

Ombudsman's Determination

Applicant	Mr Y
Scheme	Skipton Building Society (2015) Group Pension Scheme (the Skipton Scheme)
Respondents	Skipton Building Society (Skipton BS) Skipton Pension Trustees Limited (the Skipton Trustee)

Outcome

1. I agree that part, but not all, of this complaint should be upheld. To put matters right for the part that should be upheld, Skipton BS and the Skipton Trustee shall jointly pay £1,000 to Mr Y, in recognition of the serious distress and inconvenience that has been caused.

Complaint summary

2. Mr Y's complaint is that the Scarborough Building Society (**SBS**) and the Trustees of the Scarborough Building Society Group Pension and Death Benefits Scheme (**the New Scheme**), incorrectly informed him that part of his pension would increase at a fixed rate of 5% per annum (**5% pa**), once in payment, and that he relied on this misinformation to his financial detriment.

Background information, including submissions from the parties

3. Mr Y began employment with SBS in 1983. He was not eligible to join SBS' pension scheme at that time (**the Former Scheme**).
4. On 1 May 1996, Mr Y joined a new contributory defined benefit section of the Scarborough Building Society Pension and Death Benefit Scheme (**the Old Scheme**). He was provided with an explanatory booklet dated May 1996, (**the 1996 booklet**), which showed that members were entitled to an annual increase linked to the retail prices index (**RPI**) up to a maximum of 5% pa (**LPI**) on any pension in excess of the guaranteed minimum pension (**GMP**).
5. The 1996 booklet confirmed that members' rights were governed by the Old Scheme's Trust Deed and Rules (**the Old Rules**), as summarised in the booklet, but if there were any inconsistencies, the Old Rules would prevail. Copies of the Old Rules were available on request.

6. On 31 December 2000, SBS closed the Old Scheme and established the New Scheme, with defined benefit (**DB**) and defined contribution (**DC**) sections. SBS confirmed that benefits in the New Scheme would mirror existing benefits in the Old Scheme and benefits accrued in the Old Scheme up to 31 December 2000, would be transferred to the New Scheme.
7. On 1 January 2001, Mr Y joined the DB section of the New Scheme, as a Category 1 final salary member. The rules of the New Scheme (**the Rules**) provided the following categories of membership:
 - A Category 1 final salary member who had joined the Old Scheme on or after 1 May 1996 and remained a member on 31 December 2000 (**Category 1 member**).
 - A Category 2 final salary member who had joined the Old Scheme on or after 6 April 1978, and before 1 May 1996 (**Category 2 member**).
 - A Category 3 final salary member who was a member of the Old Scheme on 31 December 2000 and had transferred his benefits from the Former Scheme into the Old Scheme (**Category 3 member**).
8. Rule 57.3 of the New Scheme provided that Category 1 members were entitled to an annual increase of LPI on any pension in payment, in excess of GMP whilst Category 2 and 3 members were entitled to increases at 5% pa. A copy of this Rule is set out in Appendix 1. An explanatory booklet dated November 2001(**the 2001 booklet**), confirmed these increases, stating that it provided a summary of the Rules and that more information and a copy of the Rules was available on request.
9. On 14 February 2003, SBS informed Mr Y and other members of the New Scheme, in writing, that it needed to introduce changes to ensure its long-term sustainability (**the 2003 letter**). The 2003 letter proposed:-
 - An increase in employee and employer contributions.
 - A reduction in some benefits for service from 1 May 2003 (**pre-May 2003 service**), saying “(NB not for benefits already accrued)” and proposed that LPI should apply to pensions in payment instead of a fixed rate of 5% pa, “as at present”. It confirmed that any benefits that had accrued up to 30 April 2003 would be preserved but advised the member to consider taking independent financial advice.
10. Members had to agree to these changes by signing the 2003 Letter or leave the New Scheme. On 22 February 2003, Mr Y agreed to these changes by signing the 2003 Letter.
11. In April 2003, SBS and the Trustees of the New Scheme (**the Trustees**) adopted a deed of amendment (**the deed of amendment**) to implement the changes in the 2003 Letter. Rule 57.3 was replaced with amended provisions that stated pensions in payment in excess of GMP would be increased by LPI for all service for Category 1

Members. Increases of 5% pa applied for pre-May 2003 service for Category 2 and Category 3 members and LPI thereafter. A copy of this amended provision is set out in Appendix 2.

12. An explanatory booklet for the New Scheme dated 2004 (**the 2004 booklet**), confirmed these increases and added that it was a summary of the Rules. The 2004 booklet also informed members that more information and a copy of the Rules was available on request.
13. The 1999, 2001 and 2004 booklets stated that, once in payment, pensions in excess of GMP would be increased by the increase in RPI up to the previous September or by 5% if less. The 2001 and 2004 booklets stated that the contents of the booklets were a summary, and that members' rights were set out in the Rules. The 1999 booklet stated that the Rules took precedence over the booklet.
14. On 30 April 2007, SBS closed the DB section of the New Scheme, and Mr Y became a deferred member of that section. On 1 May 2007, he joined the DC section of the New Scheme. Statements issued to Mr Y from 2003 to 2009 provided an illustration of his preserved benefits but did not explain the increases that applied to pensions in payment.
15. In 2009, SBS merged with Skipton BS. On 6 September 2010, during redundancy negotiations, Mr Y sent an email to a Skipton BS manager saying, "Please confirm the rules for indexation post benefits being paid." (**the 2010 email**). He was told that a statement of benefits would be issued shortly by the administrator of the New Scheme (**the Administrator**). On 15 October 2010, Skipton BS made Mr Y redundant and he left the New Scheme. He signed a compromise agreement and was told that his accrued pension benefits would remain unchanged.
16. On 28 January 2011, the Administrator apologised for the delay and provided Mr Y with a statement of his preserved benefits in the DB section (**the 2011 Statement**), setting out the value of his deferred pension. In notes headed "Increases to pensions in payment" it confirmed that all benefits accrued after 6 April 1997 and before 1 May 2003 would increase at 5% pa and all benefits accrued after 1 May 2003, would increase by LPI. It added "Please refer to the scheme booklet for details."
17. On 30 April 2012, the Trustees issued an annual report that gave details of pension increases but did not clearly explain increases for Category 1 members.
18. On 2 September 2013, in response to a request from Mr Y, the Administrator issued a revised preserved benefit statement (**the 2013 Statement**), as at 3 June 2013. The notes to the 2013 Statement were in the same form as the 2011 Statement but stated that all excess benefits over GMP, would increase by LPI. It again added "Please refer to the scheme booklet for details".
19. On 19 December 2014, the Trustees appointed new Scheme administrators (**the new Administrators**). On 20 January 2015, the new Administrators provided an

illustration of Mr Y's deferred pension, in response to his request. This did not mention increases to pensions in payment.

20. On 2 July 2015, the new Administrators informed Mr Y that, following a recent audit of statements issued by the Administrator, an error had come to light in the notes about pension increases in some previous statements. The new Administrators apologised to Mr Y on behalf of the Trustees and issued a revised benefit statement (**the 2015 Statement**), that replaced all previous statements. The notes to the 2015 Statement stated that Mr Y's pension, in excess of GMP, once in payment, would increase by LPI for all service, pre and post 1 May 2003. It advised him to ask for clarification if he intended to make any irrevocable decisions based on the 2015 Statement, and to refer to the New Scheme literature for information about the calculation of benefits.
21. On 9 July 2015, Mr Y complained about the 2015 Statement through the New Scheme's internal dispute resolution procedure (**IDRP**). He claimed that the 2003 Letter had "promised" that his pension in excess of GMP, once in payment, would increase by 5% pa for pre-May 2003 service and this was confirmed by the 2011 Statement. He said he had relied on this "promise" in making "significant and irreversible life and financial decisions". He said he had intended to retire in December 2015 at age 55, and in 2012, had left employment to take care of his elderly parents, relying on the fact that part of his pension would increase at 5% pa, not LPI.
22. On 21 September 2015, a first stage IDRP report rejected Mr Y's complaint, and gave the following reasons:
 - The New Scheme could only pay benefits in accordance with its Rules.
 - Mr Y was a Category 1 member, as he had joined the Old Scheme on 1 May 1996. Rule 57.3 of the New Scheme provided that pensions in payment, in excess of GMP, would increase by LPI, for Category 1 members for all service.
 - Skipton BS apologised for the incorrect information that Mr Y had been given about pension increases. However, there was no evidence that Mr Y had made "significant and irreversible life and financial decisions" in reliance on the misinformation in the 2003 Letter and 2011 Statement, or that he had suffered financial loss.
 - Mr Y was not yet receiving his pension and so he had not been deprived of any increases he thought were promised to him. If he did not retire in December 2015 at age 55, he would have had a further 5 years, before age 60, to make up any deficit in his pension.
23. On 19 November 2015, Mr Y appealed against the stage one decision through stage two of the IDRP. In support of his appeal, he made the following comments:-
 - He had treated the 2003 Letter as a promise that his accrued benefits would be unchanged. The 2003 Letter included a "promise" or contract that accrued

pensions for pre-May 2003 service would remain the same, including pension increases described as 5% “as at present.” He assumed that, based on the wording in the 2003 Letter, his accrued pension would be increased by 5% pa, once in payment, providing that he agreed to increase his contributions.

- He had relied on this promise when he decided not to leave the New Scheme and increase contributions. SBS deducted the increased contributions from his salary from May 2003 so he considered that all the elements for a legally binding contract had been established.
- He had not been asked to provide details of the losses he had incurred in relying on the information in the 2003 Letter and 2011 Statement, either in correspondence with SBS or at the first stage of the IDR. He asked Skipton BS to tell him what information it required.
- He noted there was a disclaimer in the 2015 Statement advising that he should seek clarification of how his benefits could change if he intended to make irrevocable financial decisions, based on this illustration. He added that there was no such advice in the 2003 Letter or 2011 Statement, so it was reasonable for him to make life changing decisions based on the information provided, without seeking further clarification.
- He also provided specific examples of personal information, to evidence he had relied on the incorrect information, and to evidence the losses he had suffered. He said that he had planned to retire when he reached age 55, the date selected for retirement in his personal pension plan but retirement was no longer achievable, even at age 60. He would have made additional retirement provision for himself when the New Scheme closed in May 2007, had he known that he would not receive the increases, as “promised”.
- In May 2007, he decided to pay 25% of his salary to the DC section of the New Scheme. If he had known that part of his pension would increase at LPI and not at a fixed 5% pa, he would have made contributions of 33% of his salary instead. As a result, he had lost investment returns and tax relief on the additional sums that he would have invested.
- Following redundancy in 2010, he had decided to work from February 2011, on a three-day week, with a £14,500 pa drop in salary and no pension benefits. He did not contribute to his personal pension plan, relying on the promised pension increases. He then did not take up an employment opportunity in September 2012 and finally stopped working in early 2013 and became a full-time unpaid carer for his parents. He had based this decision on his expected income in retirement.
- If he had been informed of the correct increases applicable to his pension in payment, he would have paid £12,000 of his redundancy payment in October 2010, to the DC section, to increase his pension. Instead, he used his savings

on home improvements, such as £12,230 on a conservatory, that he would not have spent if he had known his pension increases would be less than “promised”.

- He had also rejected an enhancement of £59,766 to leave the New Scheme in 2013 because he was expecting to receive the pension increases stated in the 2003 Letter and 2011 Statement.
- The 2011 Statement was “evidence of entitlement” and mirrored the 2003 Letter, promising pension increases of 5% pa. The Trustees’ report of 30 April 2012, for the New Scheme was unclear for 1 May 1996 joiners but it implied that a 5% pa increase applied to all members. He had used this information in a pension planning meeting in 2014, and it was now too late to make up the difference on his expected income in retirement.

24. On 14 December 2015, a second stage IDRPs report rejected Mr Y’s complaint, saying that the Trustees could not pay a higher pension than he was entitled to under the Rules. Also, Mr Y had not shown enough evidence that he had relied on the misinformation to make significant and irreversible life and financial decisions and had suffered financial loss, as a result.
25. On 26 February 2016, Mr Y wrote to the Trustees in response to the second stage IDRPs report and claimed that the IDRPs had not properly considered his main point. He said he was not asking for higher benefits but the benefits that were promised to him in the 2003 Letter and confirmed in the 2011 Statement. He asked why the examples he had given did not prove that he had made significant and irreversible life and financial decisions. He also said that he had not received a copy of the Rules or the old Rules, so he was only able to rely on the information in the 2003 Letter and the 2011 Statement.
26. On 7 March 2016, the Trustees replied to Mr Y, saying that:
 - In its view, Mr Y was asking for higher benefits than the Rules of the New Scheme allowed.
 - It did not agree that the information supplied in the 2003 Letter and the 2011 Statement gave a “pension promise,” though it admitted that Mr Y was provided with incorrect information.
 - Mr Y would have to show he had relied on the information to his detriment and would have acted differently if the correct information had been provided. He had not shown this because he had not given sufficient evidence of life changing decisions he had made and, as he had not yet retired, he had not lost any pension. The decisions he quoted were not irreversible and he had shown no loss. He could still delay retirement to recoup any perceived losses.
 - A copy of the Rules was available on request to all members. He was provided with the correct information when he joined the Old and New Schemes. The

2001 and 2004 booklets set out the correct information about pension increases and made clear that the Rules prevailed over all other information provided.

- The Trustees' report for the year ended April 2012 explained pension increases. Although it was not clear which categories of members were entitled to certain pension increases, it was not incorrect.

27. On 13 October 2016, the Trustees wound up the New Scheme and transferred all assets and liabilities to the Skipton Scheme. Consequently, Mr Y's deferred benefits became subject to the Rules of the Skipton Scheme that replicated the same terms as in the New Scheme Rules. The relevant Skipton Scheme Rules are set out in Appendix 3.
28. Dissatisfied with the Trustees' response, Mr Y referred his complaint to us and said that statements from 2003 to 2009 included no reference to pension increases. However, the 2011 Statement exactly matched the pensions "promised" in the 2003 Letter.
29. In response to Mr Y's complaint, Skipton BS provided us with copies of the Rules, together with announcements. Skipton BS also confirmed that the pension increase that Mr Y claimed was approximately £325 for the first year, based on a pension of £6,500 pa. This would increase year on year and the difference over 20 years would be about £33,300, assuming inflation was around 3.6% pa.
30. Mr Y's complaint was considered by one of our Adjudicators who concluded that his complaint should be upheld in part, and that Skipton BS and the Skipton Trustee should jointly pay £500 to him, in recognition of the serious distress and inconvenience that had been caused.
31. The Adjudicator's findings are summarised below: -
 - All parties accepted that incorrect information was provided to Mr Y in the 2003 Letter and the 2011 Statement. In the Adjudicator's view, there were three key considerations which were central to this complaint: (i) did the misinformation create an entitlement to the pension increases; (ii) did Mr Y rely on the incorrect information when making decisions, and if so, was this reliance reasonable; and, (iii) had Mr Y detrimentally changed his position and suffered financial loss.
 - The provision of incorrect information in the 2003 Letter and the 2011 Statement did not, by itself, entitle Mr Y to the increase that was stated in error. He was only legally entitled to the benefits provided by the Skipton Scheme, as a Category 1 member, that is, increases at LPI for pension in payment, in excess of GMP, for all service.
 - Mr Y provided numerous examples to show that he relied on the incorrect information in making "significant and irreversible life and financial decisions" but in the Adjudicator's opinion it was not reasonable for Mr Y to have relied on the 2003 Letter and the 2011 Statement, to make such decisions.

- Mr Y should have sought advice or asked for confirmation about the increases to his benefits once in payment. He said he had no access to the Rules but the 1996, 2001 and 2004 booklets explained that copies of the old Rules and the Rules, as appropriate, were available on request, as well as information about pension increases.
- The 2003 Letter included only vague wording about pension increases, describing 5% pa, “as at present.” The 2003 Letter explained there were no changes to past scheme benefits and advised Mr Y to consider taking independent financial advice. So, Mr Y was put on notice that he should seek further advice before making any important decisions.
- The 2003 Letter did not include a “promise” or contract that Mr Y was entitled to pension increases of 5% pa for benefits accrued for pre-May 2003 service. This figure was clearly an error and SBS had confirmed in the deed of amendment that pensions in payment for Category 1 members would increase by LPI, not 5% pa for all service.
- The 1996, 2001 and 2004 booklets should have put Mr Y on notice that pensions, in excess of GMP, for Category 1 members were increased at LPI. Although the 2011 Statement expressly stated that Mr Y would be entitled to 5% pa increases for part of his pension, it also advised him to refer to the explanatory booklet for details and confirmed that the payment of benefits was subject to the Rules.
- Mr Y could reasonably have asked for an explanation of the assurances that his pension benefits would be unchanged, during the redundancy consultations in 2010 and when he joined the DC section. He said he understood “unchanged” to mean a fixed rate of 5% pa, as referred to in the 2003 Letter and the 2011 Statement. However, Mr Y had requested quotations of his preserved pension in 2013 and 2015 so, in the Adjudicator’s opinion, he could have requested a quotation or further information in 2010.
- In the Adjudicator’s view, Mr Y has not shown he took sufficient steps from 2003 to 2015 to confirm his pension with SBS or the New Scheme before making important financial decisions. Mr Y claimed the 2011 Statement was “evidence of entitlement” and mirrored the 2003 Letter, promising pension increases at a fixed rate of 5% pa. He claimed he had used this information in a pension planning meeting in 2014, and that it was too late to make up the difference on his expected income in retirement. However, the statement he received in 2013 contained the correct pension increases of LPI for all service, so Mr Y should have been aware of this from that date.
- In the Adjudicator’s opinion, there was insufficient evidence that Mr Y’s decision not to make additional retirement provision, after the New Scheme closed in May 2007, was solely due to the incorrect information, he was given in 2003 and 2011. Nor was there sufficient evidence that relying on this prevented Mr Y from being able to afford to retire at age 55 or 60.

- The expected increase of under £350 in the first year, with compound interest each year afterwards, was not enough to justify Mr Y making long term financial decisions, taking lower paid work and not making future pension provision for himself.
- On the balance of probabilities, even if Mr Y had been given the correct information, it was more likely than not that he would have made the same decisions. This opinion was based on the information regarding the urgent need to care for his parents and the fact that he did not seek employment after he became aware of the correct position regarding pension increases in 2015.
- Additionally, it was the Adjudicator's view that Mr Y had not suffered a financial loss but had suffered a loss of expectation because he was not yet receiving a pension from the Skipton Scheme. Nevertheless, SBS and the Trustees' failure to formally correct the errors in the 2003 Letter and 2011 Statement until 2015, amounted to maladministration. In the Adjudicator's view, Mr Y had suffered serious distress and inconvenience and Skipton BS and the Skipton Trustee should equally meet the cost of recognising this, on behalf of SBS and the Trustees.

32. Mr Y did not accept the Adjudicator's Opinion and made further submissions, a summary of which is set out below:

- He was not allowed to join the Old Scheme in December 1985, even though he was eligible. He should be treated as one of the "exceptions" to whom the pension increases changes in the 2003 Letter did not apply.
- The 2003 Letter constituted a legally binding agreement to pay pension increases of 5 % pa for pre-May 2003 service, as confirmed in the 2011 Statement. He noted that the 2003 Letter referred to the funding plan that contained a range of proposals to support the New Scheme that had to be "accepted or rejected in its entirety". Therefore, the deed of amendment should have mirrored the 2003 Letter "in its entirety," including pension increases of 5% pa for pre-May 2003 service.
- Mr Y provided a copy of the 2010 email that he had sent to Skipton BS' manager, to evidence that he had asked for information about pension increases during the redundancy negotiations. He said that the new Administrators then provided the 2011 Statement and he had used this information when considering the Skipton BS' enhanced offer in 2013 to leave the New Scheme. By July 2015 his financial decisions were irreversible.
- The pension increases in the 2011 Statement clearly matched his understanding of the 2003 Letter and so there was no reason to question the statement. He added that it was entirely reasonable to expect the 2011 Statement to be 100% accurate. At no stage was he advised to confirm the 2011 Statement before he relied on it. It was only in the 2015 Statement that a warning was given.

- His potential financial loss was a significant amount. An offer of £500 in no way reflected the amount of time, effort or the distress or inconvenience he had suffered.

33. Skipton BS responded to Mr Y's submissions as follows:-

- Mr Y was invited to join the Old Scheme when he first became eligible.
- Mr Y was not an "exception".
- The 2003 Letter did not confer a benefit promise and changes to benefits could only be made by deed under trust law.
- Incorrect information was provided to Mr Y in 2011 but a correct statement was provided in 2013 and again in 2015 when errors were identified, corrected and apologies provided.
- Mr Y had full information about his benefits, including pension increases, in the Scheme booklets and the Rules. He kept extensive records relating to his Scheme membership but chose to rely on the 2003 Letter to claim additional pension benefits.

34. As Mr Y did not accept the Adjudicator's Opinion the complaint was passed to me to consider. I agree with the Adjudicator's Opinion, and further submissions made by Mr Y do not change the outcome. I will therefore only respond to the key points made by Mr Y for completeness.

Ombudsman's decision

35. Mr Y claims that SBS and the Trustees misinformed him about pension increases in the 2003 Letter and 2001 Statement and that he suffered financial loss because he relied on this misinformation in the financial planning of his retirement. He also claims that the 2003 Letter constituted a legally binding contract between himself and SBS, that part of his pension would increase at 5% pa for pre-May 2003 service.
36. For its part, Skipton BS claims that Mr Y was not entitled to pension increases of 5% pa, under the Rules of the Skipton Scheme as a Category 1 member, and the Skipton Trustee could only pay the benefits to which Mr Y was legally entitled.
37. I accept that the Rules of the Skipton Scheme are intended to replicate the Rules of the New Scheme and I have considered Mr Y's complaint on this basis. Having reviewed the documentation provided, I consider that Mr Y is only entitled to increases at LPI for pension in payment, in excess of GMP, for all service, as a Category 1 member. There was an error in the 2011 Statement because increases of 5% pa for pre-May 2003 service only applied to Category 2 and 3 members, not Category 1 members. However, that error does not mean the Skipton Trustee should pay Mr Y a benefit he is not entitled to under the Rules of the Skipton Scheme.

38. I do not consider that the 2003 Letter was a contract, or a promise by SBS that Mr Y was entitled to pension increases at 5% pa, as he claims. This is because, Mr Y joined the New Scheme as a Category 1 member and agreed to abide by the Rules, as amended from time to time. The changes announced in the 2003 Letter were incorporated into the Rules by the deed of amendment. This deed confirmed that pensions for pre 2003 service for Category 1 members continued to be increased by LPI, not a fixed 5% pa.
39. Mr Y was provided with the 2004 booklet that informed him that the Rules prevail over any inconsistent information provided in other documents. Mr Y was accordingly bound by the pension increases set out in the Rules. I find that the reference to pension increases of 5% pa, "as at present" in the 2003 Letter was an error, not a contractual promise. Accordingly, Mr Y's pension increases for benefits in excess of GMP remained at LPI for all service and were not changed under the Rules by the 2003 letter.
40. Nevertheless, Skipton BS has accepted that SBS and the Trustees provided unclear details in the 2003 Letter and inaccurate information in the 2011 Statement, and that these were not formally corrected until 2015; this was maladministration. Mr Y claims that he relied on this misinformation in making plans for his retirement and that he has suffered financial loss. However, was it reasonable for Mr Y to have relied on this misinformation and did he act to his detriment and suffered financial loss as a result?
41. In his submissions, Mr Y specifically referred to the 2010 email requesting confirmation about his pension increases and the 2011 Statement which SBS provided in response. He says this is evidence that he asked for information to check his pension benefits and that it was reasonable for him to have relied on this information as accurate when planning his retirement, as part of the redundancy process. He also claims that he relied on it when requesting advice about taking Skipton BS' enhanced offer to leave the New Scheme in 2013. He says that by July 2015 his decisions were irreversible.
42. I find that, on balance, looking at the whole series of events and documentation issued, it was not reasonable for Mr Y to have relied on the vague wording in the 2003 Letter and the error in the 2011 Statement. Mr Y has not shown that he understood that increases for pension earned pre-May 2003 would be 5% pa until he was formally notified of the error in 2015.
43. Although Mr Y did ask for information about pension increases in 2010 as shown by the 2010 email and claimed that it was entirely reasonable to expect the 2011 Statement to be 100% accurate, he did not check the booklets for the New Scheme. He also did not receive any information about pension increases in statements from 2002 to 2009 so if this had been crucial, he could have made further enquiries at that time.
44. On balance, I consider that pension increases were only one factor in his financial planning during the redundancy negotiations and not a substantial part. If pension

increases were so important, he could have specifically checked the New Scheme booklet and asked for confirmation. He could also have identified the correct increase rate when it was provided in the 2013 Statement, queried this and then altered his plans for retirement accordingly.

45. In any event, I do not consider that Mr Y has suffered an actual financial loss due to reliance on the misinformation because he is not yet receiving his pension. I accept that the incorrect information may have played a small part in Mr Y's subsequent decision about his finances, supporting his parents and future work. However, he has not shown that he relied substantially on this misinformation to his detriment financially, or that it was reasonable for him to have relied on the misinformation. I consider that he would have made the same financial decisions even if he had been provided with the correct information in 2003 and 2011.
46. Nevertheless, as I said in paragraph 40, I consider that Mr Y being provided with incorrect information in the 2003 Letter and the 2011 Statement amounted to maladministration. These errors were not corrected until 2015 and I find that Mr Y has suffered serious distress and inconvenience as a result. Therefore, he should receive an award in recognition of this. I consider that SBS and the Trustees were equally responsible for the maladministration
47. Therefore, I uphold Mr Y's complaint in part.

Directions

48. Within 14 days of the date of this Determination, Skipton BS and the Skipton Trustee shall each pay Mr Y £500, in recognition of the serious distress and inconvenience that he has suffered.

Anthony Arter

Pensions Ombudsman
17 October 2019

Appendix 1

Relevant extracts from the Scarborough Building Society Group Pension and Death Benefits Scheme Definitive Deed and Rules

The Schedule Part 2 Final Salary Rules

Rule 51

Each Category 1 Final Salary Member will pay Ordinary Contributions at 6% of Salary in each Pay Period.

Rule 57.3 annual increases

This Sub rule does not apply to any pension that is converted into a lump sum or surrendered to provide dependant's pension or to the GMP Deduction. For a Category 1 Final Salary Member any other part of the Normal Retirement Pension will increase in payment on each 1 May at 5% a year or (if less) the percentage increase in the Index of Retail Prices in the 12 months ending on the previous 30 September. For a Category 2 or 3 Final Salary Member any other part of the Normal Retirement Pension will increase in payment on each 1 May at 5% a year.

Appendix 2

Relevant extracts from the Deed of Amendment dated 25 April 2003 for the Scarborough Building Society Group Pension and Death Benefits Scheme

Rule 51 is amended from 1 May 2003, as follows:

Each Category 1 Final Salary Member will pay Ordinary Contributions at 9% of Salary in each Pay Period.

Rule 57.3 is replaced from 1 May 2003, as follows:

57.3

- (a) This Sub rule does not apply to any pension that is converted into a lump sum or surrendered to provide dependant's pension and does not apply to the GMP Deduction.
- (b) For a Category 1 Final Salary Member subject to the provisions of the Pensions Act any other part of the Normal Retirement Pension not referred to in paragraph (a) above shall increase in payment on 1 May each year by the lower of
 - (A) 5%;and
 - (B) the percentage increase in the Index of Retail Prices over the twelve months ending on the preceding 30 September.
- (c) In respect of benefits accrued in relation to Pensionable Service prior to 1 May 2003 for a Category 2 or Category 3 Final Salary Member any other part of the Normal Retirement Pension not referred to in paragraph (a) above shall increase in payment on 1 May each year by 5%.
- (d) In respect of benefits accrued in relation to Pensionable Service from and including 1 May 2003 for a Category 2 or Category 3 Final Salary Member subject to the provisions of the Pensions Act any other part of the Normal Retirement Pension not referred to in paragraph (a) above shall increase in payment on 1 May each year by the lower of
 - (A) 5%;and
 - (B) the percentage increase in the Index of Retail Prices over the twelve months ending on the preceding 30 September.

Appendix 3

Relevant extracts from the Skipton Building Society(2015) Group Pension Scheme Definitive Deed and Rules dated 7 October 2015

Schedule 2

Rules for Former Members of the Scarborough Building Society Group Pension and Death Benefits Scheme

Definitions

Former Scarborough Member means a person who was entitled to benefit by reason of having been a member of the Scarborough Building Society Group Pension and Death Benefits Scheme and whose benefits have been transferred to the Scheme.

A Category 1 Member means a Former Scarborough Member who:

- (a) was a member of the Scarborough Building Society Group Pension and Death Benefits Scheme... on 31 December 2000 and became a member of that scheme on or after 1 May 1996...

A Category 2 Member means a Former Scarborough Member who became a member of the Scarborough Building Society Group Pension and Death Benefits Scheme...on or after 6 April 1978 and before 1 May 1996 and is not a Category 3 Member.

A Category 3 Member means a Former Scarborough Member who was a member of the Scarborough Building Society Group Pension and Death Benefits Scheme...who transferred his benefits from the Scarborough Building Society Staff Assurance Scheme (which was established in October 1955) into that scheme.

1A Application

In relation to the benefits payable to and in respect of Former Scarborough Members who left Pensionable Service on 30 April 2007 and became members of the money purchase section on 1 May 2007, this Schedule 2 is intended to replicate the substantive effect of the rules of the Scarborough Building Society Group Pension and Death Benefits Scheme in relation to them and in force immediately prior to the Commencement Date. If any ambiguity or any discrepancy between the substantive effect of this Schedule 2 and the relevant provisions of the Scarborough Scheme is identified:

- this Schedule 2 will be construed and applied so as to give full effect to this intention (and for that purpose will, if necessary, be read as if words had been added to or deleted from the provisions giving rise to the ambiguity or discrepancy);
- the Principal Employer and the Trustees will...execute a deed clarifying or correcting the relevant provisions;

Rule 12.4

The pension of a Member who has retired shall be increased as follows:

- (a) For a Category 1 Member subject to the provisions of the 1995 Act on the Scheme Date at the lower of:
 - i. 5%; and
 - ii. the percentage increase in the Index over the 12 months ending on the preceding 30 September.
- (b) In respect of benefits accrued in relation to Pensionable Service prior to 1 May 2003 for a Category 2 or Category 3 Member on the Scheme Date at 5% a year;
- (c) In respect of benefits accrued in relation to Pensionable Service from and including 1 May 2003 for a Category 2 or Category 3 Member of the Scheme Date by the lower of:
 - i. 5%; and
 - ii. the percentage increase in the Index over the 12 months ending on the preceding 30 September.