

Ombudsman's Determination

Applicant	Mr G
Scheme	Standard Life Staff Pension Scheme (the Scheme)
Respondents	The Trustees of the Standard Life Staff Pension Scheme (the Trustee)

Outcome

1. I do not uphold Mr G's complaint and no further action is required by the Trustee.

Complaint summary

2. Mr G's complaint is about the transfer of his benefits out of the Scheme. In particular that:-
 - It took three months for a new cash equivalent transfer value quotation (**CETV**) to be provided following his request to withdraw the original quotation he had received.
 - The Trustee was unwilling to supersede the CETV quotation with an illustrative non-guaranteed transfer value viewed on Mercer's (**the Administrator**) on-line system. Mr G would like to receive the higher non-guaranteed transfer value.
 - After he had disinvested, the Trustee changed its policy regarding CETVs and Scheme members were issued a further CETV quotation in October 2016.

Background information, including submissions from the parties

3. Mr G was a deferred member of the Scheme. On 8 February 2016, Mr G completed and returned a transfer application form.
4. In March 2016, the Trustee implemented a new CETV basis which resulted in the level of transfer values increasing. Following this change the Trustee agreed that all members should be allowed to request a new CETV quotation.
5. The Trustee agreed to Mr G's request for a new CETV quotation.

6. In June 2016, Mr G received a new CETV quotation which amounted to £765,253.05. He completed the transfer application form on 22 June 2016 and returned it to his financial adviser (IFA).
7. On 4 July 2016, Mr G accessed the Administrator's online system and noticed an increase in his transfer value of around £119,000. He emailed the Trustee and the Administrator to ask if he could have a new CETV quotation so he could benefit from the higher CETV viewed online.
8. Mr G telephoned and emailed the Administrator on 5 July 2016. He said that:-
 - He had accessed its online system and noticed that there appeared to be a second change in the CETV calculation basis. This had led to his transfer value increasing by 40% since March 2016.
 - His benefits were still held in the Scheme and he would like to stop the transfer.
 - The transfer documents had confirmed that until all monies had been disinvested the documentation was not irrevocable.
 - He was waiting for a response from the Trustee as to whether it would issue a new CETV quotation and allow him to benefit from the increased transfer value.
9. The Administrator responded on the same day and said that:-
 - There had been no further changes to the actuarial basis of the calculations of CETVs since the one that had been introduced with effect from 1 March 2016.
 - Any increase or decrease in the unguaranteed valuations viewed on its online system were due to the monthly changes in the underlying yields and factors used in the calculation.
 - It had not received completed transfer forms for Mr G's most recent guaranteed CETV quotation and so there was no settlement to place on hold.
 - If it did receive the transfer forms, it would wait for the completion of his discussion with the Trustee and further instructions from him before proceeding.
 - It could not provide a further CETV quotation prior to the expiration of the guarantee period of the current CETV quotation on 18 August 2016.
10. Mr G says that his IFA called him on 14 July 2016 to explain that the Trustee had made a ruling to only allow one CETV quotation to be issued in a 12 month period. Therefore, Mr G was not entitled to a new one.
11. Mr G decided to proceed with the transfer as he had financial commitments. The transfer was completed on 2 August 2016.

12. Mr G complained under the Scheme's Internal Dispute Resolution Procedure (**IDRP**) on the service he had received during the transfer process.

13. In the Trustee's stage one IDRP response, it said that:-

- In line with statutory requirements, its standard policy was to offer members one CETV quotation in any 12 month period. Its policy was stated in the Scheme booklet and on the Administrator's online portal.
- The Trustee might override the policy if a set of circumstances arise and it feels that it is fair and reasonable to offer members an additional opportunity to request an additional CETV quotation rather than wait for the 12 month anniversary of their last request.
- It had changed the CETV basis on 1 March 2016 and exercised its discretion to allow members the opportunity to request a further CETV quotation. Mr G withdrew his first CETV quotation and it had provided Mr G with the new CETV quotation within the statutory deadline.
- When it received Mr G's completed paperwork, it settled his CETV and the related defined contribution funds within the statutory period of six months.
- Transfer values change on a monthly basis due to gilt yields. As it had no control over market driven changes in transfer values, it did not see this as a sufficient reason to grant a further CETV quotation.
- Mr G had said that he was told by the Administrator that the Trustee would be able to provide a second CETV quotation within 12 months. It could only speculate that this was a miscommunication in relation to the decision to allow members the ability to apply for a new CETV quotation from 1 March 2016 regardless of when the previous one was provided.
- It did not uphold Mr G's complaint.

14. Mr G did not agree with the outcome reached and, in his response, he said that:-

- The Trustee should have allowed him to pay for a new CETV quotation as the transfer had not been processed.
- In October 2016, members who had requested an additional CETV quotation between March and September 2016 were able to request a new one. Mr G asked why deferred members were not informed of this.
- The IDRP stage one response had ignored the delays he had identified on his timeline.
- The Administrator had agreed to put the paperwork on hold when the transfer value had significantly increased due to the gilt yields dropping.

- It was unreasonable for the Trustee to only allow one CETV quotation a year as other pension schemes were more flexible.

15. In its IDR stage two response, the Trustee said that:-

- Mr G had benefited from an increased CETV quotation when the Trustee had decided to change the transfer value basis and offer him the opportunity to request a new CETV quotation.
- Its policy was to offer members one CETV quotation in any 12-month period.
- The opportunity to allow members to request an additional CETV quotation in November 2017 was prompted by the employer and agreed to by the Trustee.
- Once it had received the signed transfer application form and settled Mr G's benefits in the Scheme to his new plan in August 2016, Mr G was no longer a member of the Scheme.
- It had provided Mr G's new CETV quotation within the statutory guidelines.
- Upon receipt of the completed transfer paperwork, it had settled his CETV within the statutory period of six months.

16. Mr G provided us with a copy of an online transfer value statement (**online statement**) he had accessed using the Administrator's online system. At the top of the online statement it said:

"This statement is based on the information currently held by the administrator of the Scheme and is produced for information only. It is not proof of entitlement and confers no right to benefits. All benefits must be calculated and paid only in accordance with the trust deed and rules of the Scheme and the laws and are therefore subject to review before payment."

The online statement also states that, "If you are a deferred member, you are only entitled to one guaranteed Transfer Value in a 12 month period."

17. The Scheme booklet in relation to transfer payments says:-

"You will usually have the right to a transfer payment and the right to ask the Trustees for a 'statement of entitlement'. (If you have already asked for a statement, you must wait 12 months before making another request.) The Trustees have 3 months to prepare your statement of entitlement and will send it to you within 10 working days of the date that the calculation is made (the 'guarantee date')."

Your statement will show a transfer payment (a 'cash equivalent'), which the Trustees guarantee for 3 months from the guarantee date. ...

If you request the Trustees during the guarantee period to make the transfer, the Trustees will pay your guaranteed cash equivalent within 6 months of receiving your request.”

Adjudicator’s Opinion

18. Mr G’s complaint was considered by one of our Adjudicators who concluded that no further action was required by the Trustee. The Adjudicator’s findings are summarised below:-

- The Scheme booklet explained that the Trustee had three months to prepare the CETV quotation and that it would be sent within 10 working days of the calculation. The Trustee had provided Mr G with the new CETV quotation within the time scale. It could not be held responsible for any delays caused by the time taken for Mr G’s IFA to share the CETV with Mr G.
- The Scheme booklet and the online statements accessed by Mr G state that he is only entitled to one guaranteed CETV quotation a year. While this was not made clear when Mr G contacted the Administrator, Mr G was informed before his previous CETV expired that he was only allowed one guaranteed CETV a year.
- As Mr G had accepted the CETV quotation provided in June 2016, he was not entitled to receive the higher transfer value he had seen online in July 2016.
- Mr G had transferred out of the Scheme and he was not entitled to any further benefits from it.
- The Trustee had acted in accordance with the Scheme Rules and there was no evidence of maladministration.

19. Mr G did not accept the Adjudicator’s Opinion and the complaint was passed to me to consider. Mr G has 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 points made by Mr G for completeness. Mr G said that:-

- The IFA and the Trustee had not taken responsibility for certain parts of the complaint. They had both blamed each other.
- The communication between the Trustee and the Administrator was unacceptable. The Trustee did not communicate the Scheme Rules to the Administrator.
- The Administrator’s response to his request for an additional CETV was misleading.
- The Trustee decided a few weeks after he had transferred out of the Scheme to allow members the opportunity to request an additional CETV quotation.

Ombudsman's decision

20. I cannot comment on the actions of Mr G's IFA, as he is not a party to the complaint.
21. Mr G contacted the Administrator on 5 July 2016, having viewed a higher CETV online, to ascertain whether he was entitled to a new CETV quotation. The Administrator's response did not make it clear that Mr G was only entitled to one guaranteed CETV quotation a year. However, this is made clear on the online statement and in the Scheme booklet. Therefore, it is reasonable for Mr G to have been aware that another CETV quotation would not be issued within the same 12 month period. Prior to the expiration of the CETV quotation, issued in June 2016, Mr G was informed that he was not entitled to a further CETV and he transferred out of the Scheme. Mr G has not incurred any financial loss as he received the benefit to which he was entitled..
22. Mr G remains unhappy that following his transfer out of the Scheme, the Trustee allowed a further CETV quotation to be issued to other members within the 12 month time period. As Mr G was no longer a Scheme member, he was not entitled to any further benefits from it so was not affected by this change.
23. I do not uphold Mr G's complaint.

Anthony Arter

Pensions Ombudsman
15 January 2020