

## Ombudsman's Determination

Applicant	Mr E
Scheme	Aviva Personal Pension Plan ( <b>the Plan</b> )
Respondent	Aviva Life & Pensions UK Limited ( <b>Aviva</b> )

## Outcome

1. Mr E's complaint against Aviva is partly upheld. To put matters right, Aviva shall pay Mr E £1,000 in respect of the serious distress and inconvenience he has suffered.

## Complaint summary

2. Mr E has complained that Aviva's manual processing of the Plan has resulted in several errors. He would like Aviva to reinstate automated processing of the Plan, and an award to recognise the distress and inconvenience he has suffered as a result of Aviva's errors.

## Background information, including submissions from the parties

3. The sequence of events is not in dispute, so I have only set out the salient points. I acknowledge there were other exchanges of information between all the parties.
4. Mr E established the Plan with Aviva in December 2001.
5. In August 2011, Mr E asked Aviva to accept a transfer of benefits into the Plan that he held in an occupational pension scheme.
6. On 4 August 2011, Aviva incorrectly removed the Plan from its automated pensions administration system while processing Mr E's request. As a result of this error, Aviva had to manually administer the Plan going forward. For a period of time, Mr E's funds were held in a suspense account.
7. Aviva notified Mr E of its error. Following this, there were a number of exchanges in relation to reinstating the Plan onto Aviva's automated pensions administration system. A summary of the main correspondence can be found at Appendix 1.
8. On 15 May 2015, Mr E telephoned Aviva with a complaint about the following:
  - he could not get his Plan details online;

- he could not get a valuation if he telephoned Aviva;
  - the annual statements and letters he received were incorrect;
  - he was not happy with the amount of time he had spent trying to rectify the problems with the Plan; and
  - he wanted Aviva's chief executive to view his file.
9. On 1 July 2015, Aviva issued a response to the complaint on behalf of its Chief Operating Officer (**COO**). It said, in summary:-
- It was disappointed that this was not the first time Mr E had raised the same concerns. Despite previous assurances, the issues with the Plan were ongoing and incorrect information had been issued yet again.
  - Aviva was currently administering the Plan manually, but this should not affect the accuracy of the information being sent to Mr E. It had asked its IT team to reinstate the Plan onto its automated system as a priority. The COO assured it would be fully automated within approximately eight weeks. It would contact him once the Plan had been added to its system correctly.
  - It could not estimate when the Plan would be available to online access, as it needed to consider if the Plan could be administered correctly first. It was working as quickly as possible to get this done.
  - Mr E could transfer his pension benefits from the Plan to a more modern product. This would allow him to keep his policy number and view his pension online. As this would have to be done as a full pension transfer, it strongly recommended seeking financial advice.
  - The level of service Mr E had experienced was not acceptable, so it offered £200 as an ex-gratia payment.
10. On 30 July 2015, Aviva issued an incorrect annual statement to Mr E. The following day, Aviva wrote to Mr E to apologise for the incorrect statement. It asked Mr E to disregard the statement when it arrived as it did not include the correct information concerning the funds in which he was invested.
11. On 1 April 2016, Aviva issued a personal illustration to Mr E.
12. On 6 April 2016, Mr E telephoned Aviva as the fund split was incorrect in the illustration. On the same day, Aviva issued a revised personal illustration showing the possible benefits in the Plan.
13. The evidence indicates that Aviva telephoned Mr E on that date to apologise for the incorrect illustration and that it explained that this was due to human error. Aviva's notes from the telephone call were:

“[Mr E] was very happy at the speed of our response and action. He thanked me for calling him and stated that some things can’t be helped.”

14. On 13 February 2017, Mr E telephoned Aviva as he was looking to pay a single premium of £15,000 net into the Plan. He asked for a telephone call back as he said Aviva had told him in the past that he could not make a BACS payment to Aviva. So, if this was the case, he wanted Aviva to amend the direct debit instruction as it had done in the past.
15. On 28 February 2017, Aviva wrote to Mr E to confirm how he could make additional payments.
16. On 14 March 2017, Aviva wrote to Mr E to confirm details of the account he could send additional payments to.
17. On 31 March 2017, Mr E wrote to Aviva to confirm that he had made the payment via bank transfer to Aviva’s account.
18. On 18 May 2017, Aviva wrote to Mr E. Its letter contained an incorrect fund split for Mr E’s new investment. Mr E contacted Aviva about this at a later date.
19. On 4 July 2017, Aviva responded to Mr E and apologised that the fund split for the new investment was incorrect. It confirmed how the one off monthly premium increase had been invested. It also confirmed that he was invested in the Aviva ‘With-profits 2’ Fund.
20. On 31 July 2017, Mr E telephoned Aviva as he was not happy that the Plan needed to be manually administered.
21. On 26 February 2018, Mr E telephoned Aviva again for an update regarding the reinstatement of the Plan to Aviva’s automated system. He also requested that Aviva included information demonstrating the units cancelled as a result of charges to be included in his annual statements.
22. At some point in March 2018, Mr E made a single additional contribution of £12,500 to the Plan. Aviva confirmed receipt of this on 13 March 2018. It said it would add the contribution to one of his regular premiums and treat it as a one off monthly premium increase.
23. On 14 March 2018, Aviva wrote to Mr E, after he raised an enquiry about the charges detailed on his annual statement. Aviva enclosed a copy of the information sheet, which outlined the charges. It said that the annual management charge for the Plan was 1%.
24. On 29 March 2018, Mr E telephoned Aviva to make an additional contribution of £1,500 into the Plan.
25. On 31 March 2018, Mr E complained to Aviva. He argued that the Plan had not been returned to automated processing despite assurances received from Aviva’s COO in 2015. He said, in summary:-

- The administration of the Plan continued to be “mediocre”. For example, his recent annual statements made no reference of the units cancelled to cover the annual management charge. When he queried this, he was told that the annual management charge was 1%, which was incorrect as the Plan benefitted from a large fund rebate.
- His annual statement was not compliant with The Stakeholder Schemes Regulations 2000, as it did not set out the basic information required by Regulation 18.
- The annual statement did not comply with modern standards of simpler and clearer communication. He wanted Aviva to initiate a review of how its annual statements were administered. Going forward information such as the amount paid in during the year, and the units cancelled for the annual management charge as a percentage of the fund value, would then be clearly accessible to customers.
- The annual management charge had not been discounted to include the required “large fund rebate”.
- He believed there was a lack of transparency around how Aviva was recovering the annual management charge.

26. On 23 April 2018, Aviva issued its response to Mr E’s complaint. It said:-

- The Plan is a personal pension plan as opposed to a stakeholder pension. So, the annual statement would not automatically include details of the units cancelled due to the annual management charge.
- Information about the annual management charge was available on request. It had arranged to send Mr E a breakdown of units cancelled to fund the annual management charge.
- It had listened to the telephone call that took place on 26 February 2018. Although Mr E had expressed dissatisfaction that the annual statement did not include this information, he did not request a detailed breakdown at that point. Consequently, Aviva only sent a breakdown, in its letter dated 14 March 2018, after Mr E had later specifically requested a breakdown.
- The letter dated 14 March 2018, referred to the annual management charge being 1%. A supplementary information sheet had been enclosed that explained that the large fund rebate applied based on the size of Mr E’s fund.

27. On 27 April 2018, Aviva wrote to Mr E to say that it had only received an amount of £1,500 on 1 April 2018, rather than £15,000. It asked Mr E to confirm which was the correct amount so that it could proceed with applying the increase.

28. Mr E emailed on the same date to say that he had made an additional payment of £1,500 on 29 March 2018 and had previously paid £12,500 into the Plan. He then

said, “the vagaries of your manual processing – clearly things are falling between the cracks! Please confirm that these payments are aligned to my account.”

29. On 1 May 2018, Aviva responded to a query Mr E had raised about the large fund rebate. It provided a breakdown of the charges on the Plan from 1 July 2016 and details of the large fund rebates.
30. On 13 May 2018, Mr E referred his complaint to The Pensions Ombudsman’s Office. (**TPO’s Office**).
31. On 26 October 2018, Aviva issued Mr E’s annual statement for the former protected rights element of the Plan. It does not appear that Mr E received this.
32. On 30 October 2018, Aviva issued Mr E’s annual statement for the non-protected rights element of the Plan.
33. On 17 November 2018, Mr E wrote to Aviva. He said that the annual statement was erroneous as it made no reference to the former protected rights element of the Plan. He also said that he wanted the error logged and investigated as a complaint.
34. On 12 December 2018, Aviva wrote to Mr E to say that separate statements were issued for each part of the Plan. It had issued one statement on 26 October 2018 and the other on 30 October 2018. It said that the statements ought to be read together to get a full picture of the Plan. If Mr E had not received the information he required, he should let Aviva know so it could arrange for a copy to be sent.
35. On 7 March 2019, Mr E again complained to Aviva regarding the reinstatement of the Plan after it had been incorrectly removed from Aviva’s automated system. He said his concerns were:-
  - Aviva could not demonstrate that the funds that he had invested were applied and invested promptly into the correct funds.
  - Aviva could not demonstrate that there was a matching transaction for each contribution recorded and whether they had been invested promptly. Also, whether the investment date was held on his member record.
  - His contributions were being invested in more than one fund. Aviva could not confirm the amounts that he had contributed in a given period were explicitly recorded. He questioned whether the sum of the transaction elements equalled the total amount of the contribution for each period. He also queried whether the allocation for the investment types equalled 100%.
  - The actuarial method used by Aviva remained uncertain and could be incorrect. It may not reflect the correct value of the funds.
  - He wanted these concerns to be added to the issues he listed in his letter dated 31 March 2018.
36. Aviva did not respond to Mr E’s letter and referred it to TPO’s Office.

### **Mr E's position**

37. Aviva has failed to honour its promises to him. He would like the Plan to be reinstated onto Aviva's automated system to avoid the errors that appear to have occurred as a result of manual processing. In addition, he would like an ex-gratia payment to cover the "all consuming and overwhelming distress of having to engage with Aviva's mistakes."
38. He does not believe that the statements made about Aviva's attempts to reinstate the Plan onto its automated system, after the COO's letter dated 1 July 2015, were made with the appropriate delegated authority.
39. Aviva failed to investigate his concerns about the incorrect annual statements he received in 2018. He does not consider that Aviva's response to his complaint about the issue was adequate. It did not apologise or offer to send a further copy of the missing annual statement.
40. During TPO's Office's investigation, Mr E provided additional information on alleged errors he believed Aviva had caused. Namely, that Aviva made a similar processing error with his 2019 and 2020 annual statements.

### **Aviva's position**

41. The Plan was fully automated until 2011. At that point, Aviva incorrectly terminated the Plan, of which it made Mr E aware.
42. When the Plan was reinstated, Aviva experienced problems in automatically banking the premiums on the Plan. So, to make sure that the Plan was in its correct position, it had to manually administer it. This is also the reason why the Plan cannot be fully automated, going forward.
43. It acknowledged that in 2015, it stated that it was hopeful it would be able to move the Plan back to automated administration. Steps were taken by Aviva to try and complete this. Unfortunately, it was not successful, and it apologised for not informing Mr E at the time. As its attempts in 2015 were unsuccessful, it is highly unlikely that any new attempts would result in automated administration. It appears that the Plan will always be manually administered.
44. As the Plan has to be manually administered, Mr E receives his annual statements on separate dates. One annual statement is for the former protected rights element of the Plan, the other is for the non-protected rights element. It had acknowledged that the 2019 annual statement was incorrect, as Aviva had sent a duplicate of the non-protected rights element of the Plan in error. So, it had arranged for the former protected rights annual statement to be issued in January 2020.
45. Mr E has been informed that he can contact Aviva for information about the Plan at any point. He has also been informed that it would be sent to him within 10 working days.

## Adjudicator's Opinion

46. Mr E's complaint was considered by one of our Adjudicators who concluded that further action was required by Aviva. The Adjudicator's findings are summarised below:-

- TPO's Office can only investigate matters that happened up to three years before the complaint is referred to it, or within three years of when the applicant ought to have reasonably known. Consequently, the Adjudicator could not comment on the events that happened before 13 May 2015, as Mr E referred his complaint to TPO's Office on 13 May 2018.
- Taking this into account, the Adjudicator could not investigate the matters outlined in Appendix 1. This included the reconciliation of Mr E's pension benefits from the suspense account and any contributions made during that time.
- It did not appear that Aviva informed Mr E of the outcome of its attempts following its letter dated 1 July 2015, but it had apologised for the oversight. It was as a result of Aviva's acts and/or omissions that the Plan was currently being manually administered. It appeared that Aviva agreed with Mr E, that the manual processing had caused inaccurate information to be issued. So, in the Adjudicator's opinion, Mr E had suffered distress and inconvenience that he would not have experienced had Aviva been able to reinstate the Plan onto its automated system.
- Aviva ought to have updated Mr E in relation to its attempts. As it did not, Mr E would have been under the impression, that the work ought to have been completed by October 2015. Although, Mr E did not mention this until 31 July 2017 and did not complain until 31 March 2018, the Adjudicator did not find this surprising given that Aviva had been attempting to reinstate the Plan since 2011. So, this would have caused Mr E distress and inconvenience between July 2015 and late 2018/early 2019, when he became aware of the outcome of Aviva's attempts at reinstatement.
- It did not appear that Aviva could reinstate the Plan onto its automated system. The Adjudicator did not think it would be helpful to recommend another attempt when previous ones had been unsuccessful. In her view, the problem had reached a point where Mr E would have to accept the manual administration of the Plan or look at alternative options.
- Aviva had dedicated staff to respond to member enquiries and/or complaints, and there was no requirement for a pension provider's COO to personally respond to an individual policy holder. Consequently, Aviva's responses did not need specific delegation from its COO.
- The Adjudicator accepted that had the annual statements contained the information Mr E had listed in his letter dated 31 March 2018, he would likely have found them more useful. However, the annual statements that Aviva had provided

satisfied The Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013. So, there was no error in this respect.

- Mr E received incorrect information from Aviva on: 30 July 2015, 1 April 2016, 18 May 2017, 27 April 2018 and in 2019, which would have caused him inconvenience. Irrespective of who noticed these errors, Aviva was quick to put matters right. Nevertheless, it could have done more in relation to the annual statement issued on 26 October 2018. In the Adjudicator's opinion, it would have helped Mr E, had Aviva reminded him why separate statements were being issued. It should have also provided copies to ensure Mr E had received them.
- Given the frequency of the incorrect information provided to Mr E, it was understandable that he would question the accuracy of the Plan. If Aviva had issued correct information, it was likely that Mr E would have had less reason to contact Aviva. So, in the Adjudicator's view, Mr E had also suffered distress and inconvenience as a result of these errors which, in the Adjudicator's Opinion, merited an award of £500 for the significant distress and inconvenience caused.
- The Adjudicator could not see that Mr E had asked Aviva for information demonstrating when his contributions were invested or the fund splits. There was no requirement for this information to be included in the annual statements. So, unless Aviva had been given an opportunity to provide this information, the Adjudicator could not make a finding on its ability to do so.
- With regard to Mr E's concerns about his investments, he would need to highlight what he thought was wrong and explain why, rather than raise a general concern that they may be incorrect. Mr E could ask for his information from Aviva which should then be sent within 10 working days. At that point, if Mr E considered that Aviva had made an administrative error, he could refer the matter to TPO's Office as a new complaint.

47. Mr E did not accept the Adjudicator's Opinion and the complaint was passed to me to consider. Mr E provided further comments, which are summarised below:-

- There was "insufficient reasoning and lack of compliance with the public law duty of fairness to give reasons". Notably, there is no explanation as to why Aviva should not be requested to have a further attempt at reinstating the Plan. In addition, there was no supporting evidence to underpin the assumption that Aviva could not complete this work, nor any explanation of the technical difficulties linked to this. Aviva has never explained why it could not reinstate the Plan.
- The Plan was based on a legacy Norwich Personal Pension. So, it could not be assumed that it was in his financial interest to give up any right he had accrued, and transfer to some other provision. The terms and conditions of the Plan are highly competitive and TPO's Office cannot assume that this could be easily replicated.



- The Opinion provided no direction to Aviva to ensure that, going forward, appropriate compliance checking is put in place before dispatching correspondence relating to the Plan. He would like the Ombudsman to issue a direction to Aviva to strengthen its future compliance checking.
- The recommended award is insufficient considering the burden of time, distress and inconvenience caused by dealing with this matter. He believes an award in the region of £1,500 to £2,000 would be appropriate.

48. I note the additional points raised by Mr E, but I agree with the Adjudicator's Opinion except in respect of award recommended.

### **Ombudsman's decision**

49. When my Office identifies maladministration, we try to put the applicant back in the position they ought to have been in, had there been no errors. In Mr E's case, Aviva has failed to reinstate the Plan onto its automated systems, despite saying it would. However, this is as a result of unsuccessful attempts, rather than Aviva's acts and/or omissions. It has said that any further attempts would highly likely be unsuccessful too.
50. I acknowledge that Mr E would like Aviva to complete another attempt at reinstating the Plan onto its automated systems. However, Aviva has explained that when it attempts to reinstate the Plan, it experiences problems with the automatic banking of the Plan's premiums. As a result, the Plan has to be manually administered to ensure that it is in the correct position. Aviva has also confirmed that this remains the reason why the Plan cannot be reinstated onto its automated system.
51. Given that it would benefit both Mr E and Aviva if the Plan was fully automated, I have no reason to think that Aviva would avoid reinstating the Plan. Taking this into consideration, I find that there is currently no reasonable prospect of the Plan being fully reinstated onto Aviva's automated system, without it causing further maladministration. So, it would not be proportional for me to direct Aviva to carry out a further attempt when there is no guarantee that this will put Mr E back in the position that he ought to be in. While I sympathise with Mr E, I can see no benefit in directing a further reinstatement attempt.
52. With regard to Mr E's alternatives, I appreciate his concern about a transfer not being necessarily in his financial interests. However, Mr E is under no obligation to transfer out of the Plan. This would only apply if Mr E chose not to accept the manual administration of the Plan going forward. At that point, it would be up to Mr E to seek appropriate advice to establish the financial implications. Otherwise, Mr E can keep his benefits in the Plan, despite the manual administration, as he has done for the past 10 years.
53. I understand Mr E would like Aviva to be directed to strengthen its future compliance checking going forward. However, Aviva is already under an obligation of having

adequate internal controls and it is for it to decide how it satisfies this requirement. So, if Mr E believes that Aviva's internal controls are inadequate, he can contact the Financial Conduct Authority or The Pensions Regulator.

54. Mr E has said that taking into account the time he has spent on this matter, alongside the distress and inconvenience, means that a higher award than £500 is warranted. Mr E has suggested an award of between £1,500 and £2,000. While I acknowledge that this has been frustrating for Mr E, I consider that serious distress and inconvenience has been caused, meaning an award of £1,000 is appropriate.
55. I understand that Mr E has withstood the manual administration of the Plan since 2011, but my Office can only investigate matters since May 2015. Having reviewed Aviva's acts and/or omissions since then, I recognise that the following amounts to maladministration:
- Aviva incorrectly assured Mr E that the Plan would be fully automated in 2015, when it was unable to reinstate the Plan;
  - Aviva omitted to update Mr E after its attempts to reinstate the Plan;
  - the manual administration of the Plan caused five instances where Aviva provided incorrect information to Mr E; and
  - Aviva's response to Mr E's complaint about the 2018 annual statements.
56. Mr E would have benefited from being told at an earlier point that the Plan would have to be manually administered going forward. However, it does not appear that the continuation of the manual administration nor the omission of the reinstatement attempts update have had a significant impact on the functionality of the Plan. I find that these errors had short-term effects that could have been resolved by communication or, were in fact rectified quickly. However, given the number of errors which would have compounded the distress suffered by Mr E, I consider a higher award is justified.
57. I uphold Mr E's complaint in part.

## **Directions**

58. Within 28 days of the date of this Determination, Aviva shall pay £1,000 to Mr E in recognition of the serious distress and inconvenience he has suffered.

**Anthony Arter**

Pensions Ombudsman  
21 October 2021

## Appendix 1

### Summary of the key correspondence between Aviva and Mr E from November 2011 to 13 May 2015

1. On 3 January 2012, Mr E wrote to Aviva in relation to reinstating the Plan.
2. On 30 May 2012, Aviva wrote to Mr E saying it was unable to provide him with an update regarding the fix required for Aviva to update its records for the Plan.
3. On 11 June 2012, Mr E contacted Aviva with a number of follow up questions. He queried whether Aviva could advise what the next steps were in relation to the reinvestment of his funds held in a suspense account as a result of the attempted transfer.
4. On 13 June 2012, Aviva wrote to Mr E saying it was still seeking a resolution to the issues it had encountered with regard to it reinstating the Plan and applying the transfer monies held in suspense. It said it would ensure that Mr E did not experience a financial loss as a result of this.
5. On 8 July 2013, Mr E wrote to Aviva as he was concerned with the way the Plan was being administered. He believed that because it was being manually processed, errors were occurring.
6. On 15 July 2013, Aviva wrote to Mr E. It said, in summary:-
  - Its records reflected the fund switch instruction from him with effect from 7 February 2013. It apologised that this information was not reflected in the recent letter sent to him.
  - The Plan required calculations to be made by Aviva's Actuarial Department to ensure that the values provided were correct. There was a miscommunication between its servicing department and its actuaries.
  - It had asked its servicing team to review the Plan thoroughly and provide him with the correct details as soon as possible.
  - It could not confirm a definite timescale for when the Plan would be fully rectified to allow values to be provided over the telephone. However, as a result of the ongoing issues experienced, it had escalated the rectification process with its technical department.
7. On 17 March 2014, Mr E complained to Aviva and raised a number of concerns. One of which was Mr E's belief that Aviva continuously failed to administer the Plan in a professional manner and had compounded administration errors made in 2012. Namely, the Plan was being manually processed, there was no implementation of online processing, there were no online fund switching or valuations and it failed to provide information about the Plan on telephone calls.
8. On 9 May 2014, Aviva responded with the following:-

- It apologised for the incorrect information provided in the statement dated 24 January 2014. It said that as the Plan required manual intervention by the Actuarial Department, it was currently unable to confirm values to Mr E without them being verified.
  - It also apologised for the delay in the 2013 annual statement being issued. It said that this was due to a system issue that it was working on. While it did not have a timescale for this, it said it would not affect the Plan.
9. On 27 June 2014, Mr E complained to Aviva again. He said, in summary:-
- Aviva had not taken the correct remedial action required to reinstate the Plan after it had incorrectly removed it from its automated system. He was concerned that Aviva's responses did not provide a clear "road map" on how it proposed to resolve the situation.
  - Aviva had not provided a substantive explanation for the continued requirement of manually processing the Plan.
  - As the Plan had not been restored to automated processing, it had given rise to continued errors in his documentation.
10. On 30 July 2014, Aviva issued an annual statement for Mr E's former protected rights funds.
11. On 6 August 2014, Mr E contacted Aviva as the statement did not reflect the fund switch and investment funds set out in Aviva's letter dated 1 March 2013.
12. On 8 August 2014, Aviva issued a further unit statement.
13. On 11 September 2014, Aviva wrote to Mr E to say that it had recently issued an incorrect statement. This was because it had not taken into account all fund switches for the Plan. It said that an updated statement in relation to Mr E's non-protected rights benefits was being produced separately and would be issued as soon as possible.
14. On 22 September 2014, Aviva issued an annual statement for Mr E's former protected rights.
15. On 24 September 2014, Aviva responded to Mr E's complaint dated 27 June 2014. It said that regrettably, the Plan was still being manually administered as its system issue had not been resolved. As a result, the Plan had to continue to be manually administered. It confirmed that each time information was provided to Mr E, the actuaries department were consulted to ensure that the values were correct. However, it was unable to provide a completion date for this fix to be completed.

## Appendix 2

### Extracts of The Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013 SI 2013/2734

#### Part 5 – Funding Statements, Benefits Statements and Illustrations

##### “17 Statements of benefits: money purchase benefits

- (1) Information relating to a member’s money purchase benefits must be given in accordance with this regulation to a member who –
  - (a) has right to money purchase benefits, and
  - (b) is not an excluded person.
- (2) The information listed in Part 1 of Schedule 6 must be given.
- (3) The information listed in paragraphs 6 to 8 of Schedule 6 must be given except where paragraph (6) applies.
- (4) Where paragraph (6) applies, the information listed in paragraphs 6 to 8 of Schedule 6 may be given.
- (5) Where the information listed in paragraphs 6 to 8 of Schedule 6 is given under paragraph (3) or (4), the information listed in—
  - (a) Paragraphs 9 to 14 of that Schedule must be given with that information, and
  - (b) Part 3 of that Schedule must be given.
- (6) This paragraph applies where—
  - (a) the member is in receipt of benefits under the scheme,
  - (b) the date referred to in paragraph 4 of Schedule 6 is not more than two years before the member’s retirement date for the purpose of Part 2 of Schedule 6,
  - (c) in relation to the member—
    - (i) the value, determined in accordance with the relevant guidance, of the member’s accrued rights to money purchase benefits under the scheme was less than £5,000 on the last illustration date in respect of which the information listed in Part 2 of Schedule 6 was last given,
    - (ii) since that previous illustration date, no contributions (including transfers of pension rights and pension credits) have been made to the scheme by, or on behalf of, the

- member in respect of the member's money purchase benefits, and
- (iii) the trustees or managers of the scheme have previously given notice to the member that the information listed in Part 2 of Schedule 6 will not be given to the member again unless further contributions referred to in paragraph (ii) have been made,
- (d) in relation to the member—
- (i) on the first illustration date after 5<sup>th</sup> April 2003, the value, determined in accordance with the relevant guidance, of the member's accrued rights to money purchase benefits under the scheme was less than £5,000,
  - (ii) no contributions, including transfers of pension rights and pension credits, have been made to the scheme by, or on behalf of, the member after 5<sup>th</sup> April 2003 in respect of the member's money purchase benefits, and
  - (iii) the trustees or managers of the scheme think that no further such contributions are likely to be made after that illustration date, or
- (e) the member's benefit is calculated by reference to the greater of a money purchase formula and a defined benefit formula and the trustees or managers of the scheme think the benefit calculated using the money purchase formula is unlikely to affect the pension payable.
- (7) The information to be given under paragraphs (2) to (5) must be given within 12 months of—
- (a) In the case of an occupational pension scheme, the end of each scheme year, except where paragraph (9) applies, and
  - (b) in the case of a personal pension scheme—
    - (i) the date—
      - (aa) the person became a member of the scheme, or
      - (ab) contributions were first credited to the scheme in respect of the person, and
    - (ii) each subsequent anniversary of that date.
- (8) Where paragraph (9) applies, the information mentioned in paragraphs (2) to (5) may be given.

- (9) This paragraph applies where—
- (a) the scheme year is the first to end on or after the date the person became a member of the scheme, and
  - (b) the end of that scheme year falls at a time when—
    - (i) no contributions have been credited to the scheme in respect of the person, or
    - (ii) the person has the right to opt out of the scheme under section 8 of the Pensions Act 2008 (jobholder’s right to opt out).
- (10) For the purposes of paragraph (6), a part of an occupational pension scheme that provides additional money purchase benefits where the member pays voluntary contributions to that part is to be treated as a separate scheme from any other part of that scheme.”

## Schedule 6 – Statements of Benefits: Money Purchase Benefits and Cash Balance Benefits

### Part 1 – Information for all money purchase members

“1 The amount of contributions (before any deductions are made) credited to the member under the scheme during—

- (a) in the case of an occupational pension scheme—
  - (i) the immediately preceding scheme year, and
  - (ii) the scheme year mentioned in regulation 17(9)(a) if—
    - (aa) contributions have been credited during that year, and
    - (ab) the information relating to that year has not been given, and
- (b) in the case of a personal pension scheme, the 12 months immediately preceding a date specified by the managers of the scheme.

**6 (1)** For money purchase benefits, an illustration of the amount of the pension—

- (a) that is calculated in accordance with paragraphs 7 and 8,
- (b) an entitlement to which would be likely to accrue to the member, or be capable of being secured by the member, at the member’s retirement date, and

- (c) in respect of rights to money purchase benefits that may arise under the scheme.

**6A** For cash balance benefits, an illustration of the amount of the pension calculated—

- (a) in accordance with paragraph 7(1)(a)(ii) and (2);
- (b) in accordance with the rules of the scheme; and
- (c) where appropriate, in a manner consistent with the relevant guidance,

that is likely to be secured by the member at the member's normal pension age in respect of the member's rights to cash balance benefits that have arisen or may arise under the scheme.

**7 (1)** The amount referred to in paragraph 6 must be calculated—

- (a) by reference to—
  - (i) the relevant guidance, and
  - (ii) the assumptions listed in paragraph 8,
- (b) having regard to the value of the member's accrued rights to money purchase benefits under the scheme on the illustration date.

(2) For the purposes of paragraph 6, the calculation of the amount of the pension may take account of a lump sum.

**8 (1)** The assumptions are—

- (a) where the calculation relates to the rights of a non-contributing member, that no contributions will be made to the scheme by the member, or on the member's behalf, after the illustration date, or
- (b) in any other case, that until the member's retirement date—
  - (i) contributions to the scheme will be made by the member or on the member's behalf, and
  - (ii) the scheme will maintain its tax registration under section 153 of the Finance Act 2004.

(2) In this paragraph "non-contributing member" means a member in respect of whom no further contributions to the scheme are due or expected after the illustration date."