

Ombudsman's Determination

Applicant Mr E

Scheme Ford Hourly Paid Contributory Pension Fund (**the Scheme**)

Respondens The Trustees of Ford Hourly Paid Contributory Pension Fund (**the Trustee**);
Mercer (**the Administrator**)

Outcome

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

Complaint summary

2. Mr E complained that the Administrator caused delays in issuing his Cash Equivalent Transfer Value (**CETV**) quotations. He said:-
 - The Administrator did not adhere to its Service Level Agreement (**SLA**) timeframes, which meant that he was unable to meet the CETV guarantee expiry date.
 - There were further delays in the issuing of a new CETV quotation which was lower in value than the original CETV quotation. He has therefore suffered a substantial financial loss.

Background

3. The sequence of events is not in dispute, so I have only set out the salient points.
4. The Scheme is a Defined Benefit pension scheme for hourly paid employees of the Ford Motor Company.
5. On 1 September 2020, Mr E's appointed pension transfer specialists Grove Pension Solutions (**GPS**) sent a Letter of Authority (**LOA**) to the Administrator. It also requested a guaranteed CETV quotation, an early retirement quotation and additional information.
6. Between 9 September 2020 and 27 October 2020, GPS chased a response to its request from the Administrator.

7. On 11 November 2020, a CETV quotation was issued to GPS for a transfer value amount of £1,208,054 (**the First CETV quotation**). This was guaranteed until 11 February 2021. This was received by GPS on 16 November 2020.
8. On 18 November 2020, GPS wanted to confirm if Mr E had a Guaranteed Minimum Pension (**GMP**).
9. On 30 November 2020, the Administrator responded to the query and confirmed that Mr E did not have a GMP.
10. On 2 December 2020, GPS asked the Administrator about Mr E's date of joining and request for early retirement.
11. On 10 December 2020, the Administrator responded to GPS and explained that Mr E had an inter scheme transfer and provided early retirement figures.
12. On 17 December 2020, GPS asked the Administrator for confirmation of contribution figures.
13. On 4 January 2021, GPS transferred Mr E's case to a new abridged process, as it had not been able to provide its advice before the 31 December 2020 deadline. GPS had to reassess the advice it provided after this deadline as a result of changes introduced by the Financial Conduct Authority (**FCA**).
14. On 8 January 2021, the Administrator provided contribution figures to GPS.
15. On 26 January 2021, GPS provided abridged transfer advice to Mr E as to whether the pension transfer would be suitable.
16. On 2 February 2021, Mr E confirmed to GPS that he wanted to proceed with the transfer.
17. On 24 February 2021, GPS sent a final suitability report to Mr E.
18. On 5 March 2021, Mr E requested a new CETV quotation. In response, the Administrator said there was a £420 fee for a second CETV quotation. Mr E paid the fee on the same day and was told it would take four weeks to be calculated.
19. On 8 March 2021, the Administrator received the £420 fee for the second CETV quotation.
20. On 9 March 2021, the Administrator confirmed the CETV quotation would be calculated by 6 April 2021.
21. On 12 March 2021, GPS returned completed transfer forms from Mr E to the Administrator.
22. On 19 March 2021, GPS called for an update on the CETV quotation. The Administrator advised it would be issued in line with its SLA with a target date of 6 April 2021.

23. On 1 April 2021, the Administrator advised to GPS that the target date was 6 April 2021 due to bank holidays.
24. On 2 April 2021, the Administrator uploaded the fee payment receipt from 8 March 2021 to its systems.
25. On 9 April 2021, the Administrator informed GPS that it had escalated the case as the SLA date had passed. GPS raised a complaint with the Administrator.
26. During April, GPS continued to chase for updates for the CETV quotation and were advised the case had been escalated. The Administrator informed GPS that the SLA for escalations was 20 working days.
27. On 14 April 2021, GPS sent an email to Mr E's Independent Financial Adviser (**the IFA**) explaining the unavoidable delays it was experiencing due to a switch over to a new process at the start of the year. It further explained that it would have been able to give advice before 31 December 2020, if all the information from the Administrator was received earlier in the process.
28. On 7 May 2021, Mr E called the Administrator and explained he was unhappy that he paid for a new CETV quotation in March 2021 and had not received any further information since then. GPS also sent a chaser email requesting an update on the CETV quotation and submitted a formal complaint by email.
29. On 9 May 2021, GPS chased the Administrator for an update again. The Administrator advised that its target date for a complaint response was 14 May 2021.
30. On 10 May 2021, the IFA raised a complaint with the Administrator.
31. On 11 May 2021, the Administrator contacted the IFA by telephone to apologise for the service provided and confirmed the CETV quotation would be sent the following day. During the call the Administrator explained it was experiencing a backlog in administration due to laying off 600 staff as a result of the COVID-19 pandemic. The IFA confirmed that he wanted the complaint to be investigated further.
32. On 12 May 2021, the Administrator issued the second CETV quotation with a transfer value amount of £1,121,480 (**the Second CETV quotation**) to Mr E and the IFA,
33. On 14 May 2021, the Administrator acknowledged the complaint raised by GPS on 7 May 2021.
34. On 17 May 2021, the IFA wanted confirmation on whether the acceptance of the Second CETV quotation would prevent Mr E from appealing to get the higher CETV quotation from an earlier date.
35. On 25 May 2021, the IFA sent a chaser email to the Administrator. The Administrator responded on the same day and confirmed that once a transfer value is accepted it would be paid and transfer details for another date would not be provided. However, this would not prevent Mr E from raising a complaint.

36. On 28 May 2021, the IFA chased the Administrator for an update on its complaint.
37. On 31 May 2021, the Administrator sent a complaint acknowledgement to the IFA.
38. Between 1 June and 8 June 2021, the IFA chased the Administrator for an update on its complaint.
39. On 8 June 2021, the Administrator issued its formal response to the complaint. It acknowledged that there were delays in providing a retirement quotation, responding to GPS' queries and issuing a new transfer value to Mr E. However, it said it could not honour the First CETV quotation as the guarantee period had expired. It also provided information about the Scheme's Internal Dispute Resolution Procedure (IDRP).
40. On 9 June 2021, the IFA responded to the Administrator. It said that Mr E was financially disadvantaged as a result of the delays by the Administrator.
41. On 17 June 2021, GPS sent completed transfer forms to the Administrator.
42. On 22 June 2021, GPS contacted the Administrator about the transfer. The Administrator advised that the Receiving Scheme Discharge forms were outstanding.
43. On 30 June 2021, the Administrator received the Receiving Scheme Discharge forms from Royal London.
44. On 6 July 2021, the transfer payment of £1,121,480 was paid to Royal London.
45. On 20 July 2021, the Trustee issued its Stage One response under the Scheme's IDRP. It acknowledged that the Administrator did not meet its SLA, but confirmed the CETV quotations were provided within the statutory timeframe.
46. On 17 August 2021, Mr E sent a customer service complaint to the Administrator.
47. On 25 August 2021, the Administrator responded to Mr E's customer service complaint. It acknowledged that it failed to inform Mr E that SLA timeframes had been extended in line with The Pension Regulator's guidance on Covid-19.
48. On 11 January 2022, Mr E responded to the Trustee's IDRP Stage One response. He was dissatisfied and appealed under Stage Two of the IDRP.
49. On 3 March 2022, the Trustee issued its Stage Two IDRP response. It said the Administrator provided all the relevant information by 10 December 2020, therefore giving GPS two months to return the transfer paperwork.
50. Following the complaint being referred to The Pensions Ombudsman (**TPO**), Mr E and the Trustee made further submissions that have been summarised below.

Summary of Mr E's position:-

- He believes that had the First CETV quotation been issued within the Administrator's ten working day SLA timeframe, GPS would have been able to

complete the advice process before the guarantee period ended on 11 February 2021.

- The second CETV quotation would have been higher if it had been issued within the SLA, specifically on 9 March or 9 April 2021. He said the delays resulted in a lower CETV quotation.
- GPS and the IFA had to frequently chase for updates because the Administrator did not adhere to any of its SLA timeframes.

Summary of the Trustee's position:-

51. The CETV quotation requests were made at a time when there was a considerable backlog as a result of COVID-19 and the need to train new staff to meet the higher volumes of work. Although the Administrator was unable to meet its own ten working day SLA timeframe, it issued the CETV quotations within the statutory timeframes.
- The Administrator responded to most of the IFA's queries within its SLA, however its response times are only targets, and they do not give a member any specific entitlements.
 - The FCA changes to GPS' advisory process were published in June 2020, and they had been trialled before in a consultation document. GPS had therefore been aware of these changes and the new requirements.
 - As all of the key information to proceed with the transfer was provided by 10 December 2021, GPS had two months to complete its advisory process which it knew was changing. The Trustee should not be held responsible for the transfer not completing in this timeframe.
 - The Trustee does not consider that Mr E suffered a financial loss as he is not entitled to a CETV quotation on a specific date, and the figures provided by the online tool are for illustrative purposes.

Adjudicator's Opinion

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

53. The Adjudicator did not consider that the Administrator caused Mr E to miss the guarantee date of the First CETV quotation. A guaranteed CETV quotation was first requested by GPS on 1 September 2020. The First CETV quotation was only issued on 11 November 2020. Therefore, the Administrator did not meet its own normal expected timeframe for issuing CETV quotations of ten working days.

- The Adjudicator said that the timescales set by the Trustee and the Administrator are targets and the intention was for the Administrator to aim to perform certain agreed actions within the given timeframe. The timescales were not legally binding and breaching them did not necessarily amount to maladministration. As the Administrator did provide the First CETV quotation well within the three month statutory time limit and the Trustee explained that it took longer to produce the quotation due to the impact of COVID-19 and the need to train new staff, the Adjudicator was of the view that its actions did not amount to maladministration.
- The First CETV quotation was guaranteed until 11 February 2021. The Administrator issued all the relevant information to proceed with Mr E's transfer to GPS by 10 December 2020. The Adjudicator was therefore of the view that GPS had a reasonable amount of time to return the completed transfer paperwork. She did not consider that the reason Mr E was unable to accept the First CETV quotation was due to the Administrator not providing responses within a timely manner.
- The Adjudicator was of the view that the Administrator could not reasonably be held responsible for GPS not being able to meet its internal deadlines. She said that it was unfortunate that GPS' advisory process was changing at the beginning of January 2021 as a result of changes introduced by the FCA, and that this coincided with the transfer of Mr E's pension. However, the FCA changes were announced in June 2020 and GPS had enough time to plan its process around them.
- As the Administrator did not receive the completed transfer forms accepting the First CETV quotation before its guarantee period expired, it could not proceed with the transfer of Mr E's pension based on the First CETV quotation.
- The Second CETV quotation was not issued within the Administrator's stated timeframes, however, it was the Adjudicator's view that the time taken was not unreasonable. The Second CETV quotation was still issued well within the three months that the statutory timescales allow, and the Administrator has explained that it was experiencing delays due to the impact of COVID-19.
- The Adjudicator did agree that the Administrator could have been better at updating Mr E and GPS of the timescales involved, however she did not view its actions to be maladministration.
- In the Adjudicator's view, the reductions in the value of the CETV quotation did not result from maladministration by the Administrator. She noted that the value of a CETV may change due to market fluctuations or if the calculation basis is amended.

54. Mr E did not accept the Adjudicator's Opinion, and the complaint was passed to me to consider. Mr E submitted further comments in response to the Opinion. In summary he said:-

- The Administrator clearly indicated that it would undertake certain tasks within a given number of days, yet it failed to meet these timeframes.
- The Administrator did provide him with a service that fell short of expectations and commitments, and so he considers that the Administrator's actions did amount to maladministration.
- Even though the Administrator provided CETV quotations within the legislative timescales, it did not adhere to the commitments it made to him and GPS.
- The Administrator was aware of the considerable backlog and its failure to meet their SLA's, yet it continued to quote unachievable timescales to both GPS and Mr E. It should at least have explained the delays and refunded the fee for the Second CETV quotation.
- GPS was awaiting information it required from the Administrator, which was not provided until 8 January 2021.
- Due to the changes introduced by FCA, GPS had two weeks to complete its advice process, which was insufficient time and thus it could not complete meet the 31 December 2020 deadline. FCA had instructed companies processing pension transfers to only work on cases that had all the information required to proceed, which GPS did not have at the time.
- The Administrator also provided incorrect advice. It initially informed of a turnaround time of five working days, but changed the advice to 20 working days when it realised the CETV quotation request was from a member of the Scheme.
- GPS has said that had all the requested information been received from the Administrator earlier in the process, it would have been able to provide its advice by 31 December 2020, and the transfer would have been completed based on the First CETV quotation.

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

Ombudsman's decision

56. Mr E has complained that the Administrator caused delays to the transfer of his pension. He claims that he has suffered a significant financial loss as a result of the delays.
57. GPS requested a guaranteed CETV quotation from the Administrator on 1 September 2020. The First CETV quotation was issued to GPS on 11 November 2020. The Trustee has said that its internal SLA timeframe for issuing a CETV quotation was 10 working days, and that the Administrator was not able to meet this timeframe at the time due to the exceptional challenges it was facing as a result of the Covid-19

pandemic. In any event, the Administrator did issue the First CETV quotation well within the statutory timeframe of three months.

58. I find that the Administrator's actions did not amount to maladministration. As the Adjudicator noted, the timescales set by the Trustee and the Administrator are targets and the intention is for the Administrator to aim to perform certain agreed actions within the given timeframe. The timescales were not legally binding and breaching them does not necessarily amount to maladministration. Although I would expect a CETV quotation to be issued within a shorter timeframe in normal circumstances, I do not find that the time taken to issue the CETV quotation in this instance to be unreasonable. The Administrator was experiencing significant challenges due to the impact of Covid-19 and its need to train new staff.
59. At the time of Mr E's first CETV request, pension schemes were still facing significant and complex challenges due to the impact of Covid-19. This was recognised by The Pension Regulator (**TPR**) as an industry wide challenge, and it was expected that SLA timeframes would be extended. Pension schemes were also advised to prioritise critical tasks such as paying members' benefits, retirement processing and bereavement services, which meant that other tasks such as processing CETV quotation requests were less prioritised.
60. I note that I have not been presented with any evidence that specific timeframes were communicated to GPS regarding when it would expect to issue a CETV quotation after its request on 1 September 2020. I agree that it would have been better practice by the Administrator to have communicated to GPS and Mr E that it was experiencing delays to manage their expectations.
61. I recognise that there was a delay in providing the early retirement quotation that was requested on 1 September 2020 and eventually provided on 10 December 2020. I find that this delay was unreasonable. However, I note that GPS received further information in addition to the early retirement quotation on 10 December 2020. I therefore do not find that the delayed early retirement quotation led to additional setbacks to the overall transfer process as further information was nevertheless required. In any event, delay was not material in GPS missing the Guarantee date of the First CETV quotation.
62. Additional information was requested by GPS on 17 December 2020, which was provided on 8 January 2020. This additional information was not part of GPS' initial request for information, and I find that the response was provided in a timely manner considering the extended timescales due to Covid-19 and national holidays.
63. The key information that was requested by GPS on 1 September 2020 was provided by 10 December 2020. The First CETV was guaranteed until 11 February 2021, and I therefore find that GPS had sufficient time to return the completed transfer forms to the Administrator. The Administrator could not proceed with the transfer based on the First CETV quotation without the receipt of the completed transfer forms.

64. It is unfortunate that the transfer of Mr E's pension coincided with the FCA changes to the advisory process of GPS. I have not been presented with any evidence that it was communicated to the Administrator that GPS was aiming to complete its advisory process by 31 December 2020. In any event, I do not find that the Administrator or the Trustee can reasonably be held responsible for GPS not being able to complete its advisory process within this timeframe.
65. Mr E requested a second CETV quotation on 5 March 2021. The Administrator communicated that it could take up to four weeks to produce a new CETV quotation. However, it did not provide the Second CETV quotation until 12 May 2021.
66. I recognise that the Administrator failed to adhere to the timeframe that it communicated to Mr E in this instance. The Trustee has said that the Administrator was still experiencing significant challenges due to the Covid-19 pandemic at the time. I do not find that the delay to issuing the Second CETV quotation was unreasonable or excessive in these circumstances. It is understandable that processes took significantly longer than what would be considered best practice in normal circumstances. In any event, the Second CETV quotation was provided well within the three-month timeframe that applied for statutory transfers.
67. I do agree that the Administrator was well aware of the challenges it was facing by the time the Second CETV quotation was requested, and I would therefore expect it to have better communicated the timeframes involved. Although I acknowledge that the Administrator should have communicated a more realistic timeframe, I do not find that the time it took to issue the Second CETV quotation was maladministration.
68. I appreciate that Mr E is disappointed that the Second CETV quotation was lower in value than the First CETV quotation. However, I do not find that this reduction resulted from maladministration by the Administrator. It is the reality of pension administration that fluctuations are observed in the value of CETV quotations due to market changes or its calculation basis.
69. I do not uphold Mr E's complaint, and no further action is required by the Trustee or the Administrator.

Camilla Barry
Deputy Pensions Ombudsman
19 June 2025