

## Ombudsman's Determination

<b>Applicant</b>	Mr T
<b>Scheme</b>	Civil Service Pension Scheme ( <b>CSPS</b> )
<b>Respondent</b>	Her Majesty's Revenue & Customs ( <b>HMRC</b> )

### Complaint Summary

1. Mr T has complained that HMRC made several mistakes calculating his pension benefits, causing him to suffer significant distress and inconvenience.

### Summary of the Ombudsman's Determination and reasons

2. The complaint should be upheld against HMRC because there were several instances of maladministration, and I am satisfied that this caused Mr T to suffer significant distress and inconvenience.

### Detailed Determination

#### Material facts

3. Mr T began working at the General Post Office (**GPO**) on 5 February 1968, and was enrolled into the CSPS. The GPO became a public corporation on 1 October 1969. At this time, Mr T came out of the CSPS and joined the GPO pension scheme.
4. Mr T left the GPO on 7 February 1975, and began working at HM Customs & Excise (now HMRC). At this point, he became a member of the CSPS (1972 section). The benefits he had accumulated in the GPO scheme were transferred into the CSPS. HM Customs & Excise told him he was covered for a half rate Widow's pension.
5. Mr T paid an additional £3,019 of Widow's Pension Scheme contributions into the CSPS from March 1997 up until October 2003 (**the additional WPS contributions**). His objective was to cover any shortfall of contributions in the event that he retired before his Normal Retirement Age (**NRA**) of 60.
6. Mr T went into partial retirement in June 2010 and took full retirement in August 2015, remaining unmarried throughout this period. This meant he was entitled, under the

CSPS rules (1972 section), to a refund of the additional WPS contributions he had made. HMRC applied a “premium deduction” to this refund, which it paid to Mr T as part of his Pension Commencement Lump Sum (**PCLS**) in August 2015.

7. Mr T submitted a complaint to MyCSP and the Cabinet Office (**CO**) in 2016, under both stages of the CSPS Internal Dispute Resolution Procedure (**IDRP**).
8. MyCSP subsequently accepted that Mr T should have received a refund of the additional WPS contributions by way of a salary adjustment, rather than as part of the PCLS. MyCSP therefore instructed HMRC to process the refund this way, subject to Mr T repaying the £1,389.89 refund of the additional WPS contributions which HMRC had previously made as part of the PCLS.
9. Dissatisfied with the formal responses of MyCSP and CO, Mr T referred his complaints against them to this office, together with his complaints against HMRC. His complaints were considered under case reference PO-16282.
10. Following the conclusion of case reference PO-16282, Mr T identified a further error in HMRC’s calculations, there was an erroneous deduction of £517.81 for National Insurance Contributions (**NICs**), resulting in a further £164.03 in recalculated interest. Accordingly, he submitted a further complaint to HMRC, requesting compensation for the distress and inconvenience caused by its maladministration.
11. HMRC emailed its response to Mr T on 22 August 2017, apologising for the mistakes it made in calculating the refund of his additional WPS contributions. HMRC also paid Mr T £50 to cover the costs he incurred in contacting it about its mistakes.

### **Summary of Mr T’s position**

12. HMRC’s maladministration caused him to suffer significant distress and inconvenience and he should be compensated accordingly.

### **Summary of HMRC’s position**

13. Since it does not have a financial redress policy for employees or former employees, it cannot make an award for the distress and inconvenience caused by its maladministration. However, it said it had paid Mr T £50 for the costs incurred by him in contacting it about its mistakes.

### **Conclusions**

14. Having reviewed the submissions, along with those for PO-16282, I have identified a number of instances of maladministration by HMRC. They are as follows:-
  - When the additional WPS contributions were refunded by way of a salary adjustment, it did not pay any interest and, as a result, HMRC underpaid Mr T by £1,338.71, as well as deducting £74.56 too much tax. Mr T had to query this with HMRC several times before it was put right.

- It was necessary for Mr T to email HMRC on 26 May, 12 July, 13 July and 3 August 2016, to get mistakes it made rectified. Furthermore, after the Deputy Pensions Ombudsman's Determination was issued for PO-16282 in August 2017, Mr T identified a further error, in the form of an incorrect deduction of £517.81 for NICs.
15. It is apparent that Mr T has been caused significant distress and inconvenience, in that he had to spend considerable time reviewing the figures in order to document HMRC's repeated errors. Furthermore, it was necessary for him to contact HMRC repeatedly to ensure the errors were put right.
  16. Overall, the service Mr T has received from HMRC falls below the level of service I imagine it wishes to provide staff members.
  17. I can, and do, make awards for non-financial injustice in instances where the distress and/or inconvenience caused by a respondent is significant. In my judgment, Mr T's case merits an award of £500 given the number of compounding administrative errors made by HMRC.

#### **Directions**

18. Within 21 days of the date of this determination, HMRC shall pay Mr T £500 for the significant distress and inconvenience caused by its maladministration.

**Anthony Arter**

Pensions Ombudsman  
10 April 2018