one or more Beneficiaries or may direct all or any of the lump sum to be held by itself or other Trustees on such trusts, including discretionary trusts, for the benefit of one or more Beneficiaries as the Scheme Administrator thinks fit."
8. On 8 August 2020, Mr S made a Last Will and Testament (**the Will**) and appointed his wife, Mrs S, as the Executor. The Will outlined how the proceeds of the sale of his property, Sanlam onshore bonds, premium bonds and an ISA should be split between his wife, children/step-child and grandchildren. The Will said that the Scheme benefits should be split as follows:
- 12% to his daughter, Ms AS;
 - 12% to Mr NS;
 - 32% to his step-daughter Ms R; and
 - 21% to each of Ms R's two daughters.
9. On 28 November 2020, Mr S completed an expression of wish form (**EOW**). He nominated three beneficiaries, Ms R and Ms R's two daughters to receive an equal share of the Scheme benefits in the event of his death.
10. On 1 December 2020, the Administrator wrote to Mr S and acknowledged receipt of his EOW, his nominated beneficiaries and their respective splits.
11. On 7 September 2021, Mr S and Mrs S both died in a road traffic accident. As Mrs S was listed as the Executor of Mr S' Estate, Ms R (Mrs S' daughter and Mr S' step-

¹ <https://www.legislation.gov.uk/ukpga/2004/12/schedule/28/paragraph/15>

daughter) took over as the Executor for Mr S' and Mrs S' Estates and applied for a Grant of Probate for both.

12. On 12 January 2022, David W Harris & Co Solicitors (**the Solicitors**), on behalf of Mr S' children, wrote to the Administrator to query the distribution of the Scheme benefits after Mr S' death. A copy of the Will was enclosed.
13. On 13 January 2022, the Administrator responded to the Solicitors and said that it had identified Mr NS, Ms AS and Ms R as potential beneficiaries. If they wished to be considered as potential beneficiaries, they should complete information enquiry forms, which were enclosed. It said that if it did not hear back from any of the potential beneficiaries by 13 March 2022, it would assume that they did not want to be considered.
14. On 2 February 2022, the Solicitors wrote to Mr NS, Ms AS and Ms R and provided them with a copy of the information enquiry form to complete. The Solicitors explained that Ms R's children were also considered as potential beneficiaries, so Ms R should complete a separate information enquiry form for each of them.
15. On 7 March 2022, Mr NS returned his completed information enquiry form to the Solicitors to forward onto the Administrator. By completing the form Mr NS confirmed that he:
 - wished to be considered as a potential beneficiary;
 - was financially dependent on Mr S at his date of death, though he was not physically or mentally dependent on Mr S;
 - Mr S was his "biological father, [he is] a blood relative unlike other beneficiaries stated".
 - He "strongly disagrees with non-blood beneficiaries having a share of the pension of [Mr S]".
16. On 15 March 2022, the Administrator wrote to Mr NS and asked him to provide evidence to support his claim that he was financially dependent on Mr S. This could include evidence of Mr S paying his mortgage, household expenses, and/or bills. He should provide copies of any bank statements that he believed might support his claim.
17. On 25 March 2022, Mr NS provided copies of bank statements which showed Mr S depositing £300 into his account each month. He explained that Mr S also made regular contributions into his own personal pension with Sanlam.
18. On 5 April 2022, the Administrator wrote to Mr NS and said that it had reviewed the information he provided in support of his claim as a potential beneficiary. It took into account the evidence of financial dependency, it had also written to Mr S' former financial adviser for relevant information. When deciding on how to distribute the

Scheme benefits, it tried to ascertain what Mr S' wishes were. Consequently, a decision was made that he would not receive any of the Scheme death benefits.

19. In May 2022, Mr NS submitted a complaint under the Scheme Internal Dispute Resolution Procedure (**IDRP**).
20. On 24 May 2022, the Administrator responded to Mr NS' IDRP complaint. It explained that it was not prepared to accept his complaint as he was not deemed as an eligible complainant. Section 2.7 of the Financial Conduct Authority handbook outlined what was considered as an eligible complainant, none of which he met. However, it had reviewed the claims file put together by its bereavement claims team. It believed that all the relevant information had been taken into account when a decision was reached.

Summary of Mr NS' position

21. The Administrator did not take the provisions made within the Will into account when it decided who to pay the Scheme benefits to.
22. The recipients of the Scheme benefits were also set to receive around 60% of the whole of Mr S' estate. He believed that any funds the recipients received would be reinvested with Sanlam, which was not the case with him and his sister. This was because they both elected to move their personal pensions held with Sanlam to another provider due to the way the Administrator treated them over the course of its investigation.

Summary of the Administrator's position

23. Under the provision of the Will, 50% of the value of Mr S and Mrs S's property would be split equally between Mr NS, Ms AS and her son. Mr S' Sanlam onshore bond and ISA would be split equally between Mr NS, Ms AS and Ms R. Mr S' premium bonds were to be split equally between his three grandchildren. It did take note of the percentage splits that were provided for how the Scheme benefits should be divided.
24. Mr NS and Ms AS were Mr S' biological children, and Ms R was his step-daughter following his marriage to Mrs S. The Administrator contacted Mr S' financial adviser to query the nature of the relationship between Mr S and his children/step-child. The adviser, as well as the Solicitors, advised that Mr S treated all of his children/step-child the same. The financial adviser was not even aware of the fact that Ms R was not Mr S' biological daughter.
25. The Administrator believed that it was unusual to see so much detail within the Will as to how Mr S' assets would be split between his children, step-child and grandchildren. While the value of Mr S and Mrs S' property and premium bonds were unknown, it seemed that Mr S was attempting to consider the values of his assets and was attempting to split his assets equally between his family.
26. The Will was made in August 2020, and the new EOW was received in November 2020. It was reasonable to infer that Mr S was undertaking inheritance tax planning.

Mr S' financial adviser also confirmed that he withdrew "discount gift trust on the jointly held Sanlam bond in order to gift £70,000 to each child in December 2020".

27. Ms AS claimed that she was financially dependent on Mr S at his date of death as he had paid for all of the costs associated with her car, except petrol. This included tax, insurance, maintenance and MOT. He also paid for her and her son to go on holiday each year.
28. Mr NS claimed that he was financially dependent on Mr S as he also had a Sanlam personal pension which Mr S would pay £1,500 into each year. However, this had since stopped from November 2020. This was also the same month that Mr S completed a new EOW. It appeared that Mr S did pay £300 into Mr NS' bank account each month.
29. Both Mr NS' and Ms AS' claims for financial dependency were considered by the Administrator. However, it was decided that while Mr NS received a monthly allowance from Mr S, it did not materially impact his lifestyle and was not classed as financial dependence. The funds that Mrs AS received for her car and holiday were considered as luxury expenditure as opposed to financial dependence. Financial dependency would be accepted if Mr S was paying one of his children's mortgage or bills, with Mr S' death then resulting in financial hardship. This was not the case.
30. The assets that Mr S bequeathed to Mr NS and Ms AS via the Will should more than make up for any loss of income that Mr S previously paid to them on a monthly/annual basis. It was thought that Mr S may have been regularly gifting Mr NS and Ms AS excess income to reduce the value of his estate and any potential inheritance tax after his death. HM Revenue & Customs guidelines allowed for this to occur so long as the payments were regular amounts not causing detriment to Mr S' own standard of living.
31. Both Mr NS and Ms AS felt that only Mr S' biological children should receive shares of the Scheme benefits as opposed to those who were not. The information enquiry form was initially completed by Ms R, who said that the Scheme benefits should be split between herself, Mr NS and Ms AS. However, subsequent comments provided by Mr NS and Ms AS did not agree with this.
32. It understood that Mr NS had questioned the appropriateness of contacting Mr S' former financial adviser. The financial adviser was an employee of Sanlam Wealth Planning, now known as Atomos, which was a separate legal entity to the Administrator. The financial adviser did not play a role in the decision-making process. The recipients of the Scheme benefits did not have any products with Sanlam, so there was no vested interest in who the Administrator decided to pay the benefits to.

Adjudicator's Opinion

33. Mr NS' complaint was considered by one of our Adjudicators who concluded that no further action was required by the Administrator. The Adjudicator's findings are summarised below:-

- Based on the Rules, the Adjudicator's opinion was that the Administrator was the appropriate decision maker for the payment of the Scheme death benefits. The Administrator identified the appropriate individuals as potential beneficiaries, in line with the Rules and applicable definitions. If the payment of the death benefits was challenged on this basis, it would not be successful.
- In reaching its decision not to pay any of the Scheme death benefits to Mr NS, the Administrator took into consideration: the Will, the EOW, and the relationship between Mr S and his other children. While the Will was useful in helping the Administrator understand Mr S' wishes, there was no legal requirement for the death benefits to be paid in accordance with the Will. The death benefits were payable at the discretion of the Administrator in such proportions as it saw fit.
- The Adjudicator reached the view that the Administrator had placed significant weight on the Will and the EOW, and the dates on which each was completed. The EOW was signed three months after the Will was signed. It was at the time the EOW was signed that Mr S stopped paying contributions into Mr NS' personal pension. This gave credence to the Administrator's view that Mr S was attempting to distribute his assets between his beneficiaries equally on his death. It was also believed that, at the time, Mr S was undertaking inheritance tax planning. This was possibly why Mr S was paying money to Mr NS and Ms AS, and why Mr S gifted his beneficiaries £70,000 from his Sanlam bonds.
- Overall, the Adjudicator was satisfied that, based on the evidence provided, available, and collated, the Administrator had asked itself the relevant questions, and requested information when necessary. It had also only taken relevant factors into account and disregarded any irrelevant ones.
- The Adjudicator took note that part of the Administrator's reason for not paying any share of the death benefits to Mr NS was that he would likely received a comparable share from Mr NS' Estate. The Adjudicator said that it would have been pertinent for the Administrator to have queried how much each of the beneficiaries of the Estate might, or did receive.
- It was ultimately for the Administrator to decide if it held sufficient information and how much weight to attached to any particular piece of information. The overall view was that it was not perverse or irrational for the Administrator not to query how much potential beneficiaries might receive from the Estate. It was also not so unreasonable that it's decision should be set aside, or remitted back to the Administrator to reconsider.

- The Adjudicator took the view that Mr NS was not financial dependent or mutually interdependent on Mr S at his death. While Mr NS did receive payments from Mr S there was nothing to suggest that Mr S was contributing to Mr NS' mortgage, rent, council tax or utility bills. There was no evidence that, following Mr S' death, Mr NS was suffering any financial hardship. In any event, Mr NS did not meet the Scheme's definition of dependent as defined in the Rules as he was over age 23.
 - Based on the evidence available and considered by the Administrator, the decision to place some, but not all, of the weight on the Will and EOW was reasonable and did not amount to a perverse decision. The Administrator's decision was supported by the Rules with sufficient information available, so there was no reason to remit the decision back to the Administrator for reconsideration.
34. Mr NS did not accept the Adjudicator's Opinion, and the complaint was passed to me to consider. I agree with the Adjudicator's Opinion and note the additional points raised by Mr S which are:-
- The death benefits should have been paid in accordance with the Will. In not following the Will, the Administrator disregarded the wishes of Mr S.
 - Ms R claimed Mrs S' (his step-mother) pension and said that she was the only next of kin. However, Mrs S' mother was still alive (Ms R's grandmother). He claims that Ms R was then required to pay some of Mrs S' pension benefits to her grandmother.
 - When Mr S and Mrs S made their Wills, they were done on the assumption that Mr S would be the first to die as he was older than Mrs S. The Wills were drafted in such a way to ensure that every beneficiary was taken care of. However, after Mr S and Mrs S died at the same time, Ms R and her children received 60% of the value of both Mr S and Mrs S' Estates.
 - He believed that the financial adviser involved with Mr S and himself sided with Ms R as she had inherited a substantial amount of money after the deaths of Mr S and Mrs S. He claims the financial adviser would like benefit financially from Ms R.

Ombudsman's decision

35. Mr NS' complaint concerns the Administrators decision not to pay the Scheme death benefit in accordance with the Will.
36. Rule 8(3) provides the Administrator with discretion to decide how a lump sum death benefit should be paid, in the event of a policy holders death, in such portions as it thinks fit. The definition for Beneficiaries, as defined by the Rules, can be found in paragraph 5. Dependant is given the same meaning as under paragraph 15 of schedule 28 of the 2004 Act.
37. As part of the Administrators investigation and evidence gathering process, it was required to identify the individuals that fell within the category of beneficiaries as

potential beneficiaries, and who might therefore be considered when the discretion was exercised.

38. In accordance with Rule 8(3), the Administrator identified six potential beneficiaries (including Mr NS), who were then considered as a part of the discretionary distribution. None of the beneficiaries were classed as financially dependent on Mr S, or in a financial relationship of mutual dependence with Mr N. The beneficiaries were identified through the Will, the EOW and on receipt of completed death benefit enquiry forms.
39. Overall, I find that the Administrator was the appropriate decision maker, in line with the Rules, and that the potential beneficiaries were correctly identified. As the Adjudicator has said, the decision cannot therefore be challenged on this basis.
40. I note that Mr NS has raised objections over the investigation undertaken by the Administrator and in how it decided to pay the Scheme death benefits. He submits that as the benefits were not paid in accordance with the Will, the decision reached by the Administrator is perverse.
41. There are basic principles that must be taken into account when an exercise of discretion is made. These are referred to as “the Edge Principles²”. Generally, a decision maker properly directing itself must:
- consider all the relevant evidence, and be satisfied that it holds enough evidence to form a decision that is not perverse;
 - decide how much weight to apply to each piece of evidence, this can include, at times, applying no weight at all; and
 - ask itself the correct questions.
42. I appreciate that the Will and EOW are a helpful indicators as to how Mr S wished for his benefits to be distributed between his beneficiaries at his death. However, neither of these documents are legally binding on the Administrator. The benefits payable under the Scheme are at the discretion of the Administrator. While the Administrator might consider EOWs and Wills it is not required to adhere to them. I do note that ultimately the Administrator chose to pay the death benefits in accordance with the EOW, which was submitted by Mr S three months after the Will was completed.
43. The Administrator has explained that in arriving at its decision to distribute the benefits in accordance with the EOW, it took into consideration: the dates of the Will and the EOW; the relationship between Mr S and his children/step-child; actions undertaken by Mr S in the distribution of his assets prior to his death; and that Mr NS and his sister were likely to received a share of Mr S’ Estate that would be comparable to the Scheme death benefits.

² *Edge v Pensions Ombudsman* [1999] EWCA Civ 2013 considered the principles of trustee decision making.

44. It might help if I explain that it was open to the Administrator to request as much information, or as little, as it felt it needed to reach a reasonable outcome. Based on the evidence available, I am satisfied that the Administrator was in receipt of sufficient information, in order for it to proceed with making a decision.
45. I find that while the Administrator might have enquired as to how much Mr NS or others were likely to receive from Mr S' Estate, it was for the Administrator to decide whether it had sufficient information and the weight it attached to it. It was not irrational or perverse for the Administrator to decide not to make the inquiry and not so unreasonable that its decision on the distribution of the lump sum death benefit should be set aside.
46. I note the comments made by Mr NS in relation to his claim for financial dependency on Mr S at his date of death. I agree with the findings of the Adjudicator on this matter. While Mr NS did receive payments from Mr S prior to his death, there is no evidence that the cessation of these payments has negatively affected Mr NS' current financial standing. I do not find that Mr NS met the definition of "dependent" as defined in the Rules and the Finance Act.
47. Mr NS has claimed that the financial adviser would likely benefit financially by "taking the side of Ms R". It is unclear what Mr NS means by this comment. I note that the Administrator did approach the financial adviser to query the nature of Mr S' relationship with his children and step-child. In response, the financial adviser said that Mr S thought of Ms R as his own child. This appears to have helped round out the Administrator's view on Mr S' overall relationship with his children. There is no evidence to support Mr NS' comments about the financial adviser benefiting financially from the way the Scheme benefits were distributed.
48. Overall, there is usually a range of decisions which might reasonably be reached by a decision maker tasked with distributing a lump sum death benefit. It is irrelevant whether I might have reached the same or a different decision. The question is whether the Administrator's decision falls within that range of reasonable decisions. I find that it does.
49. I find that there are no grounds for me to remit the matter back to the Administrator to consider its decision again.
50. I do not uphold Mr NS' complaint.

Camilla Barry

Deputy Pension Ombudsman

16 October 2025