

## Ombudsman's Determination

Applicant	Mr K
Scheme	Principal Civil Service Pension Scheme (Northern Ireland) ( <b>the Scheme</b> )
Respondent	Civil Service Pensions (Northern Ireland) ( <b>CSP</b> )

## Outcome

1. I do not uphold Mr K's complaint and no further action is required by CSP.

## Complaint summary

2. Mr K is unhappy with the pension benefits he received when he left employment in September 2016. He was expecting to receive the benefits shown on a preserved pension award statement that he received when he left the Scheme. Mr K would like to receive the benefits shown on the statement.

## Background information, including submissions from the parties

3. In March 2015, CSP sent Mr K an estimate of the pension benefits that would be preserved for him if he left the Scheme on 31 March 2015 (**the 2015 Statement**). CSP said:-

"We are sending you this pension statement to help you plan for your retirement. It tells you how much pension you have built up to 31/03/2015... Your projected pension is an illustration only. It is not a promise of the benefits to which you may eventually be entitled. All pension benefits are subject to the Scheme rules."

The 2015 Statement showed that, at 31 March 2015, Mr K's pensionable earnings were £42,580 and the preserved pension would be £17,863 per annum. Following a request from Mr K, CSP sent him an estimate of his Scheme benefits in November 2015.

4. In February 2016, Mr K decided to opt out of the Scheme with effect from 1 April 2015. He was sent a preserved pension award statement that outlined his benefits in the Scheme. The benefits matched those on the 2015 Statement. The statement included a warning that the benefits shown were estimates.

5. In May 2016, Mr K applied to leave employment under a voluntary exit scheme (**VES**). In June 2016, CSP sent Mr K a voluntary exit quotation (**the Quotation**) explaining that:-
  - If Mr K was authorised by his employer to leave under the VES, a final statement of pension benefits would be sent to him.
  - CSP would revise his pension benefits in the future if it received further updates from his employer.
6. As the benefits shown on the Quotation did not match those on the 2015 Statement, Mr K emailed CSP to query the discrepancy.
7. In June 2016, CSP investigated Mr K's complaint and said that:-
  - CSP was not informed by Mr K's employer that he had opted out of the Scheme on 31 March 2015. Therefore, when the Quotation had been issued, Mr K was recorded as an active member on CSP's system. It had since received a copy of Mr K's opt out form from his employer.
  - Mr K would need to be recorded as a deferred member for his benefits to be correctly calculated.
  - It had calculated the Quotation using the salary information it held for Mr K which had been supplied by his employer.
  - It would be unable to recalculate his benefits unless it received revised information from his employer.
  - If Mr K decided to accept the offer to leave and CSP was subsequently advised of revised salary information, it would be reflected in the payment that he would receive. If CSP was not informed of the changes prior to Mr K leaving, a revision would take place later and any arrears due would be paid.
8. Mr K completed and returned the VES form in June 2016.
9. In September 2016, Mr K left employment under the VES and he was sent confirmation of his pension benefits. The benefits were lower than those shown on the 2015 Statement because they were based on lower pensionable earnings, of £36,264.
10. Mr K complained to CSP in October 2016, he said that:-
  - The benefits on the final statement did not match those on the 2015 Statement. CSP had told him that the necessary amendments would be made and that his employer was aware of the incorrect figures.
  - He had left employment following CSP's confirmation that his deferred pension was in place.

11. Mr K's complaint was considered under Stage one of the Scheme's internal dispute resolution procedure (**IDRP**). In summary, CSP said that:-
- It had calculated Mr K's benefits in line with other members who had left under the VES.
  - It was aware that a number of awards required revision and that this would be carried out in a clear and structured manner. Mr K had been made aware of this prior to leaving employment.
12. Mr K disagreed with the decision and his case was reviewed under Stage two of IDRP. CSP said that:-
- It had transpired that Mr K's employer was not calculating its pensionable pay figures correctly.
  - To ensure consistency all VES final statements were calculated using the data held on the system but this only covered up to 31 March 2015.
  - All VES final statements would be revised when a computer interface with data up to Mr K's leaving date had been implemented.
  - It had noticed that Mr K's final statement had been calculated from 7 September 1981 to 30 September 2016 despite the fact Mr K had opted out of the Scheme on 31 March 2015. As a result, the award would have to be recalculated which may change the pensionable pay figure.
  - The VES team would contact Mr K with the details of the correct award.
13. Mr K contacted CSP to check what part of his earnings were pensionable. CSP said it would have to check this with his previous employer.
14. In October 2017, CSP wrote to Mr K to say that his pensionable earnings had been revised to reflect a pensionable allowance that it had only recently been made aware of by his previous employer. It confirmed his revised pensionable earnings were £40,152.13, which had resulted in an increase to his pension and lump sum.

### **Adjudicator's Opinion**

15. Mr K's complaint was considered by one of our Adjudicators who concluded that no further action was required by CSP. The Adjudicator's findings are summarised below:-
- Mr K decided to opt of the Scheme based on the benefits shown on the 2015 Statement and the preserved pension award statement. Both statements were marked as being estimates of his Scheme benefits. Therefore, Mr K should have reasonably been aware that the benefits were not guaranteed and could change.

- Mr K said that prior to leaving under the VES, CSP had confirmed that the benefits appearing on the 2015 Statement were in place. However, there was no evidence to support this.
  - The Quotation made it clear that Mr K's award would be revised if CSP received further information from his employer. This was also confirmed in an email to Mr K.
  - CSP produced statements based on the information received from Mr K's employer. It was unfortunate that it had now transpired that Mr K's employer was calculating his pensionable pay incorrectly, and that it had not informed CSP that Mr K had opted out of the Scheme.
16. Mr K did not accept the Adjudicator's Opinion and the complaint was passed to me to consider. Mr K 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 K for completeness.
17. In response to the Opinion, Mr K said that:-
- He had contacted CSP who confirmed that his deferred pension was processed correctly and was on the system. Shortly after the figures were in place, they were inexplicably changed, and this was still visible on the system history.
  - His deferred pension would not have been on the system if his employer had not informed CSP that he had opted out.
  - CSP had confirmed that the 2015 statement was an accurate representation of his pension and not an estimate.
  - CSP had only indicated that his employer was calculating pensionable pay incorrectly in relation to the preserved pension award statement. It had never said that his deferred pension figure on the 2015 statement was incorrect.
18. Mr K provided an email he had received from CSP. The email explained:-
- Mr K's record was deferred on 24 August 2016 using the pensionable pay figure originally provided by his employer.
  - The pensionable pay figure was changed when Mr K chose to leave under the VES. The figures were replaced by a pay figure that was generated by the system. This figure has since been identified as being wrong.

### **Ombudsman's decision**

19. Mr K decided to leave the Scheme in February 2016 based on the benefits quoted on the 2015 statement. CSP made it clear that the benefits quoted on the 2015 statement were not guaranteed or promised. Mr K should have been aware from the

clear statement wording that his pension benefits could change. It has since transpired that his employer had incorrectly calculated his pensionable pay and that Mr K's benefits were overstated. CSP cannot be held responsible for his employer's error.

20. Mr K left employment under the VES in June 2016. Prior to leaving he received the Quotation from CSP, showing that the pension benefits were less than those stated on the 2015 Statement; this was as a result of his pensionable salary being reduced. Mr K was unhappy that his pension benefit was now less than he anticipated so he contacted CSP to query the discrepancy. He was told that if CSP received revised salary information, it would be reflected in the payments Mr K would receive. Following the response, Mr K decided to leave under the VES. Mr K was fully aware of the position when he decided to leave.
21. Mr K's employer had a responsibility to inform CSP that he had left the Scheme in February 2016. The screenshot provided by CSP shows that Mr K was recorded as a deferred member in August 2016, and not when he actually left the Scheme in February that year.
22. It is unfortunate that it has now transpired Mr K's employer had incorrectly calculated his pensionable pay on the 2015 estimated statement. Prior to Mr K's acceptance of the VES option to leave employment, CSP had explained that further adjustments could be made to Mr K's pensionable pay in the future. Following Mr K's acceptance of the VES, CSP contacted his previous employer in order to correctly identify his pensionable pay and allowances. As a result Mr K's pensionable earnings were adjusted. There is no evidence of maladministration by CSP.
23. Therefore, I do not uphold Mr K's complaint.

**Anthony Arter**

Pensions Ombudsman  
4 December 2019