

Ombudsman's Determination

Applicant	Mr N
Scheme	Air Holdings 1958 Pension Scheme
Respondents	Friends Life

Outcome

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

Complaint summary

3. Mr N's complaint against Friends Life is about its failure to trace him in 2006 when his pension benefits from the Air Holdings Limited 1958 Pension Scheme (**the Scheme**) matured. Mr N says that as a result he has missed out on ten years of pension benefits and would like to be compensated for this.

Background information, including submissions from the parties

4. Mr N is a member of the Scheme, which is administered by Friends Life. His benefits are made up of a Guaranteed Minimum Pension (GMP) and non GMP benefits. Mr N's normal retirement age is his 65th birthday.
5. On 21 September 2006, Friends Life contacted Mr N in preparation for his 65th birthday which was on 28 January 2007, and sent retirement forms to his recorded address in order for him to take his pension benefits. The letter containing the forms was returned to Friends Life as Mr N no longer resided at the address it held for him.
6. Friends Life has stated that where post is returned to it, the standard procedure is to complete a form and send this to the Department for Work and Pensions (**DWP**), to enable DWP to trace the member. Friends Life have no evidence that this happened in Mr N's case, but similarly have no evidence or reason to believe that it did not.
7. In 2016, with Mr N's 75th birthday approaching, Friends Life again attempted to trace Mr N. In 2016 the system for doing so had changed. Instead of the necessity of completing a form to send to DWP, Friends Life input information regarding the member into an online spreadsheet provided by Capita. Capita then complete a

search for Friends Life and if a new address is found, Friends Life are notified of that new address. This system produced Mr N's current address.

8. On 22 September 2016, Friends Life contacted Mr N, at his new address, and explained that it believed it held a pension for him but due to the difficulty it had experienced with his address, they wanted to establish that they have the correct details for him. Friends Life asked Mr N to validate his details.
9. Mr N contacted Friends Life, as requested, and it was established that he was due a pension from the Scheme. Mr N says that whilst he was initially pleased to learn that he held a pension with the Scheme that could now be claimed, he quickly became appalled as he realised that he had in fact been missing out on the payment of his pension for ten years.
10. Mr N contacted Friends Life by telephone regarding this and Friends Life responded on 7 November 2016.
11. In its response, Friends Life explained that its system showed that they had issued retirement forms in September 2006 but they were returned. They concede that more could have been done to trace Mr N's whereabouts in 2006 and 2007, and it would have been its standard procedure to have done so. As a result Friends Life offered Mr N £500 as a gesture of good will.
12. Friends Life also pointed out that it believed it is ultimately the customer's responsibility to keep Friends Life informed of any change of address and Friends Life cannot see that Mr N did this.
13. Mr N responded to Friends Life on 16 February 2017, and stated that he believed he had informed Friends Life of his change of address but in any event Friends Life should have done more to trace him in 2006. Mr N also explained that he did not believe that Friends Life had answered all of his queries or supplied him with all of the information he had requested, namely:
 - copies of annual statements and additional documentation regarding how his fund was invested between 2006 and 2016; and
 - copies of retirement options offered in 2006, compared to now.
14. Mr N also comments that he does not believe that the gesture of goodwill which has been offered adequately compensates him for the loss of pension payments between 2006 and 2016.
15. Friends Life responded to this letter, stating that its position remained unchanged from its initial response and again made the comment that it is ultimately the responsibility of the customer to contact their provider when they wish to take their benefits.
16. Mr N brought his complaint to this Office in May 2017.

17. As part of the investigation the Adjudicator requested further information from Friends Life. Friends Life provided their file which included comparative valuations of Mr N's benefits in 2006 and 2016.
18. In 2006 Mr N's benefits were valued at:
- Pension - £1,154.61 per annum increasing by 3% per annum
Spouse's pension - £577.31 per annum increasing by 3% per annum
Or
Tax-free cash - £986.07 and
Pension - £1,104.25 per annum increasing by 3% per annum
Spouse's Pension - £552.12 per annum increasing by 3% per annum
19. In 2016 Mr N's benefits were valued at:
- Pension - £2,055.12 per annum increasing by 3% per annum
Spouse' Pension - £1,027.56 per annum increasing by 3% per annum
Or
Tax-free cash - £3,543.23 and
Pension - £1,928.40 per annum increasing by 3% per annum
Spouse's Pension - £964.20 per annum increasing by 3% per annum

Adjudicator's Opinion

20. Mr N's complaint was considered by one of our Adjudicators who concluded that no further action was required by Friends Life. The Adjudicator's findings are summarised briefly below:-
- It is agreed that Friends Life could possibly have done more in 2006 to trace Mr N, however, Mr N also has a responsibility to ensure that the Scheme held his current contact details.
 - Friends Life believe that its usual process was followed in 2006 by contacting DWP in order to trace Mr N's change of address, although, due to the passage of time they no longer have a record of this and it is apparent that Friends Life did not have Mr N's current address at that time. In 2016 Friends Life inputted Mr N's data into Capita's online system and ascertained Mr N's current address
 - In terms of non-financial redress, Mr N had said that due to the passage of time, he had overlooked and lost track of his pension. It could not therefore be said that Mr N has suffered any distress and inconvenience for the period between 2006 and 2016. To have suffered distress during that time, Mr N would have needed to have been aware of the issue and to have been actively pursuing it with little or no result.
 - Since the discovery that Mr N had pension benefits due to him from the Scheme, it is understandable that Mr N may have been distressed over the thought that he

had lost out on potential pension payments. Friends Life have offered £500 in recognition of the failure to ascertain his correct address in 2006 and, in the opinion of the Adjudicator, this was a reasonable offer given that there is no evidence that Mr N had made any attempt to contact Friends Life and provide them with his current address. It is also in line with an award the Pensions Ombudsman might make where he finds that there has been significant distress and inconvenience caused by maladministration.

21. Mr N did not accept the Adjudicator's Opinion and the complaint was passed to me to consider. Mr N's representative, provided Mr N's 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 and his representative for completeness.

Ombudsman's decision

22. Mr N states that Friends Life have not sufficiently explained why they did not make further efforts to trace him in 2006, nor have they provided evidence to show that a DWP trace was actioned in 2006. Mr N says that even if a DWP trace was actioned, it is Friends Life's failure to follow up that on that trace which has contributed to the delay in the receipt of his benefits.
23. Mr N also comments that Friends Life has displayed a lack of transparency in its dealings with him. In particular Friends Life was unable to provide information to him which it subsequently provided to this office.
24. Friends Life has said that it does not hold correspondence for Mr N dating back to 2006. They are not required to keep correspondence dating back to that period. It is therefore reasonable that it did not have evidence of whether a DWP trace was performed in 2006. Friends Life has stated that its standard procedure was to trace a member through a DWP trace. I have no evidence as to whether this trace was done. However, I must also take into account that there is no evidence either of Mr N contacting Friends Life with his current address so he must also take some responsibility. Friends Life undertook a trace in 2016, when Mr N was approaching his 75th birthday. In light of this it is probably reasonable to assume that Friends Life had made an active attempt to trace Mr N in 2006.
25. Mr N also states that even if a DWP trace was performed in 2006, Friends Life ought to have done more to follow up this trace, which it did not. Mr N says that this should amount to maladministration. I do not agree. Friends Life was required to make an attempt to trace Mr N and it is likely that this was done in 2006 and it was certainly carried out in 2016. Friends Life was not required to do anything more.
26. Pensions are an important benefit and some responsibility must lie with the pension holder in looking after their benefits. Mr N ought to have kept track of his pension with Friends Life and kept it informed of his current address. Had he done so, the pension

would have been paid to him in 2006 when, in my opinion, it is likely that Friends Life first attempted to contact him.

27. I appreciate that Mr N says there is a lack of transparency in respect of the information provided to him. However, I do not find that Friends Life have intentionally acted in such a way. The information requested, regarding the value of his benefits in 2006, was not something it readily had available and had to be requested from its supplier. The information became available by the time Mr N's complaint reached this office and as such it was provided as part of our investigation..
28. Friends Life has offered Mr N £500 in recognition of the delay Mr N has had in accessing his pension. Mr N should contact Friends Life if he wishes to accept its offer. It accords with the level of award I would normally make where there has been significant distress and inconvenience caused by maladministration.
29. I do not uphold Mr N's complaint.

Anthony Arter

Pensions Ombudsman
15 November 2017