

Ombudsman's Determination

Applicant	Mr N
Scheme	Imperial Home Décor Pension Plan (the Scheme)
Respondent	Capita Employee Solutions (Capita)

Complaint Summary

Mr N's complaint about Capita is that it may have incorrectly omitted part of the defined contribution (**DC**) benefit of his former occupational pension. As a result, he is concerned that the annuity he is currently receiving from Prudential, which is derived from the DC part of the Scheme, is lower than it should be. To resolve his complaint, he requests that Capita provide a full record of his contributions to the Scheme and full details of the calculations it carried out when securing his DC benefits by means of an annuity with Prudential.

Summary of the Ombudsman's Determination and reasons

The main part of the complaint is not upheld as: (1) there is insufficient evidence that Capita mis-recorded or omitted part of Mr N's defined contribution benefits in the Scheme; and (2) there is insufficient evidence that it mis-calculated Mr N's DC entitlement when it secured this benefit for him by means of a Prudential annuity after the Scheme wound up.

However, Capita has been slow to provide relevant information and documents to Mr N, most of which has only been provided as part of our investigation. Therefore, it shall pay him £500 for the significant distress and inconvenience this has caused.

Detailed Determination

Material facts

1. Mr N was born in 1943. He took early retirement on 30 June 1995, aged 52.
2. The Scheme, which has been in wind up since 15 October 2003, has a complex history and benefit structure. The benefit structure is set out in Appendix 1.
3. A payslip provided by Mr N, dated 19 April 1991, shows contributions to “Core” of £43.92 and contributions to “VIP” of £114.78. It shows year to date total contributions under the headings of “Core Pension,” “VIP Contrib” and “VIP Comp Match.”
4. Before the Scheme introduced MoneyMatch benefits in 1992, Mr N completed a form titled, “Statement of Pension Options as at 1 December 1991” which asked members to select one of three options for accruing benefits under the Scheme:

“Option 1 – Join MoneyMatch and transfer your benefits already built up in the existing plan into MoneyMatch

Option 2 – Join MoneyMatch but leave the benefits already built up for you in the existing plan

Option 3 – Stay in the existing plan”

Mr N placed a tick next to Option 2.

5. In a later version of the form titled, “Statement of Pension Options as at 6 April 1992”, Mr N placed a tick next to Option 3 and initialled the removal of a tick next to Option 2. This statement showed Mr N’s age next birthday as 50 and his company service at the next service anniversary as 17, thereby giving him “Points (Age plus *Company Service* (original emphasis))” totalling 67.
6. The Scheme’s Benefit Specification (the **Specification**) shows that Option 2 was “open to Final Pay Members whose age and company service (including past broken service) on the 5 April 1992 was less than 64 years. Their pre-1992 Pensionable Service was retained in the Final Pay section and their post-1992 Pensionable Service was in the MoneyMatch section.”
7. Option 3 was described in the Specification as follows:-

“The Final Pay section was closed to new Members with effect from 6 April 1992. Any existing Final Pay Members whose age and company service (including past broken service) on the 5 April 1992 was equal to or greater than 64 years were allowed to remain as Final Pay Members for future service.”
8. Under the heading ‘Pension at Normal Retirement Age’ the Specification says:-

“Category 3 (Option 1) – MoneyMatch

The Member’s Interest (or if he retires before age 60, that part in excess of his Protected Rights Account) is first applied to satisfy the Contracting-out Requirements (i.e. secure the GMP).”

9. Mr N has provided payslips dated 19 March 1993, 21 March 1994 and 21 March 1995. Each of these payslips shows deductions from his salary under the headings “Core/MM” and “VIP/MM+/SP.” As in the April 1991 payslip, each shows year to date total contributions under the headings “Core Pension,” “VIP Contrib” and “VIP Comp Match.”
10. In a “Statement of Benefits as at: 06/04/1993,” (the **1993 Statement of Benefits**) the balances of Mr N’s accrued benefits are listed as follows:

MoneyMatch/Core Balances

GIF¹:£

Core:£ 4441.54

MoneyMatch Plus/VIP Balances

GIF inc. conversion:£

Building Society:£ 2599.86

With Profits:£ 8266.85

Stock Exchange:£

Borden Stock:£ 738.35

Total Balance:£ 11605.06

The “GIF,” “GIF inc. conversion” and “Stock Exchange” balances on the statement were blank.

11. In a “Statement of Benefit as at 6th April 1994” the following categories of contribution are listed:

Your Contributions (core)

VIP Fund

Building Society

With Profits Fund

Unit Linked Fund

¹ Guaranteed Interest Fund

Borden Inc. Stock

There is no reference in the statement to MoneyMatch or MoneyMatch Plus contributions, or to a GIF balance.

12. Mr N requested figures for early retirement in 1995. A handwritten calculation sheet (**the calculation sheet**) on file shows that his revalued Guaranteed Minimum Pension (**GMP**) at age 65 was £4,383.08, which when discounted back by the revaluation rate of 3% p.a. to age 52 gave a figure of £3,074.21. Mr N's DB pension is shown as £2,621.47 leaving a shortfall of £452.74. This shortfall was used to provide what was described as a 'best approximate cost' of £6,405.58. The calculation showed the 'Total VIP Account Available' as £23,208.77 which, after the deduction of the cost of the shortfall in pension, left an amount of £16,803.19 described as, 'balance of AVC cash available for lump sum'.

13. Mr N's options for taking the benefits which he had accrued were subsequently explained to him as follows, in a retirement letter dated 10 July 1995 (the **July 1995 Letter**):

"...unfortunately the standard early retirement pension calculated does not cover your [GMP] and you are, therefore, not eligible for early retirement. However, the Trustees are willing to let you retire early at age 52 by adopting one of the following two approaches:

Either: use £6405 of your MoneyMatch contributions to "buy" the shortfall in your GMP (i.e. that part not covered by your early retirement pension). This leads to retirement option 1 specified on the attached form.

Or: you could take a tax-free lump sum of £23208.77 on the 1st July 1995 and delay receiving your pension until State Pension Age, i.e. 65. From age 65 a pension, equal to your revalued GMP, of £4383.08 per annum would be payable...This leads to retirement option 2 on the attached form.

Should you wish to proceed with either of the above options or simply leave all your entitlements to your 65th birthday, could you please complete the enclosed form confirming which option you wish to take. If it is your intention to proceed with early retirement, would you please supply the requested information on the enclosed retirement benefit options form..."

14. Mr N selected Option 1 which was: "Tax Free Cash sum of £16,803.19 and a pension of £3,074.20 per annum (A contingent Spouse's pension of £1,537.10 pa revalued to date of death is also applicable)".
15. On or around 14 August 1995, a cheque was sent to Mr N for the tax-free cash sum. His pension was put into payment.
16. In September 1995, the Trustees wrote to Mr N (the **September 1995 Letter**) and said:

“We have pleasure in advising you, following your retirement on 30 June 1995, that you are entitled to a monthly pension of £256.19 together with a tax-free cash lump sum of £16,803.19. A contingent Spouse’s Pension of £1537.10 per annum is also applicable.

I enclose herewith your first pension payslip which is made up as follows:

Lump Sum Core	£ --
LUMP Sum VIP	£16803.19
Pension for period 1.7.95 - 31.8.95	£512.38
Pension for the month of September 1995 (payable in advance)	£256.19
Less the sum previously paid by cheque	(£16,803.19)
TOTAL	£768.57”

17. In October 2003, the Scheme went into wind-up following the sponsoring employer’s insolvency.
18. On 22 July 2004, in response to a complaint from Mr N, Eversheds Pension Trustees Limited (**EPTL**), the then trustee of the Scheme, wrote to Mr N. In its description of Mr N’s complaint it said:-

“...the documentation supplied to us confirms that you did use part of your MoneyMatch funds (ie. Money purchase benefits) to make good the shortfall which would otherwise have occurred in the GMP payable to you at State Pension Age”
19. In 2005, Capita became responsible for administering the Scheme.
20. In September 2007, Mr N was in contact with Capita about whether his benefits were in payment at the correct level. Capita wrote to Mr N about the ongoing winding up process and said: “As you have correctly pointed out in you [sic] letter, money was set aside from your MoneyMatch Fund when you took early retirement from the [Scheme] in order to cover the cost of the step up to your Guaranteed Minimum Pension (GMP) amount of £4,403.36...”
21. On 6 April 2008, Mr N reached age 65, the Scheme Normal Retirement Age (**NRA**) and his GMP age.
22. In August 2010, the Trustees received judgment in an appeal case which affected the order of payment priorities in the Scheme². The Trustees wrote to Mr N as follows:

“The result of the appeal of the 2008 Judgement (announced in 2010) is very beneficial for deferred MoneyMatch members and thus not good news for pensioners in your position.”

² <https://www.bailii.org/uk/cases/UKSC/2011/42.html>

23. At around this time, Mr N raised a query with the Trustees asking if any of his pension was derived from VIP funds.

24. In October 2011, the Trustees wrote to Mr N and said:

“[Capita] have confirmed you were a member of the Final Salary section of the [Scheme] and that you also made contributions to the VIP and VIPS sections of the [Scheme]... I can confirm that your benefits under the VIP and VIPS sections of the [Scheme], including associated increases, are 100% safe and that back-payment of such benefits will be paid for any increases missed to date.”

25. In December 2011, Capita wrote to the Trustees recording a discussion about Mr N's situation. It said:

“Splitting Option 3 Pensions where VIP funded early retirement...”

Splitting early retirement pensions into DB and VIP portions...

In the meeting, we discussed the case of [Mr N], who early retired on 30 June 1995, aged 52 years and 2 months. [Mr N's] Defined Benefit (DB) entitlement upon early retirement was insufficient to cover his GMP at GMP payment date. The member's GMP will be payable from attainment of age 65 on 6 April 2008. The member was presented at retirement with two options:

[1] Use part of his VIP funds to purchase an additional immediate pension to cover the shortfall, in addition to an immediate lump sum.

[2] Take his entire VIP pot as a lump sum and receive his GMP from age 65.

...The member selected the first option. This resulted in a lump sum payment of £16,803.19 and an immediate pension of £3,074.20 per annum.

In the meeting, it was agreed that the pension at retirement should be split into DB and VIP elements and these will be considered whole life pensions. No adjustment will be made at age 65 to convert into DB pension any DC pension which commenced at retirement.

The required pension at retirement to cover the member's GMP at age 65 was £3,074.20pa. This, after 12 years of escalation at 3%pa, would provide the required GMP of £4,383.08pa. The pension at retirement provided by his DB pension was £2,621.47pa. This produces a shortfall of £452.73 pa which must be made good from DC funds...

Finally, this example arose from a query from [Mr N] asking if any of his pension was derived from VIP funds and could therefore be eligible for increases. We will draft a reply for you to review on the footing that the answer was “yes; the member is eligible.”

26. Around the same time, the Trustees wrote to Mr N and said:

“Capita have been investigating your file and they confirmed you did contribute to VIP and VIPS; however when you took early retirement in 1995, you did not have enough benefits to provide sufficient pension at your [SPA] to cover your GMP, which was a legislative requirement. To enable you to take early retirement, some of your VIP benefits were used to cover the GMP shortfall, and then the rest was commuted for a tax-free cash lump sum.”

27. In July 2013, Capita wrote again to Mr N and described the DC benefits which had funded his GMP differently. On this occasion, it said: -

“You took early retirement on 6 April 1995. The standard early retirement pension payable from [the Scheme] was not enough to cover your GMP, and therefore you were only allowed to retire early after you agreed that £6,405.58 of your MoneyMatch fund should be used to cover the shortfall...”

Following a Court case in October 2011, increases to certain [DC] elements of pensions have been prioritised above increases to [DB] elements of pensions. We are therefore currently undertaking an exercise to establish the split of benefits for all pensioners in the Scheme. Once this exercise is complete, it is likely that members will have the [DC] elements of their pensions secured with an insurance company...”

28. On 31 March 2015, the Trustees emailed Mr N following a Trustee meeting which included the actuary and Capita. It said:-

“I understand that you retired early. We continue to carry out calculation work to enable the scheme to transfer to the Financial Assistance Scheme. Whilst carrying out the considerable work required in separating money purchase and defined benefit funds (which has proven beneficial to members), it has been discovered that several members such as yourself who retired early had special terms applied when they retired. Ordinarily, these members would not have been allowed to take early retirement because their GMP was greater than the fund available to provide that benefit...At the time, to enable these members to retire early, the employer agreed to allow some of the members Additional Voluntary Contribution funds (AVC's) to be added to their overall fund to cover the 'shortfall' in GMP.

As a result the scheme actuary now has to recalculate the benefits for each of the early retirees who were given these special terms as we need to be able to split down the funds to identify which part are AVC's and which are scheme benefits...However, we are also working on the back dated increase of AVC benefits.”

29. On 9 October 2015, the Trustees wrote to Mr N to inform him of the progress made in relation to completing the scheme wind up:

“Members whose pensions are derived wholly or in part from AVC or Money Purchase (MoneyMatch) contributions will be entitled to increases (in respect of

these parts of the pension only) back dated to the winding up date (2003), and then a larger increasing pension going forward...

We hold a Prudential annuity policy that covers the pensions that were being paid at wind up, approximately 1,300, without any increases. Capita have notified Prudential of the level of AVC and [DC] benefit members should be receiving.”

30. A printout produced by Prudential shows that, as at 1 July 2015, Mr N’s pension secured with Prudential was £3,894.00 in total; split £2,657.89 described as ‘Final Salary Element’ and £1,236.11 described as ‘AVC/Money Purchase Element’.

31. In January 2016, Capita wrote to Mr N and said:

“A significant amount of work has been carried out to split members benefits into their AVC, [DC] and [DB] components. This division is important as different benefits will be treated in different ways going forward. This work has now been completed and Capita have notified Prudential of these splits and they have amended the annuity policy accordingly.

...

The payment of your increased [DC] Pension will be made by the alternative company. You will continue to receive the [DB] portion of your pension, at its present level from the [Scheme] until the transfer to the FAS...”

32. In March 2016, Mr N’s total pension was split into (a) Core benefits and (b) VIP benefits. He was paid a lump sum of £2,783.30, representing arrears of the fixed 3% annual increases he should have received on his VIP benefits from when the Scheme entered wind-up to February 2016. He was also given a one-off uplift to his VIP benefits in exchange for future increases. The Trustees secured the DC part of Mr N’s benefits by means of a non-increasing annuity with Prudential in the amount of £1,236.

33. In September 2017, Mr N made a complaint (PPFO-19038) to The Pensions Ombudsman (**TPO**), acting as the Pension Protection Fund (**PPF**) Ombudsman.

34. The PPF manages the Financial Assistance Scheme (the **FAS**). In December 2017, the FAS responded to Mr N’s complaint (the **FAS Formal Response**). It stated in that letter:

“Capita has confirmed that [Mr N] accrued Core benefits in the Scheme. [He] also paid both VIP contributions and VIP supplementary contributions into his VIP account, and the employer paid VIP matching contributions into his VIP account. This is supported by the benefit statements which have been disclosed by [Mr N]. Capita has confirmed that [Mr N] did not accrue any MoneyMatch benefits in the Scheme, although some correspondence with [him] did mistakenly refer to MoneyMatch benefits.”

35. In February 2018, Mr N provided comments on the FAS formal response. In relation to his DC benefits he said:

“We disagree with the above statement from Capita, that I did not pay MoneyMatch, it can be clearly seen from various documents in Capita’s possession and especially my Payslips (copies enclosed) that I paid Core (Core Pension) MM (MoneyMatch) MM + SP (MoneyMatch Plus Supplementary). Documentation completed when I joined the MoneyMatch Scheme has already been forwarded to Capita ...

With the lack of clarity in my contributions history and the explanation of how these contributions have been fed into my benefits, I request a copy of my Contributions Record indicating the breakdown of calculations between the various schemes I contributed to and then a chronology detailing the significant points since the history of my pension...

I feel if Capita or FAS are unable to provide this, how has Capita been able to calculate the pension accurately...

I truly believe that the Asset Share calculated at Wind Up was not correctly calculated, as can be seen there has been conflicting information from Capita’s [sic] regarding AVCs, MoneyMatch and Core Pension...

If the pension scheme had continued in being with the 3% increases there would probably have been a pension of approximately £6,300 payable £1,500 per annum more and feel that the pension in payment including the annuity figure, does not fully represent the amounts I contributed to the scheme, from my MoneyMatch, VIP/AVC and Core contributions.”

36. In or around August 2018, Mr N completed a new complaint application form and confirmed that he wanted TPO to investigate if Capita had correctly recorded his DC benefits in the Scheme since it might affect the annuity he was receiving from Prudential.

Summary of Mr N’s position

37. In an e-mail dated 20 July 2018, Mr N made various submissions:-

- a. He had spoken with his former employer’s pension manager and had been told that, prior to 1992, the Core and AVC (VIP) contributions left in the Scheme were classed as Final Salary. From 1992, MoneyMatch contributions were money purchase contributions made up of three parts:
 - 1 MoneyMatch Core contributions which were invested in the Guaranteed Interest Fund, with contributions being used to underpin any shortfall in GMP;
 - 2 MoneyMatch Plus contributions which were paid by employee and employer, with investments being made with a building society, with-profits funds and stocks and shares; and,

3 Supplementary contributions which were an additional payment which could also be made by employees and added to investments.

- b. He had chosen Option 2 on the Statement of Pensions Options form; that is, to leave Core and AVC (VIP) contributions built up prior to 1992 in the Scheme and to start contributing to MoneyMatch, MoneyMatch Plus and Supplementary from 1992 onwards.
- c. There should as a result be three elements to his current pension: a “Core pension” from the FAS; an annuity in respect of AVCs (VIP); and an annuity from the MoneyMatch, MoneyMatch Plus or Supplementary contributions made between 1992 and 1995.
- d. At some point, his Core pension and AVCs (VIP) built up prior to 1992 had been ‘mis-interpreted as a Final Salary pension’ and Capita had failed to take his MoneyMatch contributions from 1992 onwards into account.
- e. In his view, Capita has only applied the contributions left over in the Scheme before 1992 and by failing to allocate his MoneyMatch contributions made from 1992 onwards into account Capita has omitted them from his overall pension entitlement.
- f. No contribution record has ever been provided by Capita. Without a complete record of all contributions made into the Scheme, he did not see how Capita could be sure that his total Scheme benefits had been calculated correctly.

38. In an e-mail dated 11 January 2019, Mr N made further submissions:-

- a. There had been substantial confusion between Capita and FAS as to the type of contributions he had made to the Scheme, and whether there were three categories of contribution – DB, DC and AVCs or only two categories – DB and DC.
- b. In the Retirement Letter, the lump sum of approximately £16,000 was from VIP/AVCs with the £6,405 left in the Scheme for GMP from MoneyMatch. Capita also said £23,000 less £6,405 equalled £16,801 (that is, the lump sum), which was all money purchase (DC) benefits. The words “money purchase” were also confusing and he did not know whether this related to AVCs, VIP or MoneyMatch. Capita ought to be able to differentiate between the two parts and provide a complete contribution record.
- c. Without a full record of the relevant figures, he could not be sure that his AVC/VIP and MoneyMatch contributions had been fully accounted for. Capita had to have been able to split his AVC/VIP contributions (from 1983 to 1992) and his MoneyMatch contributions (from 1992 to 1995) to be able to provide the correct details to the FAS. Further, the same figures would be required for Prudential to be able to calculate and pay him the correct benefits by means of an annuity.

- d. His GMP figure was £452.17, which Capita had calculated after deducting 3% for 13 years to provide a figure of £6,405 to be left in the scheme for this purpose. To ensure that his total pension would cover his GMP at GMP age, he was told he needed to use £6,405 to provide an additional pension of £452 at his Retirement Date. But if the £452.17 was part of his MoneyMatch contributions, he questioned where his AVCs/VIP contributions had gone.
- e. 3% increases were paid from 1995 to 2003, based on Capita's figures, which provided a pension of £3,756 plus £573.36; there were no further increases until 2008, when the basic pension of £3,756 continued, but the other part of £573.36 increased to £648.24, which was paid until 2016.
- f. He questioned how payments continued after 2008, to pay the DC part of his pension between 2008 and 2016. If a sum of £6,405, representing MoneyMatch contributions, was used to fund his GMP to 2008, he questioned what part was used to fund his pension after that. He believed the calculations for the AVCs/VIP and MoneyMatch contributions were not all accounted for when Capita provided figures to the FAS and Prudential; some part of his overall (DC) benefits might have been omitted or left in the Scheme, in 1995 or 2016.
- g. In the FAS's letter of July 2017, the DC figures seemed to be higher than the DB figures. It said that the Trustees had secured a policy with Prudential, which covered 100% of his pension in payment, and that the pension was later split into three parts (that is, DB, DC and AVCs). However, the previous administrator said it had received only two parts (that is, DB and DC contributions worth £573 a year) but there was no mention of AVCs.
- h. He questioned why his non-increasing annuity from Prudential had reverted to a non-increasing figure of £1,236 after 2016. He also questioned what figures Prudential had been given before 2016 and what figures it used after 2016. Capita and Prudential must have calculated these figures together; however, it was unclear which parts of his overall pension they had used.
- i. The FAS had also mentioned Scottish Widows. In an e-mail of April 2017, it said: "However FAS has been given information that [the Scheme] purchased annuities with Scottish Widows and these annuities were purchased using the Money Purchase part of your benefits, known as MoneyMatch in your scheme, this annuity does not affect your final salary benefits and will not be calculated against your FAS assistance." Mr N asked if his MoneyMatch contributions could have been transferred to a Scottish Widows annuity, with £6,405 being used to pay the GMP contributions, and the rest used to make the payments after 2008.

Summary of Capita's position

39. Capita has provided no formal response to the allegations made against it by Mr N despite being given several opportunities. Further, its submissions are limited, which it says is due to the length of time since Mr N's early retirement in 1995.

Finally, it was not the administrator at that time; it took over from the original administrator in 2005.

40. In its e-mail of 11 December 2018, Capita made the following submissions:-

- a. Copies of Mr N's retirement documents, from July and September 1995, show that he decided to sacrifice some of his DC benefits in order to fund early retirement. He has provided evidence that he paid a number of different forms of DC and AVC benefits. The Scheme was complex, but it assumed that all DC benefits were included in the retirement calculation. In the July 1995 Letter and Retirement Calculations, Mr N's DC benefits are referred to as both MoneyMatch and VIP; but, in any case, he did accept the figures at the time.
- b. The form attached to the July 1995 Letter stated that if Mr N waited until his NRA, his full pension benefits would be a pension of £4,383 and cash lump sum of £23,208 (Option 3). It would have been possible for him to take the full cash lump sum of £23,208 in 1995 and wait until his retirement to receive his full pension (Option 2). However, he decided to take Option 1, a reduced pension of £3,074 and tax-free cash of £16,803.
- c. The calculation indicates Mr N's pension at NRA was reduced by 3% a year (which was the Scheme's annual increase) to reach the early retirement figure. However, Mr N could not just take this figure because his GMP under the Scheme was not covered. Therefore, he had to use £6,405 of his DC benefits to retire early; the other £16,803 he took as cash (being his tax-free cash entitlement of £23,208 less £6,405).
- d. Mr N also said Capita had only mentioned Money Purchase (**MP**) and DB benefits when communicating with the FAS. However, that was standard practice; it would not split the DC benefits into the various parts of AVCs when sending final figures to the FAS. Further, Mr N had mentioned benefits from Scottish Widows but these were not relevant to him; they only related to members who had not already taken benefits at the time the Scheme commenced winding up.
- e. Mr N did not question his benefits at the time of his early retirement in 1995 but seemed to believe, some 24 years later, that they must be incorrect. Second, he retired at age 52, not the Scheme's NRA of 65, therefore he had to use a large part of his AVCs, whatever they were called, to augment his benefits and ensure that his GMP would be covered at SPA. Third, Capita only became responsible for administering the Scheme ten years after Mr N's early retirement.

41. On 10 June 2019, Capita made further submissions:-

- a. As shown in the statements of benefits, members were split into three sections in the early 1990s: Option 1, open to new employees who joined after 6 April 1992 or Final salary members who decided to transfer with a 10% uplift;

Option 2, for Final Pay Members who wished to retain their Final Pay benefits up to 5 April 1992 and pensionable service thereafter was MoneyMatch; or, Option 3, for members who wished to remain Final Pay Members.

- b. Mr N was an Option 3 Member. There were several different MP/DC options in the Scheme. Based on the Statement of Pension Options, Mr N seems to have made VIP contributions until at least 1992; but after that, it is unclear what contributions were made. Based on the Retirement Calculation, all the money purchase benefits were referred to as VIP and £6,405.58 thereof was used to cover Mr N's GMP due to early retirement. The Scheme actuaries' investigation, as evidenced by their letter of December 2011, confirmed this.
- c. However, the Retirement Letter referred to the surrendered benefits (in the amount of £6,405.58) as MoneyMatch, which had confused matters. Based on part of an Options and Enrolment Form dated in or around April 1992, Mr N selected Option 3 on section B of the form; the instruction was to then go to section G. Mr N completed a MoneyMatch box, in section C of the form but he should have left this blank, having already completed the other section.
- d. Whether the benefits were called VIP or MoneyMatch, it was explained that these were money purchase benefits and would have to be surrendered to cover the GMP and allow Mr N to retire early. He was presented with these figures at the time and was apparently happy to proceed.
- e. Capita does not hold a full breakdown of member contributions as it did not administer the Scheme at the time. But it has provided what was recorded on the Scheme computer system, which confirms contributions were increased in 1992 and paid until 1995.

42. On 10 December 2019, Capita further submitted that:-

- a. Mr N received a lump sum of about £2,700 in February 2016, which was for past and future increases. The reason for not providing an increasing annuity was explained by the Scheme Actuary at the time.
- b. The Actuary said that securing an increasing pension was not good value with the limited funds held. So, it decided to convert future increases Mr N was due, in order to provide a further uplift to his pension and continue to pay him a level pension. In its opinion, this conversion was beneficial for members because of the high prices insurance companies charge for future increases (compared to immediate level pensions) and members usually prefer higher benefits when they are younger.

43. The then Deputy Pensions Ombudsman issued her Preliminary Decision (the **Preliminary Decision**) on 1 July 2020.

44. In response to the Preliminary Decision, Mr N said that while he acknowledged that he could not take this matter any further, he was unable to agree with the final conclusion. He said he understood that much time had passed since he had begun

receiving the pension and, given that it was 25 years ago, he always knew there would be difficulties in trying to investigate the actions of the various parties involved. However, he wanted to put on record that he felt disappointed with the outcome and remained convinced that a mistake had been made in the calculation of his pension.

45. Mr N said he wished to accept the £500 award for distress and inconvenience proposed in the Preliminary Decision. However, he remained convinced that a mistake had been made in the calculation of his pension and he made the following points:-
- a. Several letters which mention MoneyMatch seemed to have been classed as incorrect.
 - b. He is sure the Head of Personnel, the Trustees and the Actuary would not have sanctioned the July 1995 letter, containing reference to MoneyMatch, if this were not correct. Also, that two letters from Capita referring to MoneyMatch are errors made through copying MoneyMatch from his letters. He says it is difficult to understand how a company dealing with such a serious matter as pensions would make such a mistake.
 - c. He feels Capita could have done more in 1995 to ensure pensioners were receiving the correct benefit.
 - d. Even if the AVC and MoneyMatch were included at retirement, as seems to be suggested, it should have been possible to split these from the contribution records. The detail of the split was one of a number of requests made, but it seems this will not be available.
 - e. The 'Statement of Pension Options' form dated 1 December 1991 was complete, signed and dated, whereas the form dated April 1992 was incomplete with no date or signature. The 1992 form did not appear to be a correction of the previous version as the layout and date are different.
 - f. Mr N also asked that Capita provide him with the calculated split of DC benefits it provided to Prudential.
 - g. He said that GIF MoneyMatch was similar to VIP and so he felt that there would not have been a distinction between GIF and VIP on payslips and statements of benefits. He also said that his payslips for 1991 showed the monthly DC contribution as approximately 9% of earnings, whereas the payslip for April 1994, showed the monthly DC contribution as approximately 15% of earnings. He believes this increased figure relates to monies paid in at a figure of 6% MoneyMatch plus 6% MoneyMatch Plus 3% GIF. An increase could also be seen from the Statement of Benefits dated 1991 and 1993 with the With Profits figure increases indicating 15% was paid to MoneyMatch.
 - h. Even if DC contributions were all classed as AVC, the 15% of salary paid to Standard Life With Profits, along with the windfall, did not appear to balance with

the amount of annuity provided. Perhaps if the split of DB and DC benefits was provided it might be possible to see how the annuity was achieved.

- i. He feels sufficient evidence was provided for Capita to relook into the split and check that the 15% paid, whether MoneyMatch or AVC, was the correct amount to be used when calculating the annuity figure, especially in light of the Actuary's comments relating to pensions in payment.

Further comments by Mr N

46. Mr N requested leave to submit a General Data Protection Regulation - Subject Access Request (**GDPR/SAR**) to Capita for information relating to the Scheme, which he did in October 2020. As a result of the information received, he has made a number of additional comments which for completeness are set out in Appendix 2.
47. One of the documents he received was a Calculation Sheet which is undated but appears to have been produced some time shortly after March 2017. Mr N has made a number of detailed observations about this and questioned some of the figures that appear. His specific comments relating to this are set out in Appendix 3.
48. He says he feels extremely upset by this and rather disturbed to now find, at what appears be a late stage, that his DB and DC pensions appear not to have been calculated correctly because of errors made. He says if this had been presented prior to his original complaint he could have obtained assistance from other bodies. Unfortunately, he was unable to do so because of lack of paperwork which he has asked for but these have been far and few between, until he contacted TPO.

Conclusions

49. Mr N has made a number of comments following the Preliminary Decision and also obtained documents from Capita and Prudential in response to his GDPR/SAR. Many of these have been considered previously and do not change the outcome. As Mr N points out, given the passage of time since he began receiving the pension, it is difficult to fully investigate the actions of the various parties involved or to reconcile some of the calculations and documentation. The documents produced by Capita show that it has limited information available.
50. He points to discrepancies in some of the figures produced by Capita and I appreciate that this would cause him to question whether any of the information held and calculations produced were correct, but this is far from being able to prove on the balance of probabilities there were fundamental errors in the calculation of his DC fund and the annuity derived therefrom.
51. The benefit structure and administration history of the Scheme is complicated and it is perhaps unsurprising that there has been a great deal of confusion about the correct level of benefits Mr N should be receiving. Mr N's Core final salary benefits under the Scheme are now payable by the FAS. The level of these benefits was investigated and determined in PPFO-19038 so my findings are

restricted to the level of DC benefits he is now receiving as an annuity from Prudential.

52. The first matter on which I need to make a finding is whether or not Mr N made additional MoneyMatch or MoneyMatch Plus Contributions between 1992 and 1995. It is not in dispute that before 1992 Mr N was contributing to Core and VIP.
53. For reasons which are not entirely clear, Mr N completed two forms of "Statement of Pension Options," one as at December 1991 and the other as at 6 April 1992. In the December 1991 form, Mr N selected Option 2, which was to preserve his accrued Core and VIP benefits and make contributions to MoneyMatch and MoneyMatch Plus. In the April 1992 form, Mr N selected Option 3, which was to stay in the existing plan, that is, Core and VIP.
54. Mr N has pointed out that the April 1992 form is incomplete and appears not to have been signed and dated. Nonetheless it postdates the first form and, given that Mr N was eligible to select Option 3, having accrued 67 'points' against the requirement for a minimum of 64, that this option preserved the status quo and that DB benefits are generally considered to be more valuable than DC, I do not consider that it is completely out of the question that he might have changed his mind. I note that Mr N initialled the removal of a tick next to Option 2 which reinforces my view that he had changed his mind.
55. In the 1993 Statement of Benefits, there is no monetary figure listed against the "GIF" or "GIF inc. conversion" categories. They have been left blank. As explained further in Appendix 1, MoneyMatch and MoneyMatch Plus contributions were credited to an internal fund in the Scheme known as the GIF, and those funds then applied to purchasing benefits for the member on retirement. VIP funds were not credited to the GIF.
56. Based on the contemporaneous evidence, if Mr N's election had been to make future contributions to MoneyMatch and MoneyMatch Plus, as suggested by the December 1991 form, I would expect these contributions to be recorded in the balance on the 1993 Statement of Benefits either as MoneyMatch Benefits or GIF balances, but they were not. Similarly, the 1994 Statement of Benefits shows Core contributions as well as VIP Fund contributions to Building Society, With Profits Fund, Unit Linked Fund and Borden Inc. Stock investments, but this statement also does not show any contributions to an internal GIF within the Scheme.
57. Furthermore, it seems that terminology was used very loosely. As can be seen from correspondence, which refers variously to VIP / AVC / Money Purchase / MoneyMatch contributions, the terms appear to have been considered arbitrarily interchangeable. I note, for example, that the calculation sheet referred to in Paragraph 12 above refers to the 'Total VIP Account Available' and then later to the "balance of AVC cash available..." And yet when Mr N's options for taking benefits were confirmed to him in the July 1995 Letter it referred to his option to, "use £6405 of your MoneyMatch contributions..."

58. When the Trustees wrote to Mr N a few months later, in the September 1995 Letter, the calculation was based only on Core and VIP benefits. Capita has said that the reference to MoneyMatch in the July 1995 Letter was a mistake and this seems to be borne out by the calculation sheet. I am therefore not persuaded that the use of the term MoneyMatch in a number of letters referred to by Mr N can be considered as reliable evidence that he paid MoneyMatch contributions.
59. Capita's letter of September 2007 also refers to MoneyMatch. To re-cap, it said: "As you have correctly pointed out in you [sic] letter, money was set aside from your MoneyMatch Fund when you took early retirement from the [Scheme] in order to cover the cost of the step up to your Guaranteed Minimum Pension (GMP) amount of £4,403.36...". Capita says that this too was an error. I consider it is possible that Capita referred to MoneyMatch because Mr N's letter (which prompted Capita's) had done so.
60. When the Trustees wrote to Mr N in August 2010, in relation to the court case relating to the winding up of the Scheme they stated: "The result of the appeal of the 2008 Judgement... is very beneficial for deferred MoneyMatch members and thus not good news for pensioners in your position." This suggests that Mr N was not a deferred MoneyMatch member, but, since he was not a deferred member of any sort, I do not consider that this letter sheds any light on whether or not he was a MoneyMatch member.
61. In December 2011, Capita wrote to the Trustees regarding the correct way of splitting benefits in payment. It explained that Mr N was given two options on early retirement: either "Use part of his VIP funds to purchase an additional immediate pension to cover the shortfall, in addition to an immediate lump sum;" or "Take his entire VIP pot as a lump sum and receive his GMP from age 65". Further, the Trustees wrote to Mr N at around the same time and said: "...To enable you to take early retirement, some of your VIP benefits were used to cover the GMP shortfall, and then the rest was commuted for a tax-free cash lump sum."
62. Both these letters referred to VIP benefits and not to MoneyMatch benefits. I consider this record should be accorded significant weight, because at this point in time Capita and the Trustees were explicitly considering how Mr N's benefits were properly classified and what therefore needed to happen in administration terms. It records a point in time when their minds were turned clearly to the finer distinctions between the various scheme benefits.
63. Unfortunately, those finer distinctions appear to have been lost in subsequent communication. Capita again referred to MoneyMatch when it wrote to Mr N in July 2013. It said: "... and therefore you were only allowed to retire early after you agreed that £6,405.58 of your MoneyMatch fund should be used to cover the shortfall...". While Capita referred to MoneyMatch, some years after referring to MoneyMatch and VIP, Capita has confirmed that this reference to MoneyMatch was a mistake. I consider this explanation is consistent with the records from December 2011.

64. I have considered Mr N's reliance on his payslips between 1992 and 1995 to demonstrate that he made additional MoneyMatch and MoneyMatch Plus Contributions. Although there are various payslips referring to "CORE/MM" and "VIP/MM+/SP," I consider this is only for ease of printing and administration and that employees could make contributions in respect of one type of benefit or another, but not both. This accords with the 1992 forms in which Mr N was asked to select whether he wished to: (i) continue making contributions to Core and VIP; (ii) preserve accrued Core and VIP benefits and contribute to MoneyMatch and MoneyMatch Plus in future; or (iii) transfer all accrued benefits in Core and VIP to MoneyMatch and MoneyMatch Plus. It was not an option to contribute to MoneyMatch and MoneyMatch Plus as well as continue contributions to Core and VIP.
65. Taking the contemporaneous and more recent evidence into account, as well as the benefit structure of the Scheme, I find that, on the balance of probabilities, Mr N did not make additional MoneyMatch or MoneyMatch Plus contributions between 1992 and 1995. I acknowledge that there are two conflicting versions of the 1992 form and that Mr N may have believed that he was making additional contributions to MoneyMatch and MoneyMatch Plus. However, there is insufficient evidence to support this as there is no positive record of any MoneyMatch or MoneyMatch Plus contributions being made to the Scheme GIF.
66. Mr N says that Capita should have done more in 1995 to ensure that pensioners were receiving the correct benefits. But Capita did not become involved until 2005 and there would have been no reason for it to believe there was any issue with pensions that had been in payment for some years. It is unfortunate that Capita has been unable to provide further documentary evidence to establish the position more clearly. However, this is perhaps to be expected given the time that elapsed between the events taking place before 1995 and Capita becoming the Scheme administrator.
67. It now remains for me to consider whether Mr N is now receiving the correct level of DC benefits, which derived from his VIP funds, as an annuity from Prudential.
68. It was a condition of Mr N's early retirement that £6,405.58 of his VIP fund was used to "buy" the shortfall in his GMP. Mr N agreed to this approach and received the remaining £16,803.19 as a lump sum around August 1995. I am satisfied that these two sums totalling £23,208.77 represented Mr N's entire DC pot as evidenced by the calculation sheet referred to in Paragraph 12 above.
69. When Mr N reached 65 in 2008, the age at which his GMP became payable, the DC pot used to "buy" his GMP was used to top up his pension to the revalued GMP of £4,383.08 per annum. This additional payment should have been treated as a DC benefit and revalued annually. However, as will be familiar to the parties, the Scheme commenced winding-up on 15 October 2003, with a significant funding shortfall. Due to the complicated nature of the Scheme's history and benefit structure, the Trustees asked for the guidance of the Court to determine the status of various categories of benefit under the Scheme for the purposes of section 73 of the

Pensions Act 1995³. Briefly, section 73 sets out the priority order in which benefits should be paid to members in circumstances where there are insufficient funds in a scheme to pay all members' benefits. On appeal from the High Court to the Court of Appeal⁴, it was held that certain of the Scheme's benefits, namely MoneyMatch and VIP, were money purchase benefits. This finding was upheld by a majority decision in the Supreme Court⁵.

70. The Court of Appeal judgment had a direct effect on the benefits payable to certain classes of member including Mr N. The significance of the Court's finding that MoneyMatch and VIP benefits were money purchase benefits is that money purchase benefits fall outside the section 73 priority order by virtue of Regulation 13 of the Occupational Pension Schemes (Winding Up) Regulations 1996. The effect of this is that benefits which are money purchase benefits would be paid out first from the Scheme assets. For completeness, it was held that MoneyMatch Plus and VIP Match benefits were held to be AVCs which did fall within section 73, but near the top of the priority order.
71. It is because of the Court of Appeal judgment, about which the Trustees wrote to Mr N in August 2010, to state that: "the result of the appeal of the 2008 Judgement... is very beneficial for deferred MoneyMatch members and thus not good news for pensioners in your position." Mr N's Core pension and GMP top up were both in payment and the Trustees had calculated that there were insufficient assets to award increases to final salary pensions in payment.
72. At this point, the Trustees were mistakenly treating Mr N's VIP derived benefits as final salary. This is supported by the FAS Formal Response, which states that initially the Trustees treated all of Mr N's pension, including the element derived from his VIP account, as a defined benefit.
73. It appears the Trustees realised that Mr N's VIP derived benefits were eligible to receive increases in 2011 after the Court of Appeal judgment. The Trustees' letter to Mr N in October 2011 confirmed that "back-payment of such benefits will be paid for any increases missed to date." Capita also identified the error in its letter to the Trustees in December 2011, in which it confirmed that Mr N was eligible to receive increases for his VIP derived pension.
74. The Trustees addressed the increases in March 2016 when Mr N's total pension was split into the element relating to his Core pension and the element derived from his VIP account. Mr N was paid arrears in a lump sum of £2,783.30. This sum represented the fixed 3% annual increases Mr N should have received on his pension derived from his VIP account in the period between the date of scheme wind-up (15 October 2003) and 29 February 2016. Although it seems to have taken from late

³ *Bridge Trustees Limited v Yates* [2008] EWHC 964 (Ch)

⁴ *Mark Houldsworth, John Hunter v Bridge Trustees Limited, John Yates v Secretary of State for Work and Pensions* [2010] EWCA Civ 179

⁵ *Houldsworth and another (Respondents) v Bridge Trustees Limited and another (Respondents) and Secretary of State for Work and Pensions (Appellant)* [2011] UKSC 42

2011 until March 2016 to apply the increases, this appears to have been due to the complexity of the exercise carried out by the Trustees and Capita.

75. At the same time Mr N was given a one-off uplift to his pension derived from his VIP account in exchange for future increases, and Capita then secured the VIP portion of his pension with Prudential, which is now being paid as a level annuity of £1,236.11 per annum. Mr N is concerned that the level annuity he is receiving is too low and has submitted that if Capita is unable to provide him with a schedule of contributions, then it cannot know that the sum it transferred over to Prudential is correct.
76. In respect of the point at which his benefits were passed over to Prudential, Capita has explained that it would not have transferred a capital sum to Prudential; rather, its actuaries calculated the amount of DC pension due based on Mr N's remaining VIP contributions (£1,236 a year) and paid Prudential the capital cost of buying that pension. In my view, this is not unusual. Nor is it maladministration.
77. Mr N has argued that the Trustees' letter of 9 October 2015 says that those members whose pensions are derived wholly or mainly from AVC or Money Purchase benefits will be entitled to increases and that he should therefore be receiving an increasing, rather than level, annuity.
78. Mr N is incorrect to say he should now be receiving an increasing annuity. He has received increases in respect of his money purchase benefits but those increases were paid as a lump sum in respect of accrued increases up to February 2016, and as a level annuity in relation to payments after that date following the one-off uplift to his VIP benefits.
79. I acknowledge Mr N's frustration that he appears not to have been consulted on receiving a level or increasing annuity at the time or given the opportunity to seek and obtain advice about his options. However, the decision whether to buy a level or an increasing annuity is for the Trustees to make, after obtaining actuarial advice. It costs less to buy a level pension than it does to buy a pension that increases each year, and Capita has submitted that the Scheme Actuary believed that securing an increasing pension was not good value for money with the limited funds held. If the same amount of money were used to buy a level annuity or an increasing annuity, the level annuity would start off providing a higher level of pension. The difference between the two would reduce over time as the level annuity would continue to provide the same pension while the amount provided by the increasing annuity would grow each year (for example, by the rate of inflation). Whether Mr N would be better off with a level annuity or an increasing annuity would depend on how many years the pension is paid, which is not known when the annuity is bought. I do not criticise the Trustees for following the advice of a professional actuary in this regard.
80. In establishing whether Mr N is receiving the correct level of benefits, it is necessary for me to briefly consider the position regarding AVCs. There appears to have been a great deal of confusion between the parties about the description of AVC contributions. As I have said previously, DC and AVC have often been used

interchangeably when describing Mr N's benefits and this has given rise to Capita's impression that there were only two elements to Mr N's pension, DC and final salary.

Mr N has submitted that there were three elements to his benefits, DC, final salary and AVC. I agree that Mr N's understanding is correct. His payslips before 1992 show that he made contributions to Core (final salary), VIP (money purchase) and VIP Match (AVC).

81. However, I do not agree that the confused terminology means that Mr N has missed out on part of his benefits. In his early benefit statements, VIP and VIP Match are not referred to separately and contributions appear to have been applied to the same investments, which resulted in a single DC fund of £23,208.77. On the balance of probabilities Mr N's VIP and VIP Match fund were treated collectively as the same pot, which is supported by the handwritten note appended to the July 1995 letter which refers to "balance of AVC cash available for lump sum" next to the figure of £16,803.19, the amount of cash lump sum available for Mr N to take on early retirement. The 1993 and 1994 Statements of Benefits also do not distinguish between DC and AVC.
82. The distinction between DC and AVC was not material at most times. However, there is one element of the Court of Appeal judgment I will briefly address for completeness. The Court of Appeal found that MoneyMatch Plus and VIP Match contributions were not money purchase benefits but AVCs. The significance of this finding was that AVCs, unlike money purchase benefits, do fall within the section 73 priority order, albeit near the top of the priority order. It is possible that in certain cases a member's AVC benefits might have been treated differently from their DC benefits as a result of the Scheme winding up.
83. It is not necessary for me to make a finding of fact about the status of Mr N's AVC benefits as his entire DC pot was, in my view, either paid out as a lump sum or used to fund the shortfall in his GMP. This means that, if AVC benefits were used to fund the shortfall, based on my finding that the increases were belatedly applied by the Trustees as if they were money purchase benefits, Mr N would not have suffered any loss from his AVCs being used in this manner. It might in fact have been to his modest advantage given the Court of Appeal's finding on AVCs ranking below money purchase benefits.
84. In any event, Capita says that Mr N has provided evidence that he had paid several different forms of DC and AVC contributions; and, while the Scheme was complicated, it assumes they were all included in the retirement calculation. Based on the evidence I have seen of the Trustee's actions following the Court of Appeal judgment, it was reasonable for Capita to rely on the benefit figures from the Trustees.
85. Mr N has raised a number of detailed queries and is concerned that discrepancies he believes he has identified and doubts he has about the information provided by Capita point to an underlying issue with the calculation of his benefits. Ideally, Capita should have been able to provide evidence of all final salary, DC and AVC

contributions made to the Scheme, but as it was not the administrator at the time I cannot criticise it for not being in a position to do so. I sympathise with Mr N's position, but in the absence of clear evidence to the contrary, I must make a decision based on the limited available evidence.

86. The situation is clearly unsatisfactory. However, I consider that the original administrator's records and Mr N's recollection of contributions made to, and benefits accrued under, the Scheme are likely to have been better in 1995 than in 2016 or later. I think that Mr N would likely have raised concerns at the time had there been evidence that a significant part of his overall Scheme benefits (whether DC or AVC) had been omitted. There is insufficient evidence for me to find that Capita has omitted or incorrectly recorded part of his DC entitlement under the Scheme.
87. I do not uphold the main part of Mr N's complaint.
88. However, taking all the available evidence into consideration, I consider that Capita's correspondence with Mr N about the classification of his benefits fell below the standards of good administration. It is clear he has been confused and unhappy about his total Scheme benefits for some time and has been asking for Capita's help with this but has not received responses in a timely manner.
89. In his response in July 2018, Mr N said: "Even after writing to Capita's Internal Complaint Procedure on [TPO's] advice [there was] no reply. Emails were also sent to Customer Services on [sic] June 2018, and even a request under the Freedom of Information Act but once again nothing".
90. During our investigation, Capita has provided various comments and documents in relation to Mr N's Scheme benefits, which have been sent to Mr N for comment. However, these documents were not provided to Mr N until he referred his complaint to TPO; in other words, Capita provided no evidence in support of its position that it had not mis-recorded his benefits until TPO became involved. Even if Capita did not think Mr N's complaint against it had any merit, it ought to have responded to his concerns, in particular any concerns raised under its formal procedures. Capita also ought to have informed him of his right to refer his complaint to TPO. Had it done so, Mr N's concerns could potentially have been allayed, and his complaint resolved, much sooner.
91. I acknowledge that Capita did eventually respond to Mr N's GDPR/SAR, but even this response only came about after some chasing by Mr N.

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Directions

92. I direct that Capita shall, within 28 days of the date of this Determination, pay Mr N £500 to recognise the distress and inconvenience its delays have caused him.

Anthony Arter

Pensions Ombudsman
29 July 2022

Appendix 1

Benefit structure under Scheme, as outlined in the FAS response to Mr N's previous complaint (PPFO-19038) dated 29 December 2017:

'Core' benefits. These were conventional defined benefit pension benefits.

'VIP' benefits. This benefit was introduced in 1983. A member could elect to pay VIP contributions for so long as they continued to accrue Core benefits. If a member elected to pay VIP contributions, the employer would pay matching contributions. A member could also elect to pay VIP supplementary contributions, but these were not matched by the employer. The member's VIP account was invested in funds managed by the Yorkshire Building Society or Standard Life. The balance of the member's VIP account on retirement was applied to provide benefits. It was common for the Trustees to apply the member's VIP account to secure a pension provided from the Scheme.

'MoneyMatch' benefits. This benefit was introduced in 1992. A member could elect to stop accruing Core and VIP benefits and accrue MoneyMatch benefits for future service. A member could also elect to convert his accrued Core benefits into MoneyMatch benefits. The member's and employer's MoneyMatch contributions were credited to a Guaranteed Interest Fund ('GIF'), which was a notional investment fund forming part of the general fund of the Scheme. The GIF provided a guaranteed rate of investment return. The balance of the member's MoneyMatch interest on retirement was applied to provide benefits.

Appendix 2

Mr N's detailed comments following Capita's responses to his GDPR/SAR.

- a. There are no documents containing details of AVC's/VIP or MoneyMatch contributions. Nor was there any indication of the separate monies utilised to calculate the Prudential Annuity.
- b. Capita confirms it is unable to locate any payments for Prudential, which is hard to understand as Capita dealt with Prudential to arrange the annuity. Capita enclosed a computer printout and S1 submission for FAS, so it is particularly difficult to understand how calculations for the Defined Benefit Pension was derived.
- c. In 2011 the Actuary mentions that the retirement options were presented in such a way that actually worked to the disadvantage of members. Yet nothing was done about this, no recalculation was completed. Mr N is also unsure when the Calculation Sheet was completed but the 1300 pensions in payment were apparently being calculated in 2015, 12 years after the winding up and 4 years after the Actuary letter of 2011.
- d. After the final judgement was received by the Administrators, who knew the AVCs were put to one side for GMP, they still did not split these to ensure that AVCs were not included with the Defined Benefits. This is another area he feels was not covered fully, as the Administrator had notice and time from 2011 to 2016 to recalculate pensions already in payment.
- e. He has always understood that his MoneyMatch fund was used to cover the shortfall in GMP, as confirmed by the Retirement letter in 1995. This was further confirmed by Eversheds letter of 22 July 2004, which said the documentation supplied confirmed that he used part of his MoneyMatch fund for the shortfall in GMP. Also Higham's letter of 12 September 2007 referred to money set aside from his MoneyMatch fund, and Capita's letter of 17 July 2013 confirmed, "the standard early retirement pension payable from the scheme was not enough to cover your GMP so therefore you were only allowed to retire early after you agreed that £6405.58 of MoneyMatch fund used to cover the shortfall".
- f. He does not understand why Capita says he did not contribute to MoneyMatch and produced two different Option Forms, in support of its case, when Eversheds and others had confirmed he had put MoneyMatch funds aside for GMP.
- g. However his MoneyMatch fund was utilised at Retirement, whether used in conjunction with Defined Benefits, he feels Capita should have taken into account those contributions over the years, prior to retirement, paid by him as one of the 1300 pensioners in payment, when they completed the split of Defined Benefit and Defined Contributions to provide their figures to FAS and Prudential.

- h. He understands the monies for the 1300 pensioners was lodged with Prudential and the split was made by Capita but the figures utilised were never passed to him, even though he has asked for this to be provided on a number of occasions.
- i. Bridge Trustees indicated the split was being undertaken in 2015 and in January 2016 Capita provided final details of pensions to be paid by FAS and Prudential.
- j. He understands MoneyMatch employees had priority over pensions in payment and were dealt with first, leaving less or no monies in the pot. He feels that the pensioners in payment split of contributions was left to rather a late stage to be able to make a full investigation and calculate 1300 pensioners splits, especially if some paperwork was not to hand.
- k. He believes the underwriter said something about needing someone to investigate the original retirement figures further, to check whether pensions with GMP shortfall would have received more overall or not.
- l. "MoneyMatch Contributions" are also referred to as Core Contributions. His payslip dated 21 March 1995 shows deductions under Core/MM and VIP/MM+SP. He believes this could have been one of the reasons for confusion with his MoneyMatch Contributions.
- m. He also believes he may have been a Borden Guarantee Member, as prior to 1992 he topped up AVCs.
- n. MoneyMatch members who are guaranteed members could elect the same pension increases as final pay members, increased annually as per the MoneyMatch rules; 3% per annum was added until 2003. He believes the payment for past increases of just over £2000 contained these 3% increases up to 2016.
- o. FAS informed him, in a letter dated 13 July 2017, that Capita was recalculating the figures which concluded in an increase in pension. He feels the DC should also have been recalculated in line with the rules in the General Plan Details document in relation to MM and AVC priority.
- p. An error had been made regarding the calculation of the DB pension payment and he had never previously been informed of this nor the adjustment to the pension that FAS would pay from 2003, leading to the shock of being informed he had been overpaid, which FAS kindly waived.
- q. Unfortunately, the errors Capita has made put doubts in his mind to the extent that it may have been looking at other employees' calculations, when dealing with his case. If Capita could get the original FAS DB calculations incorrect, there could be every chance it did the same with the DC.

- r. It appears Capita utilised the figures from 1995 rather than carry out a full investigation into DC which may have influenced the final figure sent to Prudential for the Annuity.
- s. He understands mistakes can be made, but feels Capita made far too many, during the whole process of the administration of his pension and that it could have explained fully in its January 2016 figures for DB and DC how these had been achieved in order to provide FAS and Prudential with the correct figures.
- t. He says, because Capita did not undertake the review of the 1300 pensioners in payment until 2015, the paperwork it needed had not been sought prior to 2005 from either KPMG, Highams, Eversheds, or Bridge Trustees, although it managed to find the computer printout for Defined Benefits from 1979.
- u. An email from Bridge Trustees in 2011, said Capita was investigating and had found he had contributed to VIP prior to 1992 and AVCs from 1992. He believed these would have been on the same computer printout along with MoneyMatch Contributions and DB.
- v. A further letter, dated October 2018, to Capita asked it to forward a breakdown, and to give comfort that his pension did fully represent the contributions paid. Once again, this breakdown was never forthcoming.
- w. Capita had to recalculate the funds provided to FAS for the DB pension from documentation. What evidence did it use for the amount of monies to be used for the Pension Annuity?
- x. An email, dated 31 March 2015, from Eversheds says, " it has been discovered that several members had special terms applied when they retired and that the Actuary now has to recalculate the benefits for early retirees". The exercise of recalculating the early retirement pensions already in payment in 2015 would mean this was twelve years after Capita received the paperwork. How did it manage to calculate the correct pension, without the computer printouts for both DC and AVCs?
- y. Documentation on liquidation was, he understands, passed to the Administrators in 2003. Somewhere along the line some of these documents seem to have disappeared.

Appendix 3

Mr N's comments on the Calculation Sheet

- a. There is a percentage of 14.72% shown near a figure of £993.13. The only thing he can think is that Capita used this percentage from documents of the detailed pension in 1995, which was on unheaded paper and unsigned, regarding the shortfall.
- b. He feels something could be missing on the Calculation Sheet, as Capita appears to have used incorrect figures, especially if the £993.13 relates to the return of monies by him.
- c. There is also a section of the Calculation sheet, which says "MP Total pension payments (includes the arrears payments). £8,608.13 minus £2,783.30 = £5,819.83". He assumes from this that £5,819.83 is DC from 2003 to 2016.
- d. Having searched again through his paperwork, he believes he has found a discrepancy which most probably has affected both the FAS payment and the Annuity:-
 - There are two sections shown as "one off payments". In the first column it shows DB £847.02 for 2008 and £1,597.02 for 2016, and in the second column DC £146.20 for 2003 and £1,643.03 for 2008. Capita has added the October 2003 DB £847.02 plus DC £146.20 totalling £993.22, and the February 2016 DB £1507.02 plus DC £1643,03, shown as totalling £3150.04. However, elsewhere it suggests he received one off payments of £993.22 and £2,783.
 - From the P60's for years 2002/2003 and 2003/2004 there is no evidence that this was received and no indication of what it represents. The P60's do not show any additional payment of £993.22.
 - He has located two letters from Capita dated 8 May 2008 and 19 June 2008 and his reply, dated 20 July 2008. Capita said it paid £993.22 less tax of £156.40, totalling £836.82, in error and he should only have received the monthly pension of £367.50 plus arrears of £34.96 for 6 April to 30 April 2008, when he reached State Pension Age at 65, totalling a pension payable of £402.00.
- e. In the letter dated 19 June 2008, Capita said the arrears were £38.96 so it is unclear whether £34.96 or £38.96 is correct but the P60 suggests Capita only paid £34.96 i.e. £4404.48 plus £34.96 totalling £4,439.44 as per the P60.
- f. Capita requested £473.02 be returned, which he did by cheque. He did not receive any details regarding the tax paid of £156.40, only the P60. This return is also confirmed by the P60 annual pension of £4,404.48 which just has the addition of the arrears of £34.96.

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- g. Capita has used the figure of £993.22 in its Calculation Sheet and yet nothing has been said about the return of monies. Mr N is unsure how Capita calculated the £993.22 in the first place nor the reason for doing so? Is this a case of mistaken identity?