

Ombudsman's Determination

Applicant	Mr G
Scheme	The Denholm Pension Scheme (the Scheme)
Respondents	The Trustees of the Denholm Pension Scheme (the Trustees), JLT Benefit Solutions Limited (JLT)

Outcome

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

Complaint summary

3. Mr G has complained that there was a delay in transferring his benefits, which led to a decrease in the transfer value.

Background information, including submissions from the parties

4. On 2 August 2016, Mr G received a transfer value statement from JLT, the administrators of the Scheme. The statement said the transfer value was £290,417.00 and was valid until 2 November 2016. JLT also sent this to Phil Anderson Financial Services Limited (**PAFS**), Mr G's appointed financial adviser at the time.
5. On 2 September 2016, Mr G appointed Selectapension Limited (**Selectapension**), as his new financial adviser. This was because PAFS was not a transfer specialist adviser.
6. Selectapension contacted JLT on 2 September 2016, and said that Mr G had given authority for them to review his membership in the Scheme. It asked questions about the funding situation and requested an early retirement quotation for Mr G.
7. On 15 September 2016, JLT wrote to Selectapension and said that it required the Trustees' approval for early retirement and said it would make a request. A further

letter was sent to Selectapension on 26 September 2016 which included the requested information about the funding of the Scheme.

8. On 12 October 2016, Mr G also appointed Tideway Investment Partners LLP (**Tideway**) as his financial adviser. A letter of authority was sent to JLT from Tideway on the same day requesting a transfer value. JLT wrote to Tideway on 20 October 2016, and said it had already issued a transfer value which it enclosed a copy of along with supplementary information.
9. On 14 October 2016, Selectapension sent a further email to JLT requesting details of the five-year guarantee period, death benefits in deferment and a copy of the Scheme booklet. This email was not responded to because it post-dated the request from Mr G appointing Tideway. However, JLT said this information was provided with the transfer pack issued on 2 August 2016.
10. On 11 November 2016, Tideway requested another transfer value. On 15 November 2016, JLT said it would be required to pay a fee for further transfer value because the deadline of 2 November 2016, for the original transfer value had passed.
11. Selectapension wrote to JLT on 2 December 2016, and chased the information that was requested on 14 October 2016. JLT responded on 13 December 2016.
12. A further transfer value statement was issued to Mr G on 13 January 2017, which stated that the transfer value was £234,422.03. Mr G accepted the transfer value but said he would be making a formal complaint due to the reduction in value.
13. Mr G complained to the Trustees on 17 February 2017, he said:

“While I would like to know the reduction in the CETV [cash equivalent transfer value], this is not the main issue of complaint at this stage. The complaint is that JLT, for whatever reason, failed to supply the legally required information within a reasonable time frame. The initial request on 1 September 2016 (more than two months before CETV expiry date) was not completed until 19 December 2016 (more than one month after the CETV expiry date). Due to these unacceptable delays I feel that the trustees should honour the first CETV value or should make good the difference if the transfer has been completed at the lower level.”

14. The Trustees responded on 12 April 2017, and said:

“Since your original request for information on 2 August 2016, [the Scheme Trustees] have reviewed and amended the way that transfer values are calculated for the pension scheme. Following this review, an Insufficiency Report was put in place in October 2016, to reflect the [Scheme] underfunding.

The transfer value pack you received in January 2017 should have made you aware of this cut-back, which was an error on JLT’s part. The full transfer

value calculated as at 13 January 2017 was £250,433 and the cut-back amount, reflecting the Insufficiency Report, was £205,363.

Although [the Scheme] sponsoring employer, J & J Denholm Limited has, however, agreed to enhance this amount to £234,422. JLT had admitted that this enhancement should have been more clearly explained in the transfer pack you received in January 2017.

...JLT have accepted that they have not performed as they should have done, and will offer to pay you the sum of £500 in recognition of any distress and inconvenience caused by the error."

15. Mr G remained dissatisfied and brought his complaint to the Pensions Ombudsman to be independently reviewed.
16. On 21 March 2018, the Trustees provided its formal response to this Office and provided the following explanation relating to the transfer:

"... On 2 September 2016, a month after the Transfer Quote had been issued, JLT received a letter from Selectapension informing JLT that Mr [G] had given his authority for them to review his membership in the scheme and requesting further details regarding benefits in the Scheme.

In their aforementioned letter Selectapension referenced the transfer quote that was issued to [PAFS] expressly stating '*I note that the transfer is only guaranteed until 02/11/2016.*' JLT issued a response dated 26 September 2016 which provided the requested details. It should be noted that it was not until 14 October 2016 that there was any contact from Selectapension requesting additional information regarding the 5 year guarantee period, death in deferment benefits and to obtain a copy of the Scheme booklet. In this regard, it should be noted that the 5 year guarantee period and death in deferment benefits has already been provided in the Transfer Quote pack.

We have liaised with JLT, who confirmed that all of the requests made by Selectapension and Tideway were answered within a reasonable timeframe with the exception of one email from Selectapension on 14 October 2016.

The email request from Selectapension was received two days after a similar requested was made by Mr [G] under cover of a letter date 12 October 2016 in which he requested '*please accept this letter as evidence that I give authority for my financial adviser, Tideway...to obtain information relating to my relating to my pension scheme held with you.*'"

Adjudicator's Opinion

17. Mr G's complaint was considered by one of our Adjudicators who concluded that no further action was required by the Trustees or JLT. The Adjudicator's findings are summarised briefly below:-

- The transfer value statement that was issued to Mr G and his adviser, at the time, on 2 August 2016, clearly explained that the value was valid until 2 November 2016. This also provided all the information that Mr G would have required to make the decision to transfer his benefits.
 - From September 2016 to early November 2016, Mr G instructed three different financial advisers who all made numerous information requests and which JLT responded to in a timely manner. There was only one request for information that was missed and this was because shortly before the request was made Mr G instructed a new adviser who requested similar information. The fact that Mr G appointed three different financial advisers, in quick succession, complicated the transfer process. Therefore, it was understandable that JLT overlooked the request made by Selectapension on 16 October 2016. This is because JLT considered the appointment of Tideway superseded Selectapension, which was not unreasonable. JLT could not be held responsible for Mr G missing the deadline of the original transfer value.
 - The new transfer value statement issued in January 2017, incorrectly stated that the transfer value would be £234,422. It should have explained that the value was £250,433 but due to the cut-back reflecting the Insufficiency Report the value Mr G would receive was £205,363. However, JLT agreed to honour the £234,422, and offered Mr G £500 for the distress and inconvenience it had caused, which was reasonable.
18. Mr G did not accept the Adjudicator's Opinion and the complaint was passed to me to consider. Mr G provided his further comments, summarised below, which do not change the outcome. Mr G said:-
- He disputes that all the information he required was issued on 2 August 2016.
 - He does not agree that three separate advisers were appointed. He said that the initial adviser was not a transfer specialist which was why he instructed a new adviser. Then when the new advisers were not able to complete the transfer he instructed Tideway to try and speed up the process. Further, Mr G said he had to contact JLT to try and speed up the process.
 - He does not agree that the transfer value issued in January 2017, was incorrect. It was more that JLT forgot to include the new reductions enforced from the Insufficiency Report.
19. I agree with the Adjudicator's Opinion and I will therefore only respond to the key points made by Mr G for completeness.

Ombudsman's decision

20. Mr G disputes that the transfer pack issued on 2 August 2016, had all the information he required to complete the transfer. This was because his advisers said that they

were unable to provide him with a suitability transfer report based on the information contained within the transfer pack. On 14 October 2016, Selectapension requested the five-year guarantee period, death in deferment benefits and a copy of the Scheme booklet. I am satisfied that Selectapension requested information which had already been included with the transfer pack sent on 2 August 2016. Therefore, JLT had already provided all the necessary information.

21. Mr G initially instructed PAFS to complete the transfer, but it was not a transfer specialist. Therefore, it was unable to complete the transfer on its own. Mr G then instructed Selectapension, a month after the CETV was issued, to assist with the transfer. JLT cannot be held responsible for this delay. When Selectapension was unable to provide Mr G with a suitability report because it said JLT did not provide enough information, Mr G then instructed Tideaway on 12 October 2016, to try and complete the suitability to transfer report. But, JLT had provided all the information that was required so, I do not find JLT responsible for the delay which stemmed from Mr G's adviser saying it needed further information in order to provide a suitability report.
22. Subsequently, each request that was made was responded to by JLT in a timely manner. There was one exception, at the time when Mr G instructed a new adviser. I consider it was reasonable for JLT not to respond on this occasion, because it believed it needed to correspond with the newly appointed adviser.
23. All of Mr G's advisers were aware of the short timeframe they had in which to complete the transfer. With a new adviser appointed on 12 October 2016, I do not believe that it would have been realistic for the transfer to be completed in less than a month.
24. Mr G disputes that the transfer value issued in January 2017 was incorrect. However, I am satisfied that the Trustees had not adjusted the value in view of the Insufficiency Report, so I agree the Trustees did not provide the correct transfer value. The reason that the incorrect value was paid was due to J & J Denholm Limited paying the shortfall so that Mr G still received the quoted figure of £234,422.
25. The transfer value of £234,422 was accepted and the transfer completed. Although, Mr G remains dissatisfied, it is clear that a proper process has been followed by the Trustees. Further, the offer of £500 for distress and inconvenience is not unreasonable in my view and that offer remains open for Mr G to accept. He should contact the Trustees should he wish to accept their offer.
26. Therefore, I do not uphold Mr G's complaint.

Anthony Arter

Pensions Ombudsman
5 June 2018