

## Ombudsman's Determination

Applicant	Mrs N
Scheme	Principal Civil Service Pension Scheme ( <b>PCSPS</b> )
Respondents	MyCSP The Pension Scheme Executive ( <b>TPSE</b> )

### Outcome

1. I do not uphold Mrs N's complaint and no further action is required by MyCSP and TPSE.
2. My reasons for reaching this decision are explained in more detail below.

### Complaint summary

3. Mrs N's complaint against MyCSP and TPSE is that the Added Pension calculator on the Civil Service website provided her with incorrect pension quotes in 2011 and 2012.
4. Mrs N says that in November 2011 she used the Added Pension calculator to calculate the lump sum she had to pay to secure an additional pension of £1,250, per annum. The Added Pension calculator showed a lump sum figure of £16,175. She was subsequently told by MyCSP that she had to pay a lump sum of £16,282.63 to secure an additional pension of £1,256.63 per annum.
5. Mrs N says that in December 2012, the Added Pension calculator showed that she would receive an additional pension of £1,479.00 per annum based on a lump sum payment of £20,000. She was subsequently told that the correct pension figure was £1,442.31 per annum.
6. Mrs N asserts that the respondents and the Scheme actuary should provide complete answers to all of the outstanding queries she raised. Should those answers indicate that the additional pensions quoted were incorrectly calculated then she should receive the correct amounts. Specifically, she wants a complete technical specification of the factors used to calculate the additional pensions. She says the respondents have not explained how the assumptions appropriate for the lump sum payments she made in 2011 and 2012 were set. The 2007 valuation report which

TPSE referred to in their letter to her of 22 June 2015, assumes a pensions increase in line with RPI, but the rate of increase is now CPI.

7. In Mrs N's letter to this office of 1 April 2016, she says,

“ When I purchased an added pension of £1,250 per annum in November 2011 it is true that I was advised that I had to pay £16,282.63 and that I could have decided not to proceed. However, had I delayed pending resolution of my complaint there would probably have been ... a period...during which I would not have made a payment. During that time the rate of conversion of lump sum for pension would probably have deteriorated. Furthermore...had I not made a payment by 5 April 2012 that opportunity would have been lost forever.

When I made a payment of £20,000 in November 2012 I was not advised in advance of the amount of pension it would secure, and I was not offered the opportunity to have my money back after the figure was calculated...

...The rates of conversion of lump sum for pension are specified in legislation ...I therefore decided to go ahead with both payments on the basis that any errors would be corrected in due course...”

### **Background information, including submissions from the parties**

8. Mrs N's complaint was considered under stage 1 and stage 2 of the PCSPS's internal disputes resolution procedure, (IDRP).

9. In MyCSP's stage 1 IDRP response letter to Mrs N of 14 March 2014, they provided an explanation for the difference in the figures quoted using the Added Pension calculator and the actual cost.

10. In their stage 2 IDRP response letter to Mrs N of 22 June 2015, TPSE referred to the PCSPS rules in connection with the calculation of the additional pensions. They also stated that they had asked the Scheme actuary for a response on Mrs N's specific questions and set out the explanation provided by the actuary. The writer of the letter said:

“The Scheme actuary's response was in terms of the current position, referring to the most recent funding valuation of the Scheme which fed through to the assumptions used to derive the most recent Added Pension factors. In fact, the valuation relevant to the Added Pension factors used in your case was the one as at 31 March 2007. However, the principles described above about financial and demographic assumptions apply in the same way. The valuations (which contain the relevant assumptions can be found at...)

...the final amounts applying to your 2011 and 2012 purchases are correct, and accurately reflect the relevant factors provided by the Scheme actuary...”

## Adjudicator's Opinion

11. Mrs N's complaint was considered by one of our Adjudicators who concluded that no further action was required by MyCSP and TPSE. The Adjudicator's findings are summarised briefly below:
- Mrs N did not rely on the incorrect additional pension quotes in a way that was detrimental to her. This is because, she has not claimed that she made decisions or made financial commitments in reliance on the incorrect pension quotes that she would not have made had she received the correct information from the outset.
  - In addition, the Adjudicator noted that from her letter to this office of 1 April 2016 that she was aware of the error at the time she purchased the additional pension of £1,250 per annum in November 2011, and was aware of the correct amount of lump sum she had to pay to buy the additional pension, prior to completing the transaction.
  - Further, Mrs N could have reasonably discovered the error in the second pension quote by making enquiries. She was aware at that time that there was a problem with her first pension quote. She also says that she decided to go ahead with both payments on the basis that any errors would be corrected in due course.
  - Also, the net difference between the correct and incorrect figures was approx £107 regarding the November 2011 lump sum and approx £37 per annum regarding the additional pension purchased in December 2012. Although these amounts were not insignificant, the Adjudicator did not believe that they were substantial enough for her to have changed her position. Therefore, it was more likely than not that Mrs N would have still made the purchases of the additional pensions had she received the correct information from the outset.
  - The respondents had provided Mrs N with a proper response which included an explanation from the Scheme actuary regarding her queries, as stated in her application. She was also made aware of where she could obtain further information about the relevant factors. It is open to Mrs N to contact them again if she requires further clarification.
  - Mrs N is only entitled to benefits calculated in accordance with the PCSPS rules. As confirmed by TPSE, the final amounts applying to Mrs N's 2011 and 2012 additional pension purchases were correctly calculated using the relevant factors provided by the Scheme actuary and there is no evidence that shows the calculations were incorrect.
12. Mrs N did not accept the Adjudicator's Opinion and the complaint was passed to me to consider. Mrs N provided her 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 Ms N for completeness.

### **Ombudsman's decision**

13. Mrs N contends her complaint is that the Added Pension calculator provided quotes that were then superseded by other, less favourable, quotes. Further, both of the subsequent quotes she received were wrong. She says that she has no confidence that her finalised figures were correct. Mrs N maintains that the response from the respondents did not address her questions and did not provide anything which satisfied her that the latest figures were correct.
14. However, I agree with the Adjudicator's opinion that the explanation Mrs N received from the respondents, which were validated by the Scheme actuary, concerning the pension figures in question, was reasonable. Therefore, I do not find that there are any justifiable grounds for me to conclude that the finalised figures she received were incorrect.
15. As explained by the Adjudicator in the Opinion, there is no evidence that Mrs N has suffered any financial injustice in this case. Therefore, I do not uphold her complaint.

**Anthony Arter**

Pensions Ombudsman  
27 September 2016