

Ombudsman's Determination

Applicant	Mr S
Scheme	Land Rover Pension Scheme (the Scheme)
Respondents	Trustee of the Land Rover Pension Scheme (the Trustee) JLT Group plc (JLT)

Outcome

1. I do not uphold Mr S' complaint and no further action is required by the Trustee or JLT.

Complaint summary

2. Mr S has complained that he was provided with an incorrect transfer value. He also believes the general administration of the Scheme has been poor.

Background information, including submissions from the parties

3. Mr S was a member of the Scheme and in February 2018, he began exploring the option of transferring his benefits.
4. As he was still a member of the Scheme, JLT, the Scheme administrator, was unable to give him a guaranteed cash equivalent transfer value (**CETV**). So, in February 2018, Mr S was sent a non-guaranteed CETV of £777,693 (**the February 2018 Illustration**). This was incorrect and should have been £734,794. The issues were that his accrued career average revalued earnings (**CARE**) pension, for the period 2017/2018, was incorrectly calculated. It was wrongly based on his full-time equivalent service and salary date, whereas, the figure should have been adjusted to reflect his part time service. In addition, part of his guaranteed minimum pension (**GMP**), that had been transferred into the Scheme, was mistakenly accounted for twice in the calculation.
5. Mr S decided to opt out of the Scheme and applied for a guaranteed CETV; this was provided to him in May 2018 (**the May 2018 Illustration**). A figure of £763,876, was calculated using the correct values and input; it was Mr S' correct entitlement under the Scheme.

6. Mr S was dissatisfied with the decrease in value, so, he made the decision not to transfer. He took his complaint through both stages of the Scheme's internal dispute resolution procedure (**IDRP**). He was dissatisfied that the transfer value had dropped significantly, and thought that the incorrect amount should be honoured, as he had made the decision to opt out of the Scheme based on the February 2018 quote.
7. The Trustee said that it did not uphold Mr S' complaint because it was unable to pay benefits to which he was not entitled. However, the Trustee acknowledged that the February 2018 Illustration, raised expectations of what he could expect to receive, so the Trustee offered £1,000 for the distress and inconvenience that had been caused by the error.

Adjudicator's Opinion

8. Mr S' complaint was considered by one of our Adjudicators who concluded that no further action was required by the Trustee or JLT. The Adjudicator's findings are summarised below:-
 - There was no dispute that in February 2018, JLT sent Mr S an incorrect transfer value of £777,693. It had explained that the reason the transfer value was higher was due to the CARE pension being calculated incorrectly and the GMP element being calculated twice. Providing incorrect information does amount to maladministration.
 - Mr S said that his decision to opt out of the Scheme was based on the February 2018 Illustration. However, the Adjudicator was of the view that Mr S had not provided sufficient evidence to show that his decision to opt out of the Scheme was based on the February 2018 quote alone. It was £42,899; approximately 6% less than the correct February 2018 figure. Given that the difference in the two quotations was fairly marginal, it seemed unlikely to the Adjudicator that Mr S would have acted differently had he been given the correct CETV quotation. It is always difficult to determine what might have happened retrospectively, but it was important to avoid applying hindsight. In trying to determine what Mr S might have done, it was necessary to bear in mind that he would not have seen the higher figure; His decision would have been based on the figure of £734,794. The Adjudicator thought it unlikely that he would have changed his mind. Further, the transfer value was not guaranteed, so his decision should not have been based purely on the illustration.
 - There is no doubt that Mr S would have been disappointed when he received the new lower CETV once he had opted out of the Scheme.
 - Mr S has not yet transferred. So, he has not suffered a quantifiable loss.
 - The Trustee made an offer of £1,000 in recognition of the mistakes made and the distress and inconvenience that it would have caused to Mr S. The Adjudicator

thought that the offer was a reasonable one in the circumstances and that the Ombudsman would be unlikely to award a greater sum.

9. Mr S did not accept the Adjudicator's Opinion and the complaint was passed to me to consider. Mr S 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 S for completeness.
10. Mr S said the following:-
 - He would like the CETV figures to be independently verified.
 - Multiple errors had been made, so he had no confidence in the accuracy of the CETV.
 - He only made the decision to opt out of the Scheme, because of the February 2018 Illustration.
 - After 30 years of being a member of the Scheme and receiving the February 2018 Illustration, nothing else would have prompted him to opt out of the Scheme.
 - He did not transfer out when he received the May 2018 Illustration, which proves that he only opted out based on the incorrect February 2018 figure.
 - He did not agree that the difference in the transfer values was minimal, as set out in the Adjudicator's Opinion.
 - His remaining life expectancy in 2018 was approximately 30 years, so 6% of the CETV equates to funding for roughly two years' worth of living costs. Given that he had planned to retire based upon his belief that the February 2018 Illustration would be sufficient to fund his retirement, it would not have been sensible to transfer out now with a two-year deficit which he was unlikely to recover.
 - It is only what he has said that has been questioned and not the response given by JLT.
 - He is of the view that he should not transfer out until he has proof that the figures are correct.

Ombudsman's decision

11. Mr S has complained that he made the decision to opt out of the Scheme following receipt of the February 2018 Illustration. Once he had left the Scheme, he received the May 2018 Illustration, which was guaranteed but of a lower value. At this point Mr S had already made the decision to opt out of the Scheme but given the lower value quotation made the decision not to take a transfer.

12. At the point that Mr S decided not to proceed with a Scheme transfer, he could have explored options of re-joining the Scheme. There is no evidence that he did this, so I do not consider that JLT or the Trustee should be held responsible in this regard.
13. Mr S would like the CETV to be independently verified as he does not trust the figures provided due to mistakes in the February 2018 Illustration. I do not find that this is required because the Trustee will have a qualified actuary to calculate the CETV. Therefore, although there were errors in the initial calculations, I am satisfied that the errors have been addressed.
14. I appreciate Mr S does not feel that he can trust the figures, but I believe the explanation provided by the Trustee of why and how the errors occurred should be sufficient to reassure Mr S that the matters have been rectified. It is open to him to seek financial and/or actuarial advice if he has further concerns.
15. Mr S has said that his decision to opt out of the Scheme was purely based on the February 2018 Illustration. I agree that it would have contributed to him opting out of the Scheme, but it is clear he was considering retirement options at that point. It is apparent that Mr S decided to opt out of the Scheme because he believed he could find better options from transferring his benefits elsewhere.
16. Although, the correct February 2018 quotation is £42,899 less than the incorrect illustration; approximately 6%. Mr S had not opted out in February 2018; the quotations were only illustrative and not fixed. So, the actual loss is not as great as has been suggested. Mr S has calculated a loss of two years of income on the basis of a 6% reduction between the incorrect and correct February 2018 figures, fortunately, this will not be the case. Once Mr S had actually opted out of the Scheme the difference in the actual transfer value was £13,817; approximately 1.7% between the incorrect February illustration and the actual May 2018 quotation of £763,876.
17. While I understand Mr S' position, it does not mean that he should receive benefits to which he is not entitled. The Trustee has a duty to ensure that benefits paid from the Scheme are accurate and correct in accordance with the Scheme Rules.
18. Mr S believes that he should not transfer out of the Scheme until the quotation figures have been verified. This is a decision that only Mr S can make. While he remains a deferred member of the Scheme, future CETVs will continue to change.
19. The Trustee has offered Mr S £1,000 because of the distress and inconvenience caused by the errors made in calculating the February illustration. I would not have directed a greater award and Mr S should contact the Trustee if he wishes to accept their offer.

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20. I do not uphold Mr S' complaint.

Anthony Arter

Pensions Ombudsman
30 December 2019