

**MEMORANDUM OF UNDERSTANDING**  
**between**  
**THE PENSIONS OMBUDSMAN**  
**and**  
**THE FINANCIAL OMBUDSMAN SERVICE**

1. This memorandum of understanding is made on 1 December 2017 between The Pensions Ombudsman of 11 Belgrave Road, London SW1V 1RB and the Financial Ombudsman Service of Exchange Tower, London E14 9SR.
2. This memorandum deals with the handling of complaints and disputes where there is a potential overlap of jurisdiction, recognising the different remits which each ombudsman has to consider complaints. Its purpose is to help to minimise complexity for consumers and respondents where there is a potential overlap.
3. This memorandum supersedes all prior memoranda of understanding between The Pensions Ombudsman and the Financial Ombudsman Service. It will be reviewed after 12 months and periodically thereafter.
4. Both ombudsmen have a broad jurisdiction to consider complaints about pension related matters. The appendix below cites some illustrative, non-exhaustive examples of the types of complaints each ombudsman can consider.
5. The Pensions Ombudsman's jurisdiction is provided for by Part X of the Pension Schemes Act 1993 and (inter alia) the Personal and Occupational Pension Schemes (Pensions Ombudsman) Regulations 1996.
6. The Pensions Ombudsman deals with matters which concern the administration (including transfers/conversion) and/or management of occupational and personal pension schemes.
7. The Financial Ombudsman Service's jurisdiction is provided for by Part XVI of the Financial Services and Markets Act 2000 and Chapter II of the Dispute Resolution: Complaints sourcebook in the Financial Conduct Authority's Handbook of Rules and Guidance.
8. The Financial Ombudsman Service deals with matters which predominantly concern advice in respect of the sale or marketing of individual pension arrangements.
9. The Financial Ombudsman Service can also consider complaints about the administration of personal pensions and group personal pensions (but not complaints about the administration of occupational schemes). This means there is a jurisdictional overlap between the two ombudsmen.
10. If a complainant refers a complaint to an ombudsman and it is apparent that the complaint is *outside* the jurisdiction of that ombudsman, but may be *within* the jurisdiction of the other ombudsman, the first ombudsman will refer the complaint with the complainant's consent, or the complainant, to the other ombudsman.

11. If a complainant refers a complaint to an ombudsman and it is apparent, or becomes apparent that the complaint is more suitable to be dealt with by the other ombudsman, the first ombudsman will transfer the complaint to the other ombudsman, if the complainant consents.
12. Matters that may be relevant to the ombudsman's decision about whether or not it would be more suitable for the complaint to be determined by the other ombudsman include, where:
  - a. The complaint falls within the jurisdiction of the other ombudsman (see the appendix for a broad summary of jurisdiction and some illustrative, non-exhaustive examples of the types of complaints each ombudsman can consider);
  - b. The amount of the potential redress is above the award limit of the first ombudsman, but within the award limit of the second ombudsman;
  - c. The complaint is outside the time limits of the first ombudsman, but inside the time limits of the second ombudsman; or
  - d. The complainant has made connected complaints about the activities of two parties where only one ombudsman covers both parties and it would be more suitable for the complaints to be dealt with together.
13. If the complainant does not consent to the referral of his complaint to the other ombudsman, the ombudsman may consider the complaint in the usual way, or if appropriate, dismiss the complaint in accordance with the ombudsman's usual powers and responsibilities.
14. So far as they can lawfully do so, and with the consent of the parties where that is legally required, the Financial Ombudsman Service and The Pensions Ombudsman will take reasonable steps to cooperate with one another and conduct regular exchanges of best practices in relation to:
  - (1) the investigation of complaints where more than one ombudsman is involved; and
  - (2) how the ombudsmen independently approach the resolution of similar complaints.

Signed:



for and on behalf of The Pensions Ombudsman

Signed:



for and on behalf of Financial Ombudsman Service Limited

**Notes**

1. The previous memoranda of understanding were dated 31 March 1995, 7 October 2002 and 21 May 2013.

## **Appendix**

### **The Pensions Ombudsman**

Broadly The Pensions Ombudsman's organisation covers certain decisions and actions in relation to personal and occupational pension schemes, the Pension Protection Fund and the Financial Assistance Scheme.

The Pensions Ombudsman's jurisdiction in relation to personal and occupational pension schemes:

- Respondents covered: trustees, managers, administrators and employers.
- Complainants covered: individuals (e.g. scheme members, spouses, beneficiaries, and potential beneficiaries), employers, trustees and managers.
- Cases decided: disputes of fact and law in accordance with established legal principles; complaints of maladministration based on the Ombudsman's assessment of the evidence and the fair outcome to the complaint.
- Maximum award: there is no financial limit to the value of the award in any individual case. Decisions of The Pensions Ombudsman are legally binding and enforceable.
- Time limit: usually complaints to The Pensions Ombudsman need to be made within three years of when the event(s) complained about happened – or, if later, within three years of when the applicant first knew about it (or ought reasonably to have known about it). The Pensions Ombudsman can extend the three year limit, if he considers it reasonable for the complaint not to have been made before the end of three years and provided the complaint was then brought within a further period which the Ombudsman considers reasonable.
- Types of pension arrangements considered:
  - o All pension arrangements - personal or occupational, including workplace and employer schemes (including stakeholder schemes), small self-administered schemes, annuities, self-invested pensions, free standing additional voluntary contribution schemes, section 32 buy-out policies, executive pension plans, group pension plans and personal pension plans.

Some examples of types of complaints considered:

- Auto enrolment;
- Failure to provide information/act on instructions;
- Misquote/misinformation;
- Pension liberation;
- Transfer: general;
- Ill health;
- Benefits: incorrect calculation/refusal/failure to pay or late payment/pension increases;
- With-profit issues;
- Fund switches;
- Guaranteed Annuity Rate;
- Death benefits;
- Charges/fees;
- Interpretation of scheme rules/policy terms; and Winding up.

### **Financial Ombudsman Service**

Broadly (in relation to pension matters), the Financial Ombudsman Service's jurisdiction is about activities regulated by the FCA:

- Respondent's covered: FCA regulated firms and voluntary jurisdiction participants
- Complainants covered: consumers, micro-enterprises, small charities and trusts
- Cases decided: on the basis of what is fair and reasonable in all the circumstances of the complaint
- Maximum award: £150,000 plus interest (binding if accepted by the complainant), can recommend more (payable at the business's discretion)
- Time limits (apply unless the business consents or there are exceptional circumstances): within six months of the business's final response letter; and within six years of act or omission, or (if later) three years of knowledge
- Some examples of types of complaints considered:
  - o advice to take out a personal pension - including group personal pensions, stakeholder pensions, self-invested personal pensions or free-standing additional voluntary contributions;
  - o advice to transfer from a defined benefit occupational pension scheme to a personal pension or other defined contribution occupational scheme;
  - o advice (to someone with a personal pension) to take out an annuity or go into drawdown;
  - o from a self-invested personal pension holder about advice on investing the funds in their pension, or about the management of that pension portfolio under for example a discretionary management agreement;
  - o the administration of a personal pension scheme (including self-invested personal pensions), group personal pensions and of annuities in payment;
  - o advice to invest in specified investments held in executive pension plans and small self-administered pensions schemes;
  - o accessing benefit flexibly under the pensions freedoms; and
  - o advice to take out and the administration of section 32 buy-out policies, where the buy-out is in the individual consumer's name.

