

Ombudsman's Determination

Applicant	Mr N
Scheme	MAN UK Group Pension Scheme (the Scheme)
Respondent	Trustee of the MAN UK Group Pension Scheme (the Trustee)

Outcome

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

Complaint Summary

2. Mr N complained that when he was sent his retirement options, he was not provided with a transfer value illustration. Mr N considers that the absence of this information meant he was unable to make an informed decision when he selected his retirement benefits. Mr N said, had he known the transfer value amount, he would have transferred to another pension arrangement and received a higher lump sum.

Background information, including submissions from the parties

3. In April 2017, Mr N received a retirement pack from the Scheme, showing the options available to him:-
 - Take a full annual pension of £17,019 or a reduced annual pension of £12,100 and a tax-free lump sum of £80,672. To request this option, Mr N would need to complete and return the Retirement Option Form included in the pack; or
 - Defer taking his benefits until a later date; or
 - Transfer to another pension provider to access different options from those available under the Scheme. The pack included a note that said: "Please note neither the Trustees of the Scheme nor [the Scheme's administrator] can advise you on what choices you should make in connection with your retirement and would suggest you consider taking professional financial advice where appropriate." To request a transfer value illustration, Mr N would have needed to complete and return the Transfer Request Form included in the pack.

4. On 18 September 2017, Mr N completed and returned the Retirement Option Form. He chose to take the maximum tax-free lump sum and a reduced pension. Soon afterwards, the Trustee paid the pension benefits in accordance with Mr N's instructions.
5. Mr N says that after speaking to a trustee of the Scheme in 2018, he became aware that transfer values available to members were higher than he had been led to believe.
6. Mr N complained on 13 March 2018, that a transfer value illustration should have been provided as standard in the retirement pack. He had not requested the transfer value due to his "experience of other schemes" where the transfer value did not exceed the other options available. Mr N felt that the Trustee had failed in its duty to make information on transfer values available to all members as standard.
7. On 6 June 2018, the Trustee issued its response under Stage One of the Scheme's internal dispute resolution procedure (**IDRP**). The Trustee did not agree that Mr N could not make an informed choice as he ought to have requested the information if he was interested in the transfer option. The Trustee said it was unable to provide financial advice on the level of pension benefits available elsewhere.
8. On 25 June 2018, Mr N said he felt the Trustee was in possession of relevant information on the transfer values and had not shared this with the members. He thought the Retirement Option Form he signed was flawed as it did not provide the transfer value.
9. On 31 July 2018, the Trustee replied under Stage Two of the IDRP. The Trustee said there was no requirement for a transfer value to be provided with the retirement paperwork. The Trustee would not have written to the members with details in relation to the transfer values, as this may be deemed as inducing members to transfer out of the Scheme.
10. Not satisfied with the Trustee's response Mr N referred his complaint to the Pensions Ombudsman.
11. Mr N said his financial loss was the difference between the pension and lump sum he received, and what he would have received had he taken the transfer value. He based this financial loss on two figures. He said the value of the option he chose was £322,690 and said this was based on the percentage figure given in the Pension Option Form for the lifetime allowance calculation. Mr N said the transfer value would have been £485,069, based on 28.5 times the full pension figure of £17,019.
12. In response to Mr N's complaint, the Trustee said:-
 - It was unable to comment on whether Mr N would ultimately be better off taking a transfer.

- Mr N's valuation of the pension he took from the Scheme was not correct; it undervalued the option and would have been based on the best estimate of his pension.
 - Mr N was receiving his full benefits from the Scheme.
13. Mr N said he thought the Trustee should be under an obligation to highlight the fact that taking any other option could result in a member not realising the full transfer value available and that there could be a significant difference in the tax-free lump sum.

Adjudicator's Opinion

14. Mr N's complaint was considered by one of our Adjudicator's who concluded that no further action was required by the Trustee. The Adjudicator's findings are summarised below:-
- The Trustee was under no obligation to quote the transfer value under a defined benefits scheme as part of Mr N's standard retirement options.
 - The retirement pack issued in April 2017 to Mr N explained he had the option to transfer. Mr N therefore had the choice of requesting the transfer value illustration before deciding on which retirement option he wished to make.
 - When Mr N returned the Retirement Option Form to the Trustee it was under an obligation to follow his instructions, and the pension benefit Mr N is receiving is in line with his instructions to the Trustee.
15. Mr N did not accept the Adjudicator's Opinion and the complaint was passed to me to consider.
16. Mr N 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 key points made by Mr N for completeness, they are set out below:-
- The Trustee was in possession of the information regarding the transfer value calculations that were relevant to the members. This information would allow members to make an informed decision about the option to transfer out when retiring.
 - The Trustee had a duty to act in the best interest of all members and treat them equally.
 - When Mr N spoke to an employee nominated trustee, they were able to tell him the method for calculating the transfer value, and other colleagues he had spoken to had then requested transfer values.
 - The Scheme's annual newsletter showed a huge increase in the amount paid out by the Scheme, so this demonstrates the information on the transfer values was in circulation.

Ombudsman's decision

17. I understand that Mr N is unhappy, as other members were made aware of information regarding the transfer values available to them. However, I do not agree that the Trustee had an obligation to provide a transfer value quotation, as part of the retirement pack, or as standard, to all members.
18. The Trustee explained how to request a transfer value quotation as part of the retirement pack. Mr N has acknowledged he was aware of the option to transfer his pension benefits and explained that he decided not to request a transfer value quotation when he received the retirement pack, due to "his own experience" with other schemes.
19. I appreciate that Mr N now considers he would have transferred had he known the amount of his transfer value, but it was Mr N's decision to take his pension benefits, without seeking advice, and without asking for the transfer value amount.
20. I am satisfied Mr N is receiving the pension Scheme benefits, in accordance with his instructions to the Trustee.
21. I do not uphold Mr N's complaint.

Anthony Arter

Pensions Ombudsman
7 October 2019