

Ombudsman's Determination

Applicant	Mr N
Scheme	HSBC (UK) Pension Scheme (the Scheme)
Respondent	The Trustees of the HSBC Bank Pension (UK) Limited (the Trustees)

Outcome

1. I do not uphold Mr N's complaint and no further action is required by the Trustees.
2. My reasons for reaching this decision are explained in more detail below.

Complaint summary

3. Mr N has complained about the level of fees being charged by the Trustees to implement his Pension Sharing Order (**PSO**). Mr N considers the fees to be excessive, and says he has been given no explanation as to how the figure was reached.
4. Mr N has also argued that he spent a considerable amount of time and effort assisting the Scheme in obtaining information from his ex-wife, required in order to process the PSO, and believes he should be compensated for his efforts.

Background information, including submissions from the parties

5. In 2014, Mr N, a member of the Scheme contacted the Trustees to request information on implementing a PSO following his divorce.
6. A PSO is one of a number of options available following a divorce or dissolution of a civil partnership and, if selected, is issued by a court to set out what proportion an individual is entitled to receive from their ex-spouse's pension. The pension awarded to a member's ex-spouse is referred to as a 'pension credit'.
7. On 12 April 2014, the Trustees wrote to Mr N regarding his information request. Mr N was provided with a Cash Equivalent Transfer Value (**CETV**), a statement of the charges to be applied, a form to be forwarded to his ex-wife to complete and return, and general information regarding the implementation of a PSO.

8. The statement of charges indicated that the fee for implementing a PSO, where the ex-spouse selected an internal transfer within the Scheme, would be £3,000 including VAT. The guidance notes explained that this figure was inclusive of a £1,250 allowance, to account for increased future administration costs for the new member (the ex-spouse). Mr N would be liable for 50% of the total cost, and his ex-wife was liable for the remaining 50%.
9. These charges were reviewed by the Trustees in 2015, and the total cost to implement a PSO with an internal transfer was reduced to £2,750.
10. On 11 May 2015, the Trustees wrote to Mr N's ex-wife, providing her with a copy of the Scheme's guidance notes on PSO's, and information regarding the charges applied. The Trustees requested some documents from Mr N's ex-wife, including the Decree Absolute, and the original court order, as well as other relevant documents and confirmation of how she wished to pay her half of the charges for implementing the PSO.
11. As his ex-wife had been unresponsive to the Trustees and failed to provide the necessary information to set up the PSO, Mr N took an active approach in chasing her to complete and return the form provided by the Trustees.
12. On 7 October 2015, the Trustees wrote to Mr N, advising that his ex-wife had not yet provided the requested documents, and requesting his assistance in the matter. On the same day, Mr N's ex-wife completed and returned the form required to implement the PSO. This form included a section regarding her pension options.
13. On 12 October 2015, Mr N's ex-wife emailed a copy of the form to him, in which she had redacted the information relating to the name and address of her new qualifying pension arrangement.
14. The PSO was implemented shortly after the information was received from Mr N's ex-wife, and Mr N was subsequently sent an invoice for the relevant fees. As Mr N was liable for 50%, his invoice indicated a payment of approximately £1,375 was due. Mr N did not consider this amount to be acceptable.
15. On 23 June 2016, Mr N wrote to the Trustees to make a formal complaint under the Scheme's Internal Dispute Resolution Procedure (**IDRP**). He questioned why the fee was so high, and requested information regarding how this figure had calculated and when he had agreed to pay this.
16. On 15 July 2016, the Trustees responded to Mr N under Stage 1 of the IDRP. They explained to Mr N that, under legislation, the Scheme was entitled to recover 'reasonable costs' incurred in the implementation of the PSO. Further, the fees charged to Mr N are in line with current Pensions & Lifetime Savings Association (**PLSA**) guidelines. The Trustees advised that the fee accounts for the cost of calculating and implementing the PSO, as well as the additional future administrative costs associated with his ex-wife's new pension within the Scheme.

17. On 17 August 2016, Mr N wrote to the Trustees to appeal the decision under Stage 2 of the IDRPs. He was unimpressed by the Scheme's refusal to explain exactly how the fees were arrived at, and did not agree that the figure could be considered reasonable. He stated he wanted a breakdown of how the figure was reached, and evidence of where he had agreed that he would pay any fees presented without question. Mr N added that the Trustees had been silent on the matter of his assistance in securing necessary information from his ex-wife to implement the PSO. He argued that he had incurred significant time costs and, if he was to be charged an 'exorbitant fee by the Trustees, then he should be compensated financially for his assistance.
18. On 23 November 2016, the Trustees issued their Stage 2 IDRPs decision to Mr N. It was reiterated that the Scheme is entitled to recover reasonable costs relating to the PSO, and that the fee charged was within the range of what is considered reasonable according to PLSA guidelines. The Trustees stated it was not possible to give a precise breakdown of the fees, but that the amount covered the cost of obtaining an actuary to calculate the pension credit, the implementation of the PSO, and the future ongoing administration costs relating to his ex-wife's pension.
19. On 24 February 2017, Mr N complained to this office. He wanted details of how the Trustees could charge a fee with no explanation as to the work involved, and considered that he was being charged an amount with no justification, which was unacceptable. He says he would like to know where he agreed that the Trustees could simply take the money from him. Further, he believes he should be compensated for his efforts in obtaining outstanding information from his ex-wife, on behalf of the Scheme.

Adjudicator's Opinion

20. Mr N's complaint was considered by one of our Adjudicators who concluded that no further action was required by the Trustees. The Adjudicator's findings are summarised briefly below:
 - The Trustees are entitled to recover 'reasonable costs' incurred in implementing the PSO. There is no strict explanation regarding what constitutes 'reasonable' costs, however, guidelines on what is considered reasonable have been issued by PLSA. The fee charged by the Trustees is within the scope of these guidelines.
 - Mr N was provided with a booklet detailing the costs relating to implementing a PSO, when he first requested information from the Scheme.
 - The Trustees have explained that £1,250 of the fee is allocated to cover the costs of additional administration work on his ex-wife's new pension, the remaining £1,500 covers the costs of obtaining calculations from an Actuary relating to the pension credit. Appointing an Actuary can cost up to £2,000. This is considered a

sufficient explanation of the costs, and the Trustees are not obligated to provide a full and precise breakdown.

- Although it is acknowledged that Mr N carried out a great deal of work to assist the Trustees in implementing the PSO, it would not be appropriate to award compensation for this. It is not unreasonable to expect a member to be pro-active in arranging their own personal affairs. Whilst the Trustees could have expressed gratitude sooner, Mr N's assistance in implementing his own PSO does not warrant compensation.

21. 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, summarised above, and I will therefore only respond to the key points made by Mr N in his email of 13 June 2017, for completeness.

Ombudsman's decision

22. Mr N has, in my view, produced no new evidence to support his case against the Trustees. Reference has been made to existing points, and these are summarised below:

- Mr N says he should not be forced to pay a 'not inconsiderable' amount of money without knowing exactly what this covers. He does not believe he should be expected to just accept the Trustee's word, and states that it is unacceptable to suggest that the Trustees are not obliged to detail their costs.
- Mr N has questioned when and how did he agree that the fees were acceptable, and suggests that he did not receive the booklet detailing the costs for implementing the PSO.
- Mr N fails to see why he should not be compensated for doing the Trustee's work. He does not consider it relevant that it was in his interests, as the fact remains he did not have to provide any assistance. Mr N has made reference to a number of health problems he has suffered in recent years, and that he provided assistance in spite of this.

23. I am satisfied that the fee charged is reasonable. It is within PLSA guidelines and I consider that the information provided by the Trustees is sufficient to explain the reason for the standard charge which applied.

24. Mr N has questioned when he agreed to the fees, and that he ever received the booklet detailing this. The requirement to comply is imposed by Court Order and the legislation permitting the Scheme to recover its reasonable compliance costs reflect that position. The Trustees have provided a copy of their letter to Mr N at his address

at that time, dated 12 April 2014, which enclosed the statement of costs. I am satisfied, therefore, that the Trustees fulfilled their obligation to inform Mr N of the fees associated with implementing his PSO.

25. Mr N believes he should be compensated for his assistance to the Trustees, regardless of the fact that it was in his interests, particularly as his health was suffering during this period. Whilst I have every sympathy for Mr N's health problems, I do not consider it unreasonable to ask him to take a pro-active position in bringing these matters to a close. I am unable to conclude that an award of compensation for Mr N's assistance is appropriate.
26. Therefore, I do not uphold Mr N's complaint.

Karen Johnston

Deputy Pensions Ombudsman
21 June 2017