

Ombudsman's Determination

Applicant	Mr N
Scheme	Royal Insurance Group Pension Scheme (the Scheme)
Respondents	JLT Benefit Solutions (JLT)

Outcome

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

Complaint summary

3. Mr N is complaining about information he received from JLT in 2012, that he subsequently relied upon, in making financial planning decisions for his retirement.

Background information, including submissions from the parties

4. On 28 February 1997, Mr N left employment under a severance agreement. One of the terms of the agreement was that Mr N's pension would be payable, without actuarial reduction, at age 60.
5. The Scheme's Normal Pension Date (**NPD**) for members who cease to be in pensionable service before 1 March 2010 is 62.
6. In November 2012, Mr N requested and received a retirement quote, calculated as at age 60.
7. On 17 December 2012, Mr N requested further information from JLT. Mr N queried late retirement factors and pension increases applicable to pensions paid after a member reached NPD.
8. On 20 December 2012, JLT sent an email to Mr N confirming the rate of pension increases and late retirement factors, correct at that date. However, this email made no reference to the special clause included in Mr N's severance agreement. Mr N asserts that this email had "significantly influenced my financial planning" in making the decision to defer taking his pension until after NPD.

9. Mr N subsequently contacted JLT in March 2015 and chose to retire and take his Scheme benefits. The first pension payment was made at the end of June 2015.
10. On 26 January 2016, JLT wrote to Mr N to tell him an overpayment of £344.89 of pension and £2,276.59 of lump sum had occurred. JLT explained that it had incorrectly applied late retirement factors from when Mr N reached age 60, rather than age 62.
11. On 10 February 2016, Mr N complained to JLT under the Scheme's Internal Dispute Resolution Procedure (**IDRP**).
12. On 11 April 2016, JLT responded to the complaint and admitted that the emailed information, sent in December 2012 "although technically correct, was misleading in your case." JLT offered £250 to reflect the distress and inconvenience it had caused Mr N. Mr N rejected this offer and escalated a complaint to IDRP stage 2.
13. Mr N also challenged the value of the pension calculated by JLT by providing a copy of his original deferred pension statement, issued in 1997.
14. On 27 May 2016, JLT agreed the pension was still incorrect and re-calculated Mr N's entitlement and overpayment accordingly. JLT confirmed that the outstanding total overpayment was £2,276.59 and that it would accept it being recouped from Mr N's pension in instalments.
15. On 30 January 2017, JLT partially upheld Mr N's complaint under stage 2 of the IDRP and revised the award it considered appropriate to £1,000. JLT also reiterated that it has a legal duty to only pay the benefits that Mr N is entitled to.

Adjudicator's Opinion

16. Mr N's complaint was considered by one of our Adjudicators who concluded that no further action was required by JLT. The Adjudicator's findings are summarised below:-
 - JLT agreed that it has caused distress and frustration by miscalculating and overpaying Mr N's pension, so JLT did not dispute that Mr N has been disadvantaged as a result.
 - Mr N asserted that it was reasonable to assume that, as JLT provided no information to the contrary, late retirement factors were payable from 60, rather than 62. JLT acknowledged the information it provided in December 2012 was accurate but misleading in Mr N's case.
 - In the Adjudicator's view, there had been no evidence that it was reasonable for Mr N to assume his NPD was age 60. Mr N provided a copy of his original severance terms and they stated that his pension was "deferred, payable at age 60". The Adjudicator was not persuaded that it could reasonably be relied upon

as evidence of Mr N's NPD being altered. Mr N had ample opportunity in advance of retiring to clarify with JLT whether late retirement factors would be applied from 60, rather than 62 in his case.

- Mr N's Scheme entitlement is dependent upon the rules that govern it. The fact that Mr N was given 'misleading' information by JLT does not itself entitle him to receive the higher, incorrect pension benefits. Mr N's actual entitlement does not alter and his benefits should be those calculated in accordance with the Scheme rules. The Adjudicator was satisfied that a serious level of maladministration had occurred in Mr N's case. There was a lasting effect over a prolonged period, with more than one instance of maladministration that would have proved distressing to Mr N.
- JLT acknowledged this and its revised offer of £1,000 adequately reflects the distress caused to Mr N. Mr N has already stated that he considered this offer inadequate as a full and final settlement, however the Adjudicator did not consider a higher sum to be warranted based on the presented facts.

17. Mr N did not accept the Adjudicator's Opinion and the complaint was passed to me to consider. Mr N provided his further comments which do not change the outcome. I agree with the Adjudicator's Opinion and I will therefore only respond to the key points made by Mr N for completeness.

Ombudsman's decision

18. As part of his comments to the Adjudicator's Opinion, Mr N also provided a copy of the cover letter from his November 2012 estimate. The letter does state that Mr N's NPD is age 60. Mr N considers this a concrete assurance that it was reasonable for him to rely upon.
19. However, this letter was produced in conjunction with the over-stated estimate and is part of the same document. It does not provide further proof in of itself. Furthermore, the letter also contains a further caveat that "your options are based on the information we currently hold and are not guaranteed." JLT calculated this estimate based on incorrect information but it clearly states that the figures are not guaranteed. Therefore, I find that it could not reasonably be relied upon as evidence of Mr N's NPD being age 60.
20. Mr N also argues that the estimate of 1 April 2015 further supports his position as it states that late retirement factors are applied to his Scheme benefits. However, as Mr N was over 62 (the Scheme's NPD) when the estimate was calculated, the letter would have always said the same, even if it had been calculated on the correct basis.
21. Mr N further asserts that the Scheme's Trustee has liability insurance in place to provide cover when mistakes in relation to the provision of Scheme benefits occur and this is "not simply a case of payment within the rules of the Pension scheme." It is

unfortunate that Mr N was not made aware of the correct position by JLT from the outset. However, I do not find that the misinformation Mr N was given should result in his pension entitlement changing and his pension should be paid in accordance with the Scheme rules.

22. JLT has offered Mr N £1,000 to reflect the serious distress and inconvenience its maladministration identified above has caused him. Awards for non-financial injustice are meant to be modest and I find that £1,000 to be an appropriate award taking account of the circumstances of this case. JLT's offer is open to Mr R for to accept, and he should contact JLT directly if he wishes to do so.
23. I do not uphold Mr N's complaint.

Anthony Arter

Pensions Ombudsman
20 November 2018