

## Ombudsman's Determination

Applicant	Mr M
Scheme	Peugeot Pension Plan ( <b>the Plan</b> )
Respondents	PSA Peugeot ( <b>PSA</b> ), Peugeot Pension Plan Trustees Limited ( <b>the Trustees</b> )

## Outcome

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

## Complaint summary

3. Mr M has complained that he is receiving a lower pension than he was expecting.

## Background information, including submissions from the parties

4. Mr M became a deferred member of the Plan on 2 May 1980, with a Normal Retirement Date (**NRD**) of 1 July 2017.
5. On 24 March 2017, PSA wrote to Mr M to remind him that he was approaching NRD, enclosing a benefit statement. The statement said his monthly Plan pension would be £355.50 and his annual pension would be £4,266.
6. Mr M wrote to PSA on 4 April 2017 to complain that he had received annual benefit statements which indicated he was entitled to a higher pension. As an example, he noted that the March 2014 benefit statement said:-

"Current Deferred Pension Entitlement

made up of:

Guaranteed Minimum Pension	£96.72
Excess element	£3763.56
Total	£3,860.28

...

The GMP revalued from leaving date to NRD is £1,823.64”.

7. Mr M submitted that this meant that the revalued GMP of £1,823.64 would be added to the £3,763.56 “excess element” at NRD, giving a total annual pension of £5,587.20.
8. Mr M also complained that he had pointed this out on the telephone to a PSA staff member, who had accepted that the benefit statements were misleading. Mr M explained that he was not arguing that the benefit statement issued on 24 March 2017 did not reflect his actual entitlement under the rules governing the Plan. Rather, his complaint was that the benefit statements issued to him over the years were misleading and resulted in a false expectation as to his pension entitlement at NRD.
9. The complaint was looked at under the Plan’s internal dispute resolution procedure (**IDRP**). In their stage 2 IDRP decision letter dated 7 July 2017, the Trustees said:-
  - The rules governing the Plan entitle Mr M to an annual pension of £4,266 per annum.
  - The benefit statements say “your monthly pension plan is...” This establishes that the total monthly pension would be the sum quoted here, and not that figure plus the amount quoted under “the GMP revalued from leaving date to NRD is ...”
  - The Trustees stated that, as far as they were aware, no other members had misinterpreted the benefit statements in the way Mr M had.
  - The Trustees recognised that one of their staff members had initially accepted that the benefit statements could be misleading. However, it was noted that Mr M had been telephoned back the same day by a more experienced member of staff, who had explained the data to him.
  - Even if it was accepted that Mr M had acted reasonably in misinterpreting the figures given in the benefit statements, there was no evidence that he had made any irreversible financial commitments as a result of this.

## **Adjudicator’s Opinion**

10. Mr M’s complaint was considered by one of our Adjudicators, who concluded that no further action was required by PSA or the Trustees. The Adjudicator’s findings are summarised briefly below:-
  - The March 2014 benefit statement said that Mr M’s annual pension at that date was £3,860.28. There was no suggestion anywhere in the statement that the GMP would be added to the “Current Deferred Pension Entitlement” figure to give a total annual pension of £5,587.20.
  - Even if it was accepted that the statements were incorrect or misleading as to Mr M’s pension entitlement (which it was not), a member is only entitled to receive the

benefits provided for under the rules governing the Plan. The only exception to this rule would be if there was evidence that Mr M made irreversible financial commitments in reliance on the incorrect or misleading information. Mr M confirmed that he had not done so, and accordingly, it was concluded that he had not suffered any financial loss.

11. PSA and the Trustees accepted the Adjudicator's Opinion. However, Mr M did not accept the Opinion and the complaint was passed to me to consider. Mr M 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 M for completeness. In summary, these are:-
- A Peugeot staff member initially interpreted the statements in the same way he had, suggesting that his understanding of the figures was reasonable.
  - A few years ago, a financial adviser employed by Peugeot had agreed with his interpretation that his pension would be made up of the revalued GMP and the Excess element. However, Peugeot did not have any record of this on its records, which creates an impression of inefficiency.

### **Ombudsman's decision**

12. I recognise that a member of Peugeot's staff initially agreed with Mr M that his pension entitlement would be calculated based on the GMP (revalued), plus the Excess element. In addition, whilst Peugeot has explained that it has no record that its adviser accepted Mr M's interpretation with regard to how his pension would be calculated, I see no reason to question this testimony.
13. However, my role is to examine the statements and reach my own conclusion as to whether they were inaccurate or misleading. Having reviewed the February 2015 benefit statement carefully, I note that under "Plan Benefits", it states that Mr M's preserved annual pension at that time was £3,905.64. Further, it says the total "Current Deferred Pension Entitlement" as at that date was £3,905.64. There is no suggestion that the increase to the "GMP revalued from leaving date to NRD" of £1,823.64 would be added to the "Excess element" of £3,808.92 to give an annual pension of £5,632.56. The only total annual pension figure given is that of £3,905.64. Accordingly, I do not agree with Mr M that the statement suggests he had a preserved annual pension entitlement of £5,632.56.
14. The other benefit statements which Mr M has submitted to support his case (which show his estimated benefits as at April 2012 and March 2014, respectively) are in the same format as the February 2015 statement. As such, I cannot reasonably conclude that they are misleading either.

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15. Therefore, I do not uphold Mr M's complaint.

**Karen Johnston**

Deputy Pensions Ombudsman

20 December 2017