

Ombudsman's Determination

Applicant	Mr S
Scheme	CSC Computer Sciences Ltd Pension Scheme (the Scheme)
Respondent	CSC Pension Trustees Ltd (the Trustee)

Outcome

1. Mr S' complaint is partly upheld. On the recommendation of one of our Adjudicators, the Trustee has paid Mr S a suitable award for the non-financial injustice caused, and so I make no further directions.

Complaint summary

2. Mr S has complained that the Trustee changed the Scheme benefits calculation method after he agreed to take voluntary redundancy (**VR**).

Background information, including submissions from the parties

3. In March 2017, Mr S was sent a benefits statement by the Scheme administrator, Mercer. Mr S had requested this as his former employer, CSC, had told him he was eligible for VR. As Mr S was over the age of 55, he was entitled to take unreduced benefits from the Scheme through the VR process.
4. Mr S said that the benefit statement showed that he would receive a pension of around £2,574 gross per month.
5. In August 2017, Mr S received a VR offer from CSC, with a seven day deadline to accept. Mr S said that he called Mercer to request an updated benefits statement, but was told that members could only receive one statement in any 12 month period.
6. Mr S said that, during this call, he asked Mercer if anything could impact the figures he had been given in March 2017. Mr S recalls that Mercer told him he should receive the same amount, and potentially more as he had paid further Scheme contributions since that time. Mr S said that he decided to accept the VR offer based on the information given by Mercer.
7. Mr S' employment ended on 31 August 2017.

8. In November 2017, Mr S received finalised retirement benefits figures and noted that the pension figure had reduced to £2,488 gross per month.
9. The Trustee said that this was because it had made changes to the benefits calculations, with effect from 1 July 2017.
10. In December 2017, Mr S raised a formal complaint about the misleading information he had been given prior to making his redundancy decision. Despite repeated requests made by Mr S for a formal response to his complaint, the Trustee did not issue one. In May 2018, the Trustee acknowledged that it had not been able to provide a response within its quoted timeframe.

Adjudicator's Opinion

11. Mr S' complaint was considered by one of our Adjudicators who concluded that the Trustee should pay £2,000 to Mr S in recognition the severe distress and inconvenience caused by its actions. The Adjudicator's findings are summarised below:-
 - The Trustee was permitted to make changes to calculation methods under the rules of the Scheme.
 - Mr S has not suffered a financial loss as he is in receipt of the benefits to which he is entitled, under the rules in place when he took benefits from the Scheme.
 - The Trustee could reasonably have managed Mr S' expectations by updating potentially affected members about the changes to benefit calculations.
 - The loss of expectation, compounded by the poor handling of his subsequent complaint, caused Mr S severe distress and inconvenience.
12. The Trustee accepted the Adjudicator's findings and paid the recommended £2,000 award to Mr S. Mr S confirmed that he received this amount, but does not accept the Adjudicator's Opinion, so the complaint was passed to me to consider.
13. Mr S provided his further comments which do not change the outcome. I agree with the Adjudicator's findings and I will therefore only respond to the key points made by Mr S for completeness.

Summary of Mr S' response

14. Mr S requests that the Trustee honours the original amount he was quoted in the March 2017 estimate.
15. Mr S has suffered a financial loss as his pension has reduced by £1,032 gross per year.
16. Mr S argues that this is not a significant amount to the Trustee, but will make a considerable difference to his quality of life.

17. Mercer told Mr S that his pension income would be 'the same or better' than quoted in the March 2017 estimate.
18. Had Mr S known of the reduction in pension he likely would have continued working instead of accepting the VR offer.

Ombudsman's decision

19. The Trustee is ultimately responsible for the actions of the chosen administrator for the Scheme, which in this case is Mercer. The Trustee has not disputed the phone call Mr S says took place in August 2017, between Mercer and Mr S.
20. I note that Mercer told Mr S the amount he would receive 'should be' the same as in the statement of March 2017. Mercer gave general guidance on its position on issuing statements and whether figures would fluctuate. I do not find this to be a guarantee of benefits, and so I do not find this to be an administrative error.
21. The Trustee is within its rights, under the rules of the Scheme, to make changes to calculation assumptions. The Trustee has not acted incorrectly by changing the assumptions. It was under no obligation to provide members with prior warning of the changes prior to implementation. However, I do find that the Trustee ought to have been mindful of those members who were eligible for retirement when the change came into force, on 1 July 2017. The Trustee ought to have permitted such members to request another benefits statement after this date. I agree that denying Mr S the opportunity to review the amended figures before committing to retiring has caused him distress.
22. Mr S has argued that he would not have taken VR, had he known of the reduction in his actual benefits compared with those shown in his statement in March 2017. This difference amounts to £86 gross per month. Mr S has said that this is a significant difference to him, and as this view is subjective to each individual, I do not disagree with his statement. Mr S has said, in hindsight, that he would not have accepted the VR option had he known of this reduction. Pension estimates are naturally an important factor in deciding when to retire, but there are many other factors involved in this process.
23. Mr S received unreduced retirement benefits, despite being under the normal retirement age for the Scheme. This is a valuable benefit, that he could only receive through the VR process. I do not find the difference in the statement figure and the actual income figure, which amounts to a 3% gross reduction, to be substantial enough that Mr S would have changed his mind about the VR option.
24. I note that five months after Mr S first raised his complaint, the Trustee had still not responded, and indeed accepted that it would not be able to do so. I am sure this delay in addressing his concerns caused Mr S further distress. I agree with the Adjudicator that the Trustee's actions have caused Mr S severe distress and inconvenience.

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25. I partly uphold Mr S' complaint. However, as the Trustee has paid £2,000 to Mr S in recognition of the severe distress and inconvenience he has suffered, I am satisfied that this is within the band of awards which I would make in these circumstances. I therefore make no further directions.

Anthony Arter

Pensions Ombudsman
12 November 2019