

## Ombudsman's Determination

Applicant	Mr S
Scheme	The Old British Steel Pension Scheme ( <b>the OBSPS</b> )
Respondent	B. S. Pension Fund Trustee Limited ( <b>the Trustee</b> )

## Outcome

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

## Complaint summary

2. Mr S has complained about the difference in the Cash Equivalent Transfer Value (**CETV**) illustration he received from the New British Steel Pension Scheme (**the New BSPS**) when compared to the CETV illustration he was given from the OBSPS.
3. He has also complained about a lack of detailed explanation about the significant difference between the CETV illustrations.

## Background information, including submissions from the parties

4. The sequence of events is not in dispute, so I have only set out the key points. I acknowledge there were other exchanges of information between all the parties.
5. Following a bulk transfer from the British Steel Pension Scheme (**the BSPS**) and its entering into a Pension Protection Fund (**PPF**) assessment period, the BSPS changed its name to the OBSPS.
6. In the run up to this change, members of the OBSPS were given the opportunity to transfer benefits into a replacement scheme, the New BSPS. This was called the Time to Choose exercise. During the Time to Choose exercise, Mr S elected to join the New BSPS.
7. On 13 October 2017, the OBSPS Administrator (**the Administrator**) received a request for a CETV illustration from Mr S.
8. On 24 November 2017, the Administrator wrote to Mr S and provided a CETV illustration of £323,733.36 (**the November CETV illustration**). Included with the November CETV illustration was a notice that there was a requirement for members

to take appropriate financial advice. Within this section, Mr S was told that the Money Advice Service and Unbiased were places where he could obtain details of Independent Financial Advisors (**IFAs**).

9. Also included with the CETV illustration was a covering letter, which contained a section entitled, "Important information about deadlines for returning your transfer forms." The Administrator explained that members had been given the choice of moving with the OBSPS into the PPF or transferring into the New BSPS. These changes would take effect on 28 March 2018. It explained that, if the CETV payment was not processed by this date, even if the member had requested to transfer within the guaranteed period, the member might not get the CETV that was quoted or be able to transfer out at all.
10. The Administrator set out the deadline for providing all the relevant documents for a transfer. It said:

"In view of the large volume of transfer quotations that have been requested from the Scheme, and to give the Pensions Office enough time to process your transfer before 28 March 2018, we estimate that you and the provider of your new pension arrangement would need to complete and return all the necessary forms and transfer documentation to the Pensions Office by 16 February 2018 at the latest. This is the case even if your guarantee period ends after this date."
11. Also included within the November CETV illustration was an Appendix entitled "Further questions about transferring out". This said:

"Your transfer value in the new scheme is likely to be lower than your transfer value in the current scheme, to reflect the fact that the overall benefits, including possible future increases, could be lower in the new scheme."
12. On 30 November 2017, Mr S contacted an IFA via a telephone call. The IFA said that it had concerns about the Financial Conduct Authority's (**FCA's**) investigation into other IFAs who had previously advised members of the OBSPS and the New BSPS. Consequently, the IFA said it would not provide any advice relating to the OBSPS.
13. That same day, he contacted a second IFA. This IFA provided contact details for a third IFA, who lived closer to Mr S. A short period of time passed before that IFA contacted Mr S and told him that it would not take on any work that related to the OBSPS.
14. On 5 January 2018, Mr S contacted a fourth IFA who arranged a meeting for 19 January 2018. On 24 January 2018, the IFA contacted Mr S and said that there were "inherent risks carried by advising OBSPS members", so it would not be able to provide any advice.
15. Eventually, Mr S found an IFA who could help him. On 5 February 2018, Mr S met with this IFA and discussed his financial circumstances.

16. On 7 February 2018, Mr S' IFA wrote to the Administrator and requested some documents to help it produce a report. It requested:
  - a CETV illustration;
  - the scheme booklet;
  - a scheme funding leaflet;
  - an early retirement quotation;
  - information on a partial transfer; and
  - information on whether Mr S had made any Additional Voluntary Contributions (**AVCs**).
17. On 9 February 2018, the Administrator replied and explained that Mr S was already in possession of a valid CETV. It also said that, in light of the forthcoming "Time to Choose" changes, further information would not be available until later in the year under either the PPF or the New BSPS.
18. On 16 February 2018, the deadline for transfer passed.
19. On 28 March 2018, Mr S joined the New BSPS, in accordance with his completed Time to Choose option form.
20. On 31 May 2018, in response to a request from Mr S, the administrator of the New BSPS (**the New BSPS Administrator**) provided Mr S with a new CETV illustration of £230,569.78 (**the May CETV illustration**).
21. On 4 June 2018, Mr S' IFA wrote to the New BSPS Administrator and asked why the May CETV illustration was significantly less than the November CETV illustration.
22. On 16 August 2018, the New BSPS Administrator replied and said that:

“...the “new” Scheme introduced from 29 March 2018 uses different actuarial factors and assumptions than those previously used under the “old” Scheme. These reflect the cost of providing the member’s benefits as prescribed under the “new” Scheme’s Trust Deed and Rules. As you will be aware from previous correspondence issued, this includes the changes to the future pension increases applied. It is not therefore possible to accurately compare transfer values provided under the different arrangements.”
23. The New BSPS Administrator also included a technical note which explained the assumptions that were used for CETV calculations.
24. On 31 August 2018, the deadline for the May CETV illustration expired. Mr S had not returned any completed transfer documentation, so his benefits remained in the New BSPS.

### **Mr S' position**

- He “wasted” a significant amount of time because of problems he faced when searching for an IFA.
- He said that OBSPS' hotline was always engaged, so he could not get any help in sourcing an IFA.
- He has not received a satisfactory answer as to why his CETV had reduced by such an amount.

### **The Trustee's position**

- It had manually checked the May CETV illustration and was satisfied that it had been calculated correctly.
- Mr S no longer has an entitlement to a transfer on the OBSPS terms. Therefore, it could not see any justification for providing Mr S with a CETV on the OBSPS basis. To do so would be to treat Mr S more favourably than other New BSPS members.
- Mr S had been provided with sufficient information regarding the likelihood that his CETV from the New BSPS would be lower than from the OBSPS.

### **Adjudicator's Opinion**

25. Mr S' complaint was considered by one of our Adjudicators who concluded that no further action was required by the Trustee. The Adjudicator's findings are summarised below:-

- When the Administrator issued the November CETV illustration, it included a covering letter which outlined the deadlines for returning the forms. It clearly explained that, in order for members to transfer out from the OBSPS, all transfer documentation would have to be received by 16 February 2018.
- The Adjudicator was of the view that the deadline for transfer documentation was given sufficient prominence, so members would have known of its importance.
- There is a statutory requirement, in accordance with the Pensions Schemes Act 2015, for members with a CETV in excess of £30,000 to receive financial advice before a transfer is paid. The Adjudicator accepted that Mr S faced difficulties in finding an IFA who was willing to give advice to someone who wished to transfer from the OBSPS. However, the delays could not be attributed to maladministration caused by the Trustee, so the Adjudicator did not agree that the complaint should be upheld.
- Mr S was dissatisfied by the difficulties he faced in contacting the OBSPS hotline. He said that this slowed the process of instructing an IFA. The Adjudicator said

that recommending IFAs would have been beyond the remit of the OBSPS hotline. The Trustee had signposted the Money Advice Service and Unbiased as places where Mr S could obtain details of IFAs, so the Adjudicator was satisfied that the Trustee provided sufficient information.

- Mr S also complained that he has not received a satisfactory explanation as to why the values of his CETVs reduced so significantly. The Adjudicator said it was clear that the November CETV illustration was calculated while Mr S was a member of the OBSPS, while the May CETV illustration was calculated while he was a member of the New BSPS. The New BSPS used different actuarial factors and assumptions than those previously used in the OBSPS. So, the Adjudicator was of the view that the reason for the reduction is clear and there has been no maladministration.
- The Adjudicator also said that the November CETV illustration's Appendix included a warning that CETVs taken from the New BSPS were likely to be lower than those issued from the OBSPS.

26. 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. He said:-

- He used several websites in an attempt to find suitable IFAs. In addition, he made several phone calls to IFAs outside of those listed in the Opinion. The reality of the situation was that he was unable to locate an IFA willing to offer financial advice to members of the OBSPS.
- The various leaflets provided to members were just part of a box ticking exercise. He was not provided with sufficient support.
- The situation he has been left in is unfair. Due to the circumstances he has outlined, he was not afforded the opportunity to "review, digest [his] options and make an informed decision."

27. I note the additional points raised by Mr S but I agree with the Adjudicator's Opinion.

### **Ombudsman's decision**

28. I can only uphold a complaint where I am satisfied that the respondent's actions amount to maladministration. In this case, Mr S has argued that the Trustee did not provide sufficient support to allow him to obtain the financial advice required, and consequently, he was unable to complete the transfer.

29. The Pensions Schemes Act 2015, requires the Trustee to check that a member has received "appropriate independent advice" prior to paying a CETV. This is a statutory requirement, so the Trustee acted correctly when it insisted that financial advice should be taken.

30. I find that the Administrator acted correctly when it set out the deadline for transfer documentation. The covering letter, that accompanied the November CETV illustration, clearly explained that, in order for members to transfer out from the OBSPS, all transfer documentation had to be received by 16 February 2018. I am satisfied that the deadline was clearly highlighted, so Mr S would have known of its importance.
31. Mr S argued that the literature the Trustee provided was just part of a “box-ticking exercise” and it did not provide “sufficient support” to allow Mr S to complete the required paperwork for the transfer. He said that he was unable to contact the OBSPS’ hotline, as the telephone operators were always engaged. As a consequence, he was unable to get help in sourcing an IFA. As I have said in paragraph 30 above, I am satisfied that the Trustee clearly explained the significance of returning the transfer documentation prior to the deadline. With regard to Mr S’ comments about the availability of the OBSPS hotline, I do not find that this was a barrier to financial advice. The OBSPS hotline would not have been able to source an IFA for Mr S, this was his responsibility. The Trustee signposted the Money Advice Service and Unbiased as places where he could find information on IFAs, so Mr S ought to have been aware of what he needed to do in order to obtain the required financial advice.
32. Mr S has argued that the situation he was left in was unfair. He said that it was difficult to find an IFA willing to advise members of the OBSPS. He said that the Adjudicator’s Opinion mentioned four occasions where he approached IFAs but, he actually had made several additional attempts. While I appreciate Mr S feels the situation he has been left in is unfair, the requirement for financial advice was not set by the Trustee, but by statute. I can only uphold a complaint where there has been maladministration. There is nothing I have seen to suggest that the Trustee should be held responsible for the difficulties Mr S encountered in accessing financial advice, so I do not uphold Mr S’ complaint.

**Anthony Arter**

Pensions Ombudsman  
21 October 2021