

Ombudsman's Determination

Applicant	Mrs F
Scheme	The Royal Bank of Scotland Group Pension Fund (the Scheme)
Respondent	The Royal Bank of Scotland Pension Trustee Limited (the Trustee)

Outcome

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

Complaint summary

2. Mrs F complains that she was not reinstated into the State Second Pension (**S2P**).

Background information, including submissions from the parties

3. The Scheme was contracted out of S2P. The S2P was an earnings-related scheme that provided additional pension on top of the Basic State Pension. Mrs F paid lower National Insurance contributions in exchange for giving up the S2P for the period she was in the Scheme, from 31 October 2005 until 30 April 2007.
4. On 24 October 2007, the Scheme sent Mrs F her 'Statement of Benefits and Options', explaining that as she had less than 24 months' pensionable service, her options were:-
 - To take a transfer value to another approved pension arrangement; or
 - For the Scheme to pay a contribution equivalent premium (**CEP**) of £2,001.80 to reinstate Mrs F into the S2P for the period she was in the Scheme. This would happen automatically if Mrs F did not provide alternative instructions by 24 January 2008.
5. On 27 February 2008, Mrs F made a request for the transfer value to be paid to a new pension plan.
6. In December 2016, Mrs F wrote to the Scheme asking about her pension benefits.
7. On 20 January 2017, the Scheme administrator explained to Mrs F that her pension benefits had not been transferred in 2008, because at the time of her request for the transfer value, she had already been reinstated in the S2P.

8. Mrs F contacted HMRC in 2017 to ask if she had been reinstated in the S2P.
9. On 26 June 2017, HMRC confirmed that no CEP had been received to reinstate her in the S2P.
10. Mrs F complained to the Scheme in July 2017 and provided a copy of the letter from HMRC.
11. The Scheme did not reply to Mrs F.
12. Mrs F's position is that either the transfer value, or the CEP, should have been paid.
13. The Trustee said:-
 - Mrs F's request for the transfer value was received after the three-month deadline of 24 January 2008. Her pension record reflects that she no longer has any entitlement under the Scheme and the CEP had been paid in 2008.
 - It acknowledged that the complaint in 2017 was not formally considered.
 - In order to resolve matters the Trustee proposed that the Scheme administrator would liaise with HMRC. The Trustee would then make a payment, if required, to reinstate Mrs F's S2P entitlement as originally intended.
14. Mrs F said she wanted to be compensated for the loss of growth of her pension benefits from 2008. She was also unhappy she had to approach HMRC to establish what had happened.

Adjudicator's Opinion

15. Mr F'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:-
 - As Mrs F did not request a transfer value within the required three-month deadline, she should have been reinstated in the S2P.
 - The Trustee has said its records showed the CEP was paid, so the Adjudicator was not of the view that the Trustee had deliberately misled Mrs F when she enquired about what had happened to her pension benefits.
 - The offer from the Trustee to liaise with HMRC and pay the amount required to reinstate Mrs F in the S2P, if it is shown the CEP was not paid was reasonable.
 - An additional payment was not required for loss of growth because the only course of action available to Mrs F was to be reinstated in the S2P for the period she was contracted-out.
16. Mr F did not accept the Adjudicator's Opinion and the complaint was passed to me to consider.

17. Mrs F provided her further comments which do not change the outcome. Mrs F has argued that:-

- She fully accepted the confirmation provided by HMRC that it never received any payment from the Trustee.
- There was no reason to pay the CEP in 2007 when she had until 2008 to decide to transfer.
- If she had transferred, she would now have more towards her retirement.
- She did not consider she should suffer financial loss and stress because of the incompetence of the Trustee.

Ombudsman's decision

18. Mrs F did not request a transfer value within the required three-month deadline, and this meant the Trustee should have paid the CEP for her to be reinstated in the S2P.
19. The Trustee should have responded to Mrs F when she contacted them again in July 2017, and dealt with the matter then. Although, the lack of initial action on the part of the Trustee would have caused some distress to Mrs F, I do not believe that it would, on its own, been a significant factor in her frustration on not being able to transfer the benefit as she wished.
20. I do not agree that an additional payment is required for loss of growth because the only course of action available to Mrs F is to be reinstated in the S2P for the period she was contracted-out.
21. The Trustee's records show the CEP was paid in 2007, and whilst Mrs F disagrees with the date, I do not accept that Mrs F was deliberately misled when she contacted the Scheme administrator about her pension benefits. I appreciate it was frustrating for Mrs F to have to then contact HMRC, but this does not amount to maladministration.
22. The Trustee has offered to liaise with HMRC and pay the amount required to reinstate Mrs F in the S2P, if it is found that the CEP was not paid. I consider this offer is reasonable. Mrs F should contact the Trustee direct about accepting the offer.
23. I do not uphold the complaint.

Anthony Arter

Pensions Ombudsman
9 December 2019