

Ombudsman's Determination

Applicant	Mr Y
Scheme	Standard Life Staff Pension Scheme (the Scheme)
Respondent	Trustees of the Standard Life Staff Pension Scheme (the Trustees)

Outcome

1. I do not uphold Mr Y'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 Y has complained about the Trustee's refusal to issue him with a second Cash Equivalent Transfer Value (**CETV**), within 12 months' of a previous request, despite his offer to pay for it. He argues that, by the time he was offered a second CETV, the transfer value had reduced significantly.

Background information, including submissions from the parties

4. In 2016, Mr Y was considering transferring his deferred benefits away from the Scheme.
5. On 29 August 2016, Mr Y received a CETV with an expiry date of 14 November 2016 (the **Original CETV**). The CETV showed a transfer value of £99,612.44.
6. A cover letter was included with the CETV, which stated the following:

"The member's right to take the guaranteed amount will be lost (and the transfer will not be able to proceed) if Mercer Limited (**Mercer**) [the administrators] does not receive his written application to transfer, correctly completed and signed, by 14 November 2016. The member will not then be able to apply for a further guaranteed transfer value until 15 August 2017."
7. Mr Y has previously acknowledged that the Original CETV does state that no further transfer value will be provided for 12 months. However, he says he believed this only referred to free valuations.

8. Mr Y says he planned to accept the Original CETV, and intended to begin the transfer process shortly after. However, he did not take immediate action to transfer his benefits out of the Scheme.
9. On 28 September 2016, in anticipation of requesting a transfer out, Mr Y used the self-service on-line portal to obtain a fresh quote of his transfer value. The on-line quote produced an increased estimated value of around £114,396.
10. Mr Y has provided a copy of the on-line transfer quotation he obtained via the portal in September 2016. The quotation states:

“This statement is produced for information only. It is not proof of entitlement and confers no right to benefits. All benefits must be calculated and paid only in accordance with the trust deed and rules of the Scheme and the law, and are therefore subject to review before payment”.
11. The on-line quotation said the transfer value shown was not guaranteed and was to be used purely for “illustrative purposes”.
12. After receiving the on-line quote, Mr Y contacted the Scheme administrator, Mercer, and requested a second CETV. Mercer advised him that the Scheme policy was to only issue one CETV within any 12 month period. Mr Y says that Mercer informed him this was a new policy, that had been introduced in July 2016.
13. On 11 October 2016, Mr Y complained under Stage 1 of the Scheme’s Internal Dispute Resolution Procedure (**IDRP**), and argued that a refusal to allow members to purchase additional CETVs was an unfair restriction. Mr Y said the Trustees were forcing him to accept a CETV he knew to be below its current actual transfer value, due to a rule change that had never been communicated to members.
14. On 31 October 2016, the Trustees notified all deferred members of the Scheme that it had been agreed to implement a ‘Transfer Amnesty’ ie an additional CETV would be offered to members who may not have ‘appreciated’ the Trustees’ policy of providing one CETV every 12 months.
15. The Transfer Amnesty was available to members in receipt of a CETV calculated between 1 March 2016 and 30 September 2016. If that CETV had not yet expired, and the member had not begun a transfer, a second CETV could be requested before 30 November 2016. Mr Y did not request a second CETV.
16. On 16 December 2016, the Trustees responded to Mr Y’s complaint. They confirmed it had always been Scheme Policy to issue one CETV in any 12 month period, there had been no change in the policy on this matter. The Trustees advised this was in line with statutory requirements, and the policy explained in both the Scheme booklet, and in the Original CETV. The Trustees acknowledged that it is sometimes possible to exercise discretion to issue a second CETV within 12 months, however, a change

in gilt yields was not considered sufficient reason to justify a new CETV, as the Trustees cannot be responsible for value changes.

17. On 19 December 2016, Mr Y appealed the decision under Stage 2 of the IDRP. He stated he had been specifically told by Mercer that the policy on issuing CETV's had changed. He concluded that if there had been no policy change, there would have been no reason to offer the Transfer Amnesty, so the offer was likely a result of his complaint. Mr Y stated that the Trustees should offer a second CETV, calculated as at September 2016.
18. On 16 February 2017, the Trustee's issued the final response to Mr Y's complaint. It was reiterated that the Scheme policy allows only one CETV in any 12 month period in line with statutory requirements, and that this had been communicated to members in the Scheme booklet, and to Mr Y in the Original CETV. The Trustees stated they are not accountable for changing market conditions which impact on transfer values.
19. On 1 March 2017, Mr Y again used the on-line portal to generate an up to date quote of his transfer value. The estimated value was around £108,089.
20. After receiving this on-line quote, Mr Y complained to this office. He stated that he declined to request a second CETV as his transfer value had reduced, and it was only fair that the Trustees honour the higher on-line estimate generated in September 2016.

Adjudicator's Opinion

21. Mr Y'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:
 - While the Trustees could have exercised discretion and allowed Mr Y a new CETV, when he requested a further quotation, there was no legal obligation on the Trustees to do so.
 - The wording in the August 2016 CETV could have been clearer about the Policy, and it was not necessarily unreasonable for Mr Y to assume it may be possible to purchase a second CETV within 12 months. Mr Y was subsequently offered the option of a new CETV under the Transfer Amnesty and this is considered reasonable.
 - Mr Y declined the offer of a new CETV, arguing that the Trustees should honour the September 2016 online quote. Mr Y did not have a right to the quotations he obtained via his own personal calculations. The online quotation generated in September 2016 did not give rise to an entitlement under pension legislation. Consequently, there is no obligation on the Trustees to honour the figures.

22. Mr Y did not accept the Adjudicator's Opinion and the complaint was passed to me to consider. Mr Y 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 Y for completeness.

Ombudsman's decision

23. Mr Y has, in my view, produced no new evidence to support his case. Reference has been made to existing points, and these are summarised below:
- Mr Y has made reference to a similar case, determined by this office earlier this year. He believes the Adjudicator has ignored the finding in that case that the wording on the transfer paperwork was unclear and that it was not unreasonable for a member to conclude they could request a further CETV within a 12 month period.
 - Mr Y states that he tried to exercise his right to request a second CETV, but the Trustees chose to refuse him that right, opting only to allow the request when transfer values had fallen. Mr Y says it is unfair that the Trustees can 'pick and choose' when to offer a second CETV.
 - Mr Y contends that it is reasonable to assume that he should be provided with a new CETV as at the date he requested it.
 - Mr Y argues that, as it took the Trustees 5 months to issue the final response to his complaint, his fund value has dropped, and he has consequently suffered a loss of the investment growth he would have achieved.
 - He says the change in CETV policy made in 2016 should have been reported to members of the scheme at the time, or at the very least prior to members being provided with a guaranteed transfer value.
24. Mr Y draws attention to a lack of clarity about whether he could only request one CETV in a twelve month period, or whether he could only receive one free CETV in the period. I find (as I did in the earlier case to which Mr Y refers) that the Trustees corrected any ambiguity about that issue when they wrote to all affected deferred members on 31 October 2016. At that point Mr Y's CETV had not expired. He could have accepted it or asked for a second CETV under the amnesty offered to all members in his position.
25. In offering the second CETV within a twelve month period, the Trustees were exercising a discretion. They were bound to treat all affected members equally. I therefore conclude that it was reasonable to offer the same window of opportunity to all of them.

26. I do not agree that the On-line Quotation of £114,396, generated on 28 September 2016, should be honoured. Having adopted the policy of permitting a transfer amnesty the Trustees were bound to apply it fairly to all members who wanted to access it. The policy did not provide for backdating of CETVs.. The only transfer values that are actually guaranteed are those contained in a statement of entitlement issued by the Trustees. There is no basis on which Mr Y is entitled to demand a transfer to be settled on the basis of the figures quoted in Illustrations he obtained via the Portal. It was not maladministration for the Trustees to refuse to do that.
27. Mr Y argues that he has suffered a loss as his transfer value has reduced due to the length of time taken for the Trustees to deal with his complaint. I do not agree that the time taken to deal with his complaint has caused him financial loss because the time taken to deal with the complaint did not detract from the offer of a remedy provided to all affected members on 31 October 2016.
28. I find that the Trustees did communicate their revised policy to affected members as soon as the revision was made. It would not have been possible to communicate it to Mr Y prior to issuing the August 2016 CETV because at that point they had not yet adopted the Transfer Amnesty policy.
29. Given the circumstances, I am unable to conclude that the Trustees' refusal to allow Mr Y a new CETV, outside the Transfer Amnesty, was perverse or outside the range of reasonable outcomes that could have been reached.
30. Therefore, I do not uphold Mr Y's complaint.

Karen Johnston

Deputy Pensions Ombudsman
23 June 2017