

Ombudsman's Determination

Applicant	Mr D
Scheme	St James's Place Personal Retirement Plan (the Plan)
Respondents	St James's Place Wealth Management (SJPWM)

Outcome

1. I do not uphold Mr D's complaint.
2. My reasons for reaching this decision are explained in more detail below.

Complaint summary

3. Mr D is complaining that there has been a significant reduction in the value of the Plan from £7,631.00 to £5,857.00. He says that he was initially informed by SJPWM that this was due to fund performance. Mr D says that he was subsequently informed by SJPWM, that the reason for the reduction was because of an early retirement charge which was never documented or communicated to him.

Background information, including submissions from the parties

4. Mr D asked SJPWM to send him information in respect of his pension benefits options, which was subsequently received by Mr D on 26 May 2015. Mr D states that SJPWM also provided him with a quotation showing the Plan value as £7,631.00.
5. On 25 June 2015, Mr D called SJPWM and was advised that the cheque for his finalised Plan value would be sent to him by end of June 2015. However, the payment was not sent by then, because SJPWM had not received the signed declaration form. There was a further delay in processing Mr D's request due SJPWM's volume of work.
6. Mr D called SJPWM on 7 August 2015, to complain that it had not sent him the declaration form in the first place.
7. He says that he did not receive the declaration form until 10 August 2015. He subsequently signed and returned the declaration form to SJPWM.

8. On 12 August 2015, SJPWM received the signed declaration form from Mr D and it issued an apology letter to him and a cheque for £200 compensation for the distress and inconvenience caused.
9. On 18 August 2015, Mr D received a cheque for the value of the Plan amounting to £4,978.60. SJPWM had applied unit prices as at 13 August 2015 to calculate the Plan value. SJPWM explained that this was in line with its normal process of applying next day prices, from when it received the final paperwork.
10. On 10 September 2015, Mr D further complained to SJPWM about the value of the Plan he had received. He said that it was lower by around 20% than he expected.
11. In view of this, SJPWM reviewed its calculation and applied unit prices as at 11 June 2015, using 10 June 2015 as the date it would have received all the required information from Mr D. SJPWM said that the Plan value as at 11 June 2015 would have been £5,190.00. SJPWM sent a cheque for £212.00 to Mr D for the difference, together with an apology.
12. Mr D was not happy with SJPWM's recalculations and asked his accountant to review the funds and make his own calculations. Mr D subsequently sent this to SJPWM.
13. SJPWM investigated those figures and sent a letter to Mr D on 18 September 2015, explaining that they had been calculated based on the incorrect number of units. It was also explained to Mr D that the calculations dated 11 September were correct. It explained that:

"The value of your Plan on 11 June 2015 was £7,263.07. A charge of £1,157.07 was deducted from this leaving a gross settlement value of £6,106.00...An early retirement charge has been deducted as detailed in the terms and conditions of your Plan...The value that we quoted on 26 May 2015 did not deduct the charge that would have been applied, therefore the net settlement value would have been £5,260.60 and not £6,256.80. I apologise this was not clearly stated...The figures quoted on 26 May 2015 were not guaranteed as the value of the Plan can increase or decrease on a daily basis depending on the fund prices. The difference in the net settlement value from 26 May 2015 to 11 June 2015 was £70.60."

Mr D's position:

14. Mr D says he is unhappy because he says that he telephoned SJPWM five times and at no point was there any mention of the missing declaration form.
15. Mr D also says that he never received the declaration form in his original pack.
16. Mr D confirms that at the time he had received advice from his St. James's Place Partner on the risks involved in taking his benefits.

17. Mr D states that the only occasion he had been made aware of the early retirement charge was on 29 September 2015, after bringing the complaint to the Pensions Ombudsman.
18. Mr D also says that he was misinformed during the course of the surrender process. He says he would like more transparency from SPJWM in this matter.
19. Mr D compared the Plan with another NPI policy, whose value, he says, was far in excess of the Plan.

SPJWM's position:

20. SJPWM stated that it has dealt with Mr D's complaint by offering him £200 compensation for distress and inconvenience plus a further £212 to compensate him for the difference in Plan value following its recalculation. SJPWM also said that it had apologised to Mr D for not including the early retirement charge in the original calculation.
21. SJPWM said that the declaration form would have been sent to Mr D on 26 May together with an option Form.
22. SPJWM also said that part of the risk of taking out pension benefits early is that there is an early withdrawal charge.
23. SPJWM provided this office with the Plan's T&Cs that would have been sent to Mr D when he started his policy. Section 10.2 'Retirement Fund' says:

"10.2.1 To calculate the Retirement Fund, the units allocated to the Retirement Arrangements from which benefits are being taken are valued at the relevant bid price applying to the Pension Date and any outstanding charges will be deducted. If the Pension Date is before Selected Retirement Date then the Early Retirement Fund will be used which is calculated by deducting an Early Retirement Charge from the Retirement Fund (see policy condition 10.2.2.).

10.2.2 The Early Retirement Charge will apply to Capital Units and will be an amount, calculated by the Actuary, to be equivalent to the value of the Management Charges which would have been taken from those units had early retirement not taken place".

24. SPJWM also provided this office with a quotation of projected benefits dated 2 June 2010, together with the document, 'Unit allocation and charges applicable to series 2 – pension plan'. Page 14 of this document explains:

"The plan can be encashed for the bid value of the units in the fund, subject to an early retirement charge".

Adjudicator's Opinion

25. Mr D's complaint was considered by one of our Adjudicators who concluded that no further action was required by SJPWM. The Adjudicator's findings are summarised briefly below.
- Mr D has stated that he was not informed by SJPWM about the early retirement charge that would be applied when he decided to withdraw his pension benefits in May 2015. However, SPJWM say it would have sent the Plan's T&Cs, setting out the early retirement charge to Mr D around the time he started the Plan. SPJWM also state that it would have sent a quotation of projected benefits, setting out the early retirement charge to Mr D in June 2010.
 - Based on the evidence that the Adjudicator has seen she was satisfied that from the outset there would have been sufficient information available for Mr D, explaining the application of the early retirement charge, prior to withdrawing his Plan benefits. The Adjudicator believed the onus was on Mr D to read the available information in this regard.
 - It is not disputed that SJPWM failed to mention the early retirement charge in correspondence that it sent to Mr D on 26 May 2015. However, there was no resultant financial loss to Mr D. SJPWM paid Mr D £200 for the distress and inconvenience caused. SJPWM also paid him £212 for the reduction in the Plan value that was caused by its admitted delay in paying out his Plan benefits. The Adjudicator believed the amount of compensation paid to Mr D was sufficient as there was no financial loss caused to him and the maladministration caused by SJPWM was not significant.
 - The Adjudicator referred to Mr D's comparison with the Plan and an NPI policy. In the Adjudicator's view she did not think that Mr D's comments about performance and charges were material. This is because, both plans were subject to different terms and conditions and so a direct comparison between the two would be unreasonable.
26. It was therefore the Adjudicator's opinion that this complaint should not be upheld. Mr D did not accept the Adjudicator's Opinion and the complaint was passed to me to consider. Mr D provided his further comments 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 D for completeness.

Ombudsman's decision

27. Mr D did not wish to dispute the content of the Opinion but draw attention to the key issues relating his experience with SJPWM.
28. Mr D says that he never received advice from SJPWM with regard to the risks in taking benefits early at any point during his withdrawal. However, Mr D admitted that

he sought advice from SJPWM's adviser prior to his withdrawal. So I find that the onus was on Mr D to query the risks associated with early withdrawal of his benefits.

29. Mr D has requested the original copy of the paperwork signed at the time he took out the Plan. Mr D has admitted to this office that he received the original paperwork, however he has not retained it. It is open to Mr D to obtain a further copy of the documentation from SJPWM.
30. Mr D also raised an issue about SJPWM's apparent lack of transparency in dealing with his case. He accepts that there was an administrative error on SJPWM's part but argues that UK financial institutions are supposed to follow best practice and act in accordance with FCA regulations and that in his case this did not happen.
31. However, I find that SJPWM had provided Mr D with sufficient information regarding the Plan and, in particular, in relation to the early surrender charge. I cannot identify any significant maladministration in this respect. I also note that SJPWM offered Mr D £200 compensation for the delay in processing the declaration form and for the mistake in not including the early retirement charge in the original quote. In addition, SJPWM paid Mr D £212.00 redress following its recalculation of his Plan benefits at 11 June 2015. I find this is sufficient compensation based on the circumstances of this case.
32. Therefore, I do not uphold Mr D's complaint.

Anthony Arter

Pensions Ombudsman
28 February 2017