

Ombudsman's Determination

Applicant	Mr N
Scheme	Aon Retirement Plan (the Plan)
Respondent	Aon UK Trustees Ltd (the Trustee)

Outcome

1. Mr N's complaint against the Trustee is partly upheld, but there is a part of the complaint I do not agree with. To put matters right (for the part that is upheld) the Trustee should pay Mr N £500, as previously offered, to recognise his significant distress and inconvenience.

Complaint summary

2. Mr N is complaining that the Trustee provided him with incorrect details of his benefits from the Plan in 2004, which he says he relied upon to make financial decisions.

Background information, including submissions from the parties

3. Mr N was originally a member of the Cater Allen Syndicate Management Limited Pension Scheme and was offered a transfer into The Frank B Hall (UK) Pension and Death Benefits Scheme (**the Scheme**) on 17 February 1993. There were two options, relevant sections of the option one are outlined in the Appendix.
4. On 25 February 1993, Mr N confirmed that he chose option one, a fixed pension benefit. He then became a deferred member in August 1993.
5. At some point, the Scheme transferred into the Plan. On 29 January 2004, the Trustee responded to a request for details of Mr N's benefits. It said:

"The current value of your pension is £13,039.26 per annum. (this includes 2 periods of service) and this is broken down as follows:

Pre 88 Guaranteed Minimum Pension (GMP)	£57.61
Post 88 GMP	£878.56

Excess pension above the GMP	£12,103.09
Total	£13,039.26 per annum

6. Mr N again wrote to the Trustee in April 2010, asking for details of his benefits. The Trustee responded on 20 May 2010 with the following:

“As the Aon UK Pension Scheme is a defined benefits arrangement, we do not provide annual statements, as the certificate issued to you upon leaving is still valid.

To provide the best value of your pension at retirement age your deferred pension will revalue between your date of leaving and date of retirement. Details of the revaluation are detailed below.

I can confirm that the value of your pension at date of leaving was £266.06 per annum.

Post 88 Guaranteed Minimum Pension (GMP)	£53.04
Excess pension above the GMP	£213.02
Total	£266.06 per annum

Please note that you also have transferred-in benefits of £9,405.16 at date of leaving:

Pre 88 GMP	£26.00
Post 88 GMP	£349.44
Excess pension above the GMP	£9,029.72
Total	£9,405.16 per annum

7. Mr N questioned this on 20 December 2010 in a letter to the Trustee. He asked why the benefit figures quoted in 2004 were higher than those which he had recently been provided with.
8. The Trustee responded on 6 January 2011. It confirmed that the information sent in May 2010 was correct and also:
- “The letter dated 29 January 2004 provides you with a current value of what you[sic] pension would have been at that date. Our administration team applied the revaluation to your deferred pension at date of leaving. We no longer provide this information as they are not guaranteed and can be misleading.”
9. Mr N received an estimate of benefits on 14 September 2018. This mirrored the figures he received in May 2010 but revalued the figures up to the date of the calculation. It gave an overall pension of £10,087.33 per annum.
10. Mr N complained to the Trustee under both stages of the Plan’s internal dispute resolution procedure (**IDRP**). The Trustee agreed that the information sent in 2004

was incorrect, as it did not set out the two pensions elements or explain in detail which elements were subject to revaluation. As the transferred-in service was a fixed benefit payable from age 60, only the pension he accrued between December 1992 and August 1993 was subject to revaluation.

11. Mr N subsequently made a complaint to my Office about the incorrect information he had received and that he had relied on the higher quoted benefit in 2004 when planning for his retirement. As part of the investigation, the Trustee offered Mr N £500 to recognise the incorrect information provided in 2004 and the level of service it had provided in full and final settlement of the complaint.

Adjudicator's opinion

12. 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 Trustee can only pay Mr N his correct entitlement from the Plan, as quoted in May 2010 and September 2018.
- The Ombudsman could consider whether Mr N has claim that he relied on the 2004 statement to his detriment. However, the Adjudicator felt that Mr N did not fulfil the criteria for a successful claim, because although he had been provided with information in 2004, he was informed in 2010 that this was incorrect. Therefore, it would be difficult to argue that he relied on the information in 2004 to his detriment, given that he was made aware of the true figures in 2010. The document he agreed to in 1993 was also clear that his transferred-in benefits would be fixed and therefore ought to have been aware that the main part of his benefits would not increase.
- The Trustee's offer of £500 was, in the circumstances, fair and reasonable and it was the Adjudicator's view that the Ombudsman would not award a higher amount.

13. Mr N did not agree to the offer from the Trustee and, in summary, added:-

- There had been a financial loss in addition to a loss of expectation. He calculated that his pension would have increased to £19,500 per annum by the time of his retirement. He also calculated that between his retirement and life expectancy of 81, his loss totals £197,673.
- If he had known the true position, he would have made other financial arrangements, such as additional voluntary contributions, or further savings.
- There have been numerous errors by the Trustee over the years, but it has not explained these. The apology and the £500 offered by the Trustee was derisory.

14. As Mr N did not accept the Adjudicator's opinion, the complaint was passed to me to consider. Mr N's further comments do not change the outcome. I agree with the Adjudicator and I will therefore only respond to the key points made for completeness.

Ombudsman's decision

15. As explained by the Adjudicator, Mr N is only entitled to his correct entitlement from the Plan, unless he can show that he relied on the larger, incorrect, figure to his financial detriment.
16. However, Mr N has not been able to show this. While he has argued that it has caused him a financial loss and that, if he had known the true position, he would have taken steps to mitigate that loss, I cannot ignore that Mr N was provided with the correct figures in 2010, six years after he was provided with the incorrect figures. He therefore knew the correct position nine years ago and had the opportunity to make any changes to his retirement planning.
17. Mr N has also referred to numerous errors over the years that the Trustee has failed to explain. As this does not form part of the original complaint made to me, nor have any further details been provided, this has not been investigated and I cannot comment further. Should Mr N feel that he has another complaint against the Trustee, then he is within his rights to raise a complaint through the Plan's IDRP.
18. I do not find that Mr N relied on the incorrect figures provided in 2004 to his detriment and do not uphold that part of his complaint. However, I do agree that the amount offered by the Trustee is more than reasonable in recognition of the distress and inconvenience caused to Mr N in providing him with incorrect information and failing to adequately explain, in 2010, why the previous statement was incorrect.

Directions

19. Within 21 days of the date of this Determination, the Trustee shall pay Mr N £500, as previously offered, in respect of the significant distress and inconvenience he has suffered.

Anthony Arter

Pensions Ombudsman
16 September 2019

Appendix

OPTION 1 : FIXED PENSION BENEFIT

The transfer value of £9,997.00 being offered by the Cater Allen Syndicate Management Limited Pension Scheme will secure the following benefits in the Frank B Hall (UK) Pension and Death Benefits Scheme.

1. Member's pension payable from age 60 of: £9,405.16 p.a.

This will increase between age 60 and 65 to give a pension at age 60 of:

2. a) Your accrued Guaranteed Minimum Pension on leaving the previous scheme
£375.44 p.a.
- b) Fixed rate revaluation of accrued Guaranteed Minimum Pension for each tax year from the date your contracted-out employment ceased up to your 65th birthday, giving a revalued Guaranteed Minimum Pension at age 65
£3,708.12 p.a.
- c) An additional pension of £6,819.59 p.a.
- Total £10,903.15 p.a