

Ombudsman's Determination

Applicant	Mr E
Scheme	Standard Life Transfer Plan (the Plan)
Respondents	Standard Life

Outcome

1. I do not uphold Mr E's complaint and no further action is required by Standard Life
2. My reasons for reaching this decision are explained in more detail below.

Complaint summary

3. Mr E complains that Standard Life gave him incorrect information about the value of the Plan that led him to make additional payments to his other plans, which resulted in him exceeding his lifetime allowance.

Background information, including submissions from the parties

Mr E made additional payments into his Self Invested Personal Pension (**SIPP**) plans in 2011 and 2012. Mr E says he made additional payments in order to maximise his lifetime allowance and in doing so he relied on statements which he received from Standard Life.

He refers to yearly statements which are standard form money purchase illustrations. Statement no.21 for year ending 2 Oct 2011 reads as follows:

"Your plan summary

"We've sent this statement to help you review your plan for retirement. This page summarises the key information about your plan. The rest of the statement gives you more detailed information...

"Your plan value

"current value on 2 October 2011 of £51,139.18

"The current value is the amount you could have transferred to another plan on 2 October 2011. This amount is not guaranteed.

"What you might get back when you retire

“This illustration shows what you might get back when you retire, if it was reduced by future inflation. The amounts are not guaranteed...”

“Your final plan value could be £53,900. This could give you a taxable pension each year of £2,000.

“Your plan has a Guaranteed Minimum Pension (GMP) of £4,986.01 a year payable from 13 January 2014. When you take your benefits we will check your GMP amount with HMRC.”

4. The 2012 statement contains different figures for the current plan value and final plan values, but the same figure for GMP.
5. In the more detailed section dealing with ‘What you might get back when you retire’ is a section of ‘information about these figures’ to which members are specifically directed when looking at these figures. This states:

“If you are reviewing your pension arrangements or comparing different pensions you should get more information or advice. This statement alone doesn’t give you enough detail to make an informed decision.”

6. Mr E says he believes he contacted Standard Life by phone in late 2011 or early in 2012 to make sure that the values provided in the yearly statements were the correct values to use in relation to the lifetime allowance. He says he was specifically advised that the values in the yearly statements were the appropriate figures to be used as the value of **the Plan** to be taken against the lifetime allowance. , He says that based upon this information and advice, he assumed that the value of the Transfer Plan at retirement would be of the order of £55,000 and made additional payments into his two SIPP in in both 2011 and 2012 in order to maximise his lifetime allowance.. Neither Mr E or Standard Life can produce a record of that telephone conversation.
7. In January 2013 Mr E wanted to put part of his SIPPs into drawdown. He says he had been advised he may need to provide the SIPP provider with values in respect of other pensions. He asked Standard Life for information. On 18 January 2013 Standard Life sent him a letter acknowledging a call made to them on that date enclosing ‘values for your plan that you can send to your other provider. They will be able to use these figures to work out the percentage of your lifetime allowance this equates to.’ This letter does not refer to his GMP.
8. In November 2013 Standard Life sent retirement forms to Mr E. On these forms, Standard Life confirmed how much of the lifetime allowance the **Plan** had used. From this percentage figure, Mr E realised that the amount used was greater than he had expected it to be.
9. As a result of making the additional payments to the SIPPs, Mr E had exceeded his lifetime allowance and therefore incurred a tax liability on the amount he exceeded his lifetime allowance by.

10. Mr E complained to Standard Life. On 11 April 2014 they replied stating that they could not find a record of any call made in late 2011 or early 2012. They explained that the annual statements are drafted in accordance with legislative requirements. They are required to give current fund values and illustrative values. They explained that 'for legislative reasons the cost of the GMP cannot be included in current fund value. The illustrative value is based on the current fund value, again complying with legislation.'
11. Mr E was unhappy with this explanation and complained to this service. He says that when Standard Life advised him of the value of his pension plan he took this to be its actual value ie the actual value to provide the pension that he had been promised, and hence the value in relation to the Lifetime Allowance. As this was important he says he checked the situation with Standard Life staff, and was advised that this was the case. He relied on the statements of value by Standard Life when making additional contributions to his SIPP's and as a result of Standard Life nearly doubling the value (but not the payments) of his pension he has a larger tax bill than anticipated. He asserts that irrespective of whether he can prove the contents of a conversation in 2011/12 he was entitled to assume that final plan value included his GMP element.
12. Standard Life say that the annual statements comply with all relevant legal and regulatory requirements and make it clear that the GMP is separate from the current value and final value. Beneath the illustration of final plan value and potential taxable pension that could be secured with it, the statement separately confirms the GMP entitlement. They deny that it is misleading. They say that if Mr E had asked for specific information regarding his plan eg for confirmation of his final plan value and how that would impact his lifetime allowance (as opposed to a general query regarding the meaning of the expression 'final plan value' without specifying why the information was required) he would have received a written response. They admit that the January 2013 letter was incorrect, and have apologised for that, but point out that by that point the relevant payments had already been made.

Adjudicator's Opinion

13. Mr E's complaint was considered by one of our Adjudicators who concluded that no further action was required by Standard Life. The Adjudicator's findings are summarised briefly below:
 - The statements stated clearly that there was a GMP element within the Plan.
 - The statements stated a separate amount for GMP and a pension from the final plan value. It was not reasonable to assume that the final plan value included the GMP.

- The additional payments made into the **SIPPs** were as a result of Mr E's own misunderstanding of the statements.
 - While there is no record of the conversation he had with Standard Life, it is plausible that he did contact them as he was a sophisticated investor.
 - He did not contact his financial adviser, who could have clarified the statements for him.
14. Mr E did not accept the Adjudicator's Opinion and provided further comments and the complaint was passed to me to consider.. I have reviewed the comments and the evidence previously provided and I agree with the Adjudicator's findings, summarised above. I will therefore only respond to the key points made by Mr E for completeness.

Ombudsman's decision

15. Mr E asserts that he was misled because he did not know that Standard Life had excluded the value of the GMP from the 'final plan value.' If Standard Life had thought they could not include the value of the GMP in the figure for 'final plan value' then they should have made this clear in the statement.
16. He asserts that staff members at Standard Life were similarly misled by the expression 'final plan value'. He says this is demonstrated by the letter of 18 January 2013 from which it is clear that the Standard Life staff member who wrote it understood the question he was asking and also failed to appreciate that the figure for final plan value would not be correct because it took no account of the GMP. He points to a call made in 5 December 2013 for further evidence of how Standard Life staff did not immediately recognise that the GMP is not included in the plan value figure. When Mr E had to raised the question specifically, checks were made and the percentage figure was confirmed as correct.
17. I am not persuaded that the 'final plan value' provided in the retirement benefit illustrations were misleading.
18. Mr E assumed that the final plan value included the value of the GMP and concluded that it could be used for lifetime allowance planning purposes without further calculations being done. I do not think that the information in the statements supported that assumption or that conclusion. . None of the figures it gave claimed to be the correct basis for the lifetime allowance calculation. The statements also contained an explicit warning about using them alone to make decisions. It was not foreseeable that they would be used as Mr E used them and it was not reasonable to rely on the plan value quoted for that purpose. I accept Mr E's evidence that he made enquiries of Standard Life in 2011/12. However, there is no evidence from which I can conclude that Standard Life staff made an unequivocal statement which was false, upon which he reasonably relied. There is no record of

the phone call from which it is possible now to reconstruct what was asked and said in reply.

There is nothing in the January 2013 letter from which I can infer that specific advice was asked for, given and relied upon on during 2011 and 2012. I accept Mr E's evidence about the phone call on 5 December 2013, but by then he was having a conversation in light of the retirement benefit quotation from which he could see the discrepancy between the final plan value and the percentage of lifetime allowance used. I cannot draw an inference from that about how the conversation must have proceeded on the earlier date when all he had to go on was the annual benefit statement.

19. This leads me to conclude that Mr E misunderstood the meaning of 'final plan value,' but I do not find that the misunderstanding was created by anything said or done by Standard Life. I find that on the balance of probabilities he acted in reliance on his own interpretation of what final plan value meant and how it could be used when he invested additional monies into the **SIPPs**. Ultimately this led him to exceed the lifetime allowance and pay the tax liability for doing so.
20. On the facts, I see no basis to hold Standard Life responsible for Mr E's misunderstanding. Therefore, I do not uphold the complaint.

Karen Johnston

Deputy Pensions Ombudsman
5 August 2016