

Ombudsman's Determination

Applicant	Mr N
Scheme	LSG Sky Chefs Retirement Partnership
Respondents	Aon Consulting Ltd Champain Financial Services Ltd Legal & General Assurance Society Limited LSG Sky Chefs UK Ltd Mercer Limited

Outcome

1. I do not uphold Mr N's complaint and no further action is required by Aon Consulting Ltd, Champain Financial Services Ltd, Legal & General Assurance Society Limited, LSG Sky Chefs UK Ltd, or Mercer Limited.
2. My reasons for reaching this decision are explained in more detail below.

Complaint summary

3. Mr N has complained that funds held for him in the LSG Sky Chefs Retirement Partnership have been unlawfully accessed and he has been denied his benefits.

Background information

4. Mr N was employed by Marriott In-Flite Service Limited from 23 March 1983 to 22 August 1988. He was a member of the Marriott In-Flite Services (1981) Retirement Fund. This is a defined benefit (final salary) scheme. The name of this scheme was later changed to the LSG Sky Chefs (UK) Limited Retirement Fund. Mr N has preserved benefits in this scheme. This scheme is currently administered by Mercer Limited and it has confirmed that Mr N's preserved benefits are still held by the scheme. His member reference number is 11851202.
5. Whilst Mr N was a member of the LSG Sky Chefs (UK) Limited Retirement Fund, he also paid additional voluntary contributions to Sun Alliance. These contributions are now held in a policy with Phoenix Life, which took over Sun Alliance. Phoenix Life has confirmed that Mr N's contributions are still held for him in its policy. His member reference number is 0000010632.

6. Mr N was employed by LSG Sky Chefs UK Ltd from 17 July 2002 until 12 December 2012. During this time, He was a member of the LSG Sky Chefs Retirement Partnership. This was an entirely separate scheme to the LSG Sky Chefs (UK) Limited Retirement Fund referred to above. The LSG Sky Chefs Retirement Partnership was a defined contribution (money purchase) scheme. Contributions paid by Mr N and his employer were invested in funds held by Legal & General. The contributions were used to purchase units in Legal & General's Global Equity 60:40 Index Fund. Mr N's personal benefits statement as at 1 February 2012 showed that there were 41,697.3611 units held in that fund for his benefit. The units were held in the name of the trustees of the LSG Sky Chefs Retirement Partnership for Mr N's benefit.
7. In 2012, the trustees of the LSG Sky Chefs Retirement Partnership decided to wind up this scheme. The trustees sold the units they held in the Legal & General Global Equity 60:40 Index Fund (Generation 25). In Mr N's case, this resulted in a fund value of £73,605.43.
8. The fund value of £73,605.43 was then used to buy units in Mr N's name. Legal & General has confirmed that 34,752.327 units were purchased in its new generation Global Equity FW 60:40 Index Fund (Generation 29). The unit purchase price was 211.80p.
9. Members were asked to say where they wanted their fund transferred. However, the default option was for units to be bought in the latest generation Legal & General Global Equity 60:40 Index Fund. Mr N did not instruct the trustees to transfer his fund elsewhere, so they purchased units with Legal & General.
10. Legal & General has confirmed that the units purchased for Mr N at the time the LSG Sky Chefs Retirement Partnership was wound up are still held for him. The policy number is 2119190101. In October 2016, Legal & General provided a pension summary which showed that the value of the units it holds for Mr N was then £84,916.55. The number of units it holds for Mr N was shown as 34,351.355.

Adjudicator's Opinion

11. Mr N's complaint was considered by one of our Adjudicators who concluded that no further action was required by Aon Consulting Ltd, Champain Financial Services Ltd, Legal & General Assurance Society Limited, LSG Sky Chefs UK Ltd, or Mercer Limited. The Adjudicator's findings are summarised briefly below:-
 - Whilst the Legal & General units were shown on Mr N's benefit statement and would have been used to secure benefits for him, they were being held in the name of the trustees of the LSG Sky Chefs Retirement Partnership.
 - Having decided to wind up the LSG Sky Chefs Retirement Partnership, the trustees could not continue to hold the units in the Legal & General Global Equity 60:40 Index Fund (Generation 25). Winding up the LSG Sky Chefs

Retirement Partnership meant that this pension scheme would no longer exist. The trustees would no longer be trustees and could no longer hold units on behalf of the members. They were required to secure the members' pension rights by some other means. In order to do so, they sold the scheme's units and purchased other units for the members' own policies. In Mr N's case, this meant purchasing units in the latest generation of the Legal & General Global Equity 60:40 Index Fund.

- The trustees of the LSG Sky Chefs Retirement Partnership were not required to ask for authorisation from the members. The units were held by them for the benefit of the members and, therefore, they were authorised to sell them when winding the scheme up.
- The default option was for units to be bought in the latest generation Legal & General Global Equity 60:40 Index Fund. Mr N did not instruct the trustees to transfer his fund elsewhere, so they purchased units with Legal & General. The fund chosen was the closest in nature to the fund the scheme had been using previously. It would, therefore, appear to have been an appropriate default fund for the trustees to use for any members who did not instruct them otherwise.
- There was nothing improper in the way the trustees of the LSG Sky Chefs Retirement Partnership dealt with Mr N's funds on winding up that scheme.
- The fund value of £73,605.43 was used to buy 34,752.327 units in Legal & General's new generation Global Equity FW 60:40 Index Fund (Generation 29). In October 2016, the number of units held in this fund for Mr N was 34,351.355. The reason for the reduction in units was that Legal & General had sold some units to cover its administration costs. Since neither Mr N nor his employer were paying contributions anymore, this was the only way in which the administration fees could be met.

12. Mr N did not accept the Adjudicator's Opinion and the complaint was passed to me to consider. Mr N provided his further comments which do not change the outcome. I agree with the Adjudicator's Opinion and I will therefore only respond to the key points made by Mr N for completeness.

Ombudsman's decision

13. I would like to start by acknowledging that Mr N clearly finds himself in extremely difficult circumstances. He has provided me with details of his situation and the many problems he currently faces. I can only deal with those which relate directly to his pension rights. It is for this reason that I will not be going into any further detail about some of the other issues Mr N has raised. I note that other, more appropriate agencies, are involved.

14. Mr N is concerned that the funds he built up as a member of the LSG Sky Chefs (UK) Limited Retirement Fund and the LSG Sky Chefs Retirement Partnership have been improperly accessed. He is concerned that he may have lost a considerable amount of money.
15. Mr N had pension benefits in two separate schemes with quite similar names. This appears to have led to some confusion on his part; particularly when one of the schemes was wound up. This is understandable. However, the evidence does not indicate that any of Mr N's pension funds have been improperly accessed.
16. Mr N's benefits in the LSG Sky Chefs (UK) Limited Retirement Fund are still held for him and will be paid in accordance with the rules of that scheme. This is likely to be when he reaches normal retirement age.
17. Mr N's benefits in the LSG Sky Chefs Retirement Partnership have been transferred to a policy in his name with Legal & General (policy number 2119190101). This does not mean that his benefits in the LSG Sky Chefs Retirement Partnership have been improperly accessed. The transfer was required because the LSG Sky Chefs Retirement Partnership was being wound up. Mr N's funds had to be secured in another scheme. Since he had not instructed the trustees to transfer the funds elsewhere, they had to be secured by transferring them into a policy in his name. Legal & General still hold these funds for Mr N.
18. I have seen no evidence of any maladministration on the part of any of the respondents named by Mr N in his complaint to me. Therefore, I do not uphold Mr N's complaint against any of the respondents.

Anthony Arter

Pensions Ombudsman
8 March 2018