

Ombudsman's Determination

Applicant	Mr N
Scheme	Flexible Lamps Ltd Retirement Benefits Scheme (the Scheme)
Respondents	The Trustee of the Scheme (the Trustee)

Outcome

1. I do not uphold Mr N's complaint.

Complaint summary

2. Mr N has complained that the Trustee provided him with incorrect information regarding his pension benefits.

Background information, including submissions from the parties

3. On 5 April 1993, Mr N became a member of the Scheme. His Normal Retirement Date (**NRD**) was 2 June 2020.
4. On 6 April 2001, the Trustee provided a Statement of Benefits and Contributions (**the 2001 Statement**). This said that, upon survival to NRD, Mr N would be entitled to benefits of £11,541.11 per annum. It confirmed that his contributions would be 5.75% of his pensionable salary.
5. On 15 April 2002, the Scheme closed to future pension accrual. All existing employees were moved to a money purchase pension scheme. Mr N has also confirmed that he left his employment with Flexible Lamps Ltd (**his Employer**) in April 2002.
6. On 13 June 2002, AXA wrote to Mr N's employer with a Certificate of Preserved Benefits (**the 2002 Certificate**). The heading of the 2002 Certificate said that it should be sent to Mr N; however, he has complained that he did not receive it.
7. The 2002 Certificate confirmed that Mr N left the Scheme on 15 April 2002. It outlined the benefits that were preserved under the Scheme. It also said that Mr N's pension, on the date of leaving the Scheme, was £3,739.35 per annum. This was made up of a Guaranteed Minimum Pension (**GMP**) and the remaining benefits (**the excess benefits**). The 2002 Certificate confirmed that the GMP will increase by 4.5% per

annum from the date of leaving until the State Pension Age (**SPA**). The excess benefits would increase up to NRD in line with the retail prices index (**RPI**) up to a maximum of 5% per annum.

8. The 2002 Certificate confirmed that the GMP was £433.68 per annum, which would increase by £482.56 by the time Mr N reached SPA. It also confirmed that the excess benefits amounted to £3,305.67 per annum. It projected Mr N's excess benefits, on the assumption that they would increase in accordance with the maximum increase of 5%; £7,955.49 per annum by SPA.
9. Mr N has complained that he has never been told that his benefits had been preserved in April 2002. As a result, he thought that his benefits were going to continue to accrue in accordance with the 2001 Statement and he would receive £11,541.11 per annum.
10. On 20 July 2019, the Trustee responded to Mr N's complaint. It said that Mr N left his employer and therefore the Scheme, on 15 April 2002. As he was no longer an active member of the Scheme, he no longer continued to accrue benefits; so, the 2001 Statement could not be expected to be accurate.

Adjudicator's Opinion

11. Mr N'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:-
 - The Adjudicator was of the opinion that it was unreasonable for Mr N to have expected benefits in accordance with the 2001 Statement. The 2001 Statement outlined the benefits payable upon survival to NRD. It also confirmed that Mr N's contributions equated to 5.75% of his salary. Given that Mr N left his employment in April 2002, it is clear that he would not have maintained contributions; therefore, he should not have expected to receive benefits in accordance with the 2001 Statement.
 - When Mr N left his employment, the Trustee provided his Employer with the 2002 Certificate which confirmed that Mr N left the Scheme on 15 April 2002. Although, Mr N has said that he did not receive it, the Adjudicator was of the opinion that he had a responsibility to request up to date information on his preserved benefits. He should not have continued to rely on the 2001 Statement.
12. Mr N did not accept the Adjudicator's Opinion and the complaint was passed to me to consider.
13. Mr N provided his further comments which do not change the outcome. He has argued that:
 - it was reasonable for him to rely on the 2001 Statement, as this was the last information he received regarding his benefits; and

- the Trustee should have updated him with respect of any changes to his benefits.

14. I agree with the Adjudicator's Opinion and I will therefore only respond to the main points made by Mr N.

Ombudsman's decision

15. There is no evidence to suggest that Mr N has been given any incorrect information, so, I do not find that any maladministration has occurred.
16. The 2001 Statement was produced whilst he was an active member of the Scheme. Consequently, it provided an estimate of the benefits Mr N would be entitled to had he continued to make further contributions. In April 2002, Mr N left his Employer and became a deferred member of the Scheme. As a result, his contributions ceased; so, it was unreasonable for him to expect to receive benefits in accordance with the 2001 Statement.
17. Mr N has also argued that the Trustee should have provided annual updates to notify him of the benefits he should expect in retirement. Mr N said that he has not received any updates since he became a deferred member. He argued that the lack of updated information meant that he had to rely on the 2001 Statement. It is clear that the Trustee has not provided any updates since it provided Mr N's Employer with the 2002 Certificate. However, I find that Mr N had a responsibility to ensure that he was using relevant information to inform his financial planning. Given that he had not received any updates since becoming a deferred member, I would have expected him to have requested up to date information over the years since leaving his employment in 2002.
18. I do not uphold Mr N's complaint.

Anthony Arter

Pensions Ombudsman
13 March 2020