

## Ombudsman's Determination

Applicant	Mrs D
Scheme	Cancer Research UK Pension Scheme (the <b>Scheme</b> )
Respondent	Cancer Research UK Pension Trustee Limited (the <b>Trustee</b> )

## Outcome

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

## Complaint summary

3. Mrs D's complaint against the Trustee is that she was given incorrect retirement benefit quotations which she relied on when making the decision to retire early.

## Background information, including submissions from the parties

4. Mrs D was a member of the Scheme from August 1974 until September 1992. She was subsequently employed elsewhere from June 2006 until August 2016, when she retired.
5. On 14 May 2015, Mrs D sent an email to JLT, the former administrator, expressing an interest in early retirement.
6. On 18 May 2015, JLT wrote back asking Mrs D to contact them again in January 2016 for an illustration of retirement benefits.
7. On 2 March 2016, Mrs D wrote to JLT asking for an up to date illustration.
8. On 7 April 2016, Premier Pensions Management (**Premier**), the new administrator, sent an illustration of retirement benefits to Mrs D. The cover letter said that the "figures are provided for illustrative purposes only and are **not guaranteed in any way**" (emphasis not mine). Mrs D's normal retirement age is 65, so the letter said that an agreement for early retirement would have to be received from the Trustees or the employer. The illustration further said: "All figures are for illustrative purposes and subject to change. We can only guarantee quotations if you are close to your chosen retirement date". The illustration showed an estimated pension of £13,849.42

a year and a cash lump sum of £24,234.92, or a reduced pension of £11,537.74 a year and a maximum cash lump sum of £76,918.23.

9. On 18 April 2016, Premier produced another illustration for Mrs D showing the same benefits. The covering letter said her benefits at age 60 would not be reduced for early retirement and that consent from the Trustee was not required for retirement after 25 July 2016.
10. On 3 May 2016, Mrs D gave notice of her retirement date, of 25 July 2016, to her current employer. On 16 June 2016, she returned the required forms to Premier to enable her to take her benefits.
11. On 28 June 2016, Premier informed Mrs D that the previous illustration was incorrect because, when she left the Scheme, part of her preserved pension had been recorded twice. It enclosed an amended illustration showing a pension of £11,196.96 a year and a cash lump sum of £21,259.97, or a reduced pension of £9,384.59 a year and a maximum cash lump sum of £62,563.92.
12. On 30 June 2016, Mrs D complained to the Trustee about the reduction in her benefits. She said that it was too late to change her decision to retire as she had already submitted her resignation to her employer, and the recruitment process to find her replacement had started on 10 May 2016. She said she had planned to repay her mortgage and that her financial loss amounted to the reduction in the pension of £2,153 a year as well as the difference in the cash lump sum of £14,355. She also wanted compensation for the distress and inconvenience caused to her.
13. On 9 July 2016, Mrs D accepted payment of her pension without prejudice to her complaint.
14. In correspondence to the Trustee, Mrs D asked for the definition of “close to your chosen retirement date” as stated in the illustrations sent to her. She said that the Scheme booklet mentions that the actual pension would only be known six months before the retirement date, and she was within this period when the incorrect illustration was provided. She said that she would not have retired early had she known the correct figures. Furthermore, she mentioned that Clause 38 of the Scheme Definitive Trust Deed and Rules (the **Scheme Rules**) says that the Trustee has authority to “settle any claim”.
15. The complaint was considered under the Scheme’s internal dispute resolution procedure. In its response, the Trustee apologised for providing incorrect information but said that this did not override the Scheme Rules. It concluded that there was insufficient evidence that Mrs D had relied on the information in her decision to retire early, or that she had suffered financial loss as a result. It said that if she would not have retired early, but for the incorrect information, it was reasonable to assume that she would have made enquiries about withdrawing her retirement notice and sought additional work to supplement her income. The Trustee said it had taken into consideration that the illustrations stated that the figures were not guaranteed.

However, it acknowledged that Mrs D would have been caused distress and inconvenience, and offered £1,000 towards this.

16. Mrs D remained unhappy with the proposed resolution and brought her complaint to us.

## **Adjudicator's Opinion**

17. Mrs D's complaint was considered by one of our Adjudicators who concluded that no further action was required by the Trustee. The Adjudicator's findings are summarised briefly below:-
- The illustration sent to Mrs D stated that quotations can only be guaranteed close to the retirement date. Although Mrs D was close to retirement in April 2016, the illustration did not say that it was guaranteed.
  - Mrs D is only entitled to the correct benefits prescribed by the Scheme, and receipt of the incorrect illustration did not confer a right to those benefits.
  - The incorrect figures in the illustration is only one of the factors that Mrs D would have taken into account in making her decision to retire, and the extent of her reliance cannot be determined from the available information.
  - There are insufficient grounds to conclude that Mrs D has changed her position to her detriment. However, she has suffered distress and inconvenience due to the incorrect information provided to her. The Trustee has offered to pay £1,000 to her, which is reasonable.
18. Mrs D did not accept the Adjudicator's Opinion and the complaint was passed to me to consider. Mrs D provided 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 Mrs D for completeness.

## **Ombudsman's decision**

19. Mrs D has reiterated her previous points that the illustration from the Scheme says – "We can only guarantee quotations if you are close to your chosen retirement date". The implication is that, if you are close to retirement, the quotation is guaranteed, which is misleading. She also says that the Scheme booklet mentions that the actual pension will only be known six months before the retirement date. As she was close to retirement, she believes it was reasonable to assume that the illustration was guaranteed. Mrs D says that her retirement income has significantly reduced and this equates to a financial loss. Given that the Adjudicator agrees maladministration has occurred, a payment of £1,000 is unreasonable in her view.
20. The Trustee provided an incorrect illustration to Mrs D; this was an unintentional error on its part and cannot override the scheme rules. While I appreciate that Mrs D's

benefits are not as much as she was led to expect, she is not therefore entitled to the higher amount quoted.

21. The illustration does say that the Trustee can provide a guaranteed quotation when members are close to retirement, but Mrs D was not provided with one. She may have assumed that, because she was close to retirement, the illustration she received was guaranteed; however the illustration clearly said that it was not guaranteed. Mrs D did not ask for a guaranteed quotation and was not provided with one. In the absence of any evidence that the specific illustration was guaranteed, I do not agree that it was reasonable for Mrs D to have assumed that it was or to have taken a decision to retire based upon it
22. In any event I do not agree that Mrs H has suffered financial loss as a result of the mistake. Her income in retirement is not reduced because she was only ever entitled to the benefit provided by the rules. I am satisfied that she has suffered distress and inconvenience as a result of discovering her lower entitlement after she had made the decision to retire.
23. Having considered Mrs D's comments, I am satisfied that the offer of £1,000 made by the Trustee is a reasonable reflection of the injustice caused to her. If she wishes to accept the offer, she should contact the Trustee directly.
24. Therefore, I do not uphold Mrs D's complaint.

**Karen Johnston**

Deputy Pensions Ombudsman  
6 March 2018