

## Ombudsman's Determination

Applicant	Mr H
Scheme	Armed Forces Pension Scheme ( <b>AFPS</b> )
Respondents	Veterans UK

## Outcome

1. Mr H's complaint is not upheld because there is now no outstanding injustice resulting from the maladministration identified.
2. My reasons for reaching this decision are explained in more detail below.

## Complaint summary

3. Mr H has complained that implementation of a pension sharing order (**PSO**) was delayed because Veterans UK sent an invoice for administration charges to the wrong address. He has complained that the delay in implementing the PSO led to the overpayment of his pension. He has also complained that his pension was reduced by the amount of the outstanding administration fee without warning.
4. Mr H also says he has not been provided with details of the amount by which he was overpaid. He says he does not dispute the need to repay the overpayment but would like to know how it has been calculated.

## Background information, including submissions from the parties

### Background

5. A PSO relating to Mr H was issued in July 2013. On 22 August 2013, Veterans UK (then called the Service Personnel & Veterans Agency) wrote to Mr H. The letter was sent to Mr H's previous address. Mr H has explained that he had contacted the Joint Personnel Administration Centre (**JPAC**) to notify them of his new address. Veterans UK have confirmed that the JPAC is the correct point of contact for former service personnel wishing to update their personal details. They have explained that the JPAC notifies the relevant departments when it receives the details. Veterans UK have explained that a separate file was kept for Mr H's divorce and the address was not updated on this.

6. In their letter of 22 August 2013, amongst other things, Veterans UK said all charges for pension sharing services had to be paid in full before the PSO would be implemented. They referred Mr H to section 41 of the Welfare Reform and Pensions Act 1999 (**WRPA99**), and said the member was liable for the charges unless otherwise apportioned by the court. An invoice for £180 was enclosed.
7. The letter went on to say that a PSO could not take effect until 21 days after the date it was made or the date of the Decree Absolute; whichever was the later. It explained that Veterans UK would not be able to reduce Mr H's pension until other administrative arrangements were complete, which could take several months. The letter said that, where a pension was in payment, this would result in an overpayment, which would have to be recovered. This information is also set out in the scheme booklet "Pension Benefits on Divorce & Dissolution of Civil Partnerships" (MMP/131) available online.
8. In addition to the outstanding administration fee, Veterans UK required information relating to Mr H's Guaranteed Minimum Pension (**GMP**). This information is provided by the National Insurance Contributions Office (**NICO**). Veterans UK requested the information from NICO in August 2013, and followed this up in December 2013, and February 2014. They received the information on 7 March 2014, and implemented the PSO on 21 March 2014.
9. Veterans UK wrote to Mr H again on 21 March 2014, confirming they had implemented the PSO. They said their paying agent (Equinity Paymaster) had been instructed to reduce Mr H's pension from the effective date of the PSO and would be writing to him about the overpayment. The letter also said, if the PSO had been implemented before associated charges had been paid, they may recover the unpaid amount from any pension benefits payable, together with interest. The letter was again sent to the wrong address.
10. A further letter was sent to Mr H, on 14 May 2014, asking him to pay the outstanding invoice. This, too, was sent to the wrong address.
11. Having received no response from Mr H, Veterans UK instructed Equinity Paymaster to recover the £180 by reducing Mr H's pension by £45 for four months. The first reduction occurred in July 2014. Mr H's monthly pension was reduced from £435.24 to £390.24.
12. Following an enquiry from an Adjudicator, Veterans UK said they were unable to trace a request from Mr H for a breakdown of the calculation of his overpayment. They said they would be happy to provide the required figures.

### **Summary of Mr H's position**

13. A brief summary of Mr H's position is given below:

- He took the appropriate steps to notify Veterans UK of his new address. Other MoD agencies and outsource partners wrote to him at the correct address in the relevant period.
- Not only did Veterans UK write to him at his old address, they also sent correspondence for him to his former spouse's solicitors.
- The unpaid invoice delayed the implementation of his PSO which increased the amount of overpayment. He is not able to quantify by how much.
- Correspondence with the agencies involved has taken up a large amount of time and effort on his part.
- He would like Veterans UK to apologise for not updating their records, accept that they directly contributed to the overpayment of his pension and reduce the amount to be reclaimed. He would like them to apologise for the way in which the administration fee was recovered and refund £90 of it.
- Equinity Paymaster were unhelpful when he contacted them.
- He does not consider that the Adjudicator suggested an appropriate penalty for the maladministration identified.

### **Summary of Veterans UK's response**

14. A brief summary of Veterans UK's response is given below:

- The delay in implementing Mr H's PSO was also due to waiting for information about his GMP from NICO. This information was hastened in a timely manner and the PSO was implemented within two weeks of receiving it.
- Booklet MMP/131 (see above) explains that an overpayment will occur if the individual is already in receipt of their pension.
- They wrote to the address supplied by Mr H's solicitor and shown on the PSO.
- Having seen the Adjudicator's opinion, they will write to Mr H apologising for using the wrong address.

### **Adjudicator's Opinion**

15. Mr H's complaint was considered by one of our Adjudicators who concluded that further action was required by Veterans UK. The Adjudicator's findings are summarised briefly below:

- Veterans UK had implemented Mr H's PSO within the statutory 'implementation period'; that is, within four months of having received all of the information they required.
  - The invoice for the administration charge had been sent to the wrong address but this had not delayed implementation of the PSO.
  - Failure to update Mr H's address did amount to maladministration but this had not resulted in direct financial loss. It would, however, have caused him inconvenience for which Veterans UK should apologise.
16. Mr H did not accept the Adjudicator's Opinion and the complaint was passed to me to consider. Mr H provided his further comments many of which do not change the outcome. I agree with the Adjudicator's Opinion, summarised above, and I will therefore only respond to the key points made by Mr H for completeness.

### **Ombudsman's decision**

17. I think it would be correct to say that the recovery of the overpayment in Mr H's case has not been handled well by Veterans UK. Mr H accepts that he has received an overpayment and he says he does not dispute the need to repay it. However, the lack of communication has soured relations between him and Veterans UK. I note his comment regarding the lack of a penalty for their maladministration of his case. The aim of any redress suggested by the Adjudicator or directed by me is not to penalise Veterans UK. The aim is to put Mr H in the position he would have been had the maladministration not occurred or to redress any non-financial injustice, such as inconvenience.
18. Veterans UK implemented the PSO within a reasonable period of having received the GMP information from NICO. They did not delay matters because the administration fee was still outstanding. Therefore, their failure to update their records did not add to the overpayment as Mr H asserts. The lack of communication will have been annoying for Mr H but the amounts recovered by Veterans UK were always payable by him. I note that Veterans UK recovered the administration fee over a period and thereby minimised the impact on Mr H's pension. Their agreement to issue an apology for using the wrong address is sufficient redress in the circumstances.
19. Mr H has said he is still waiting for Veterans UK to explain how they have calculated the overpayment of £2,123.29. I note that Veterans UK have confirmed that they are happy to provide this information and I suggest that they do so as quickly as possible in order to draw a line under the matter.
20. I note Mr H's comments regarding Equinity Paymaster. However, they are not a party to his complaint and, therefore, it would not be appropriate to make any findings as to their role.

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21. Therefore, I do not uphold Mr H's complaint on the grounds that there is no outstanding injustice requiring redress.

**Anthony Arter**

Pensions Ombudsman  
2 June 2016