

Ombudsman determination update: Duty on pension scheme trustees to consistently provide members with benefit statements?

In the recently published decision of the (then) Deputy Pensions Ombudsman in the Isle of Man (the “**Ombudsman**”) dated 13 October 2018, a deferred member argued that she was not provided with sufficient information by her scheme in relation to the approach of her normal retirement age nor sufficient benefit statements thereafter setting out the options she had to take her pension, which resulted in her not acting and her pension only increasing in line with inflation (CPI) for the period between the normal retirement age and the date of payment of the pension, with no back payment.

The deferred member received benefit statements from the scheme up to 2014, the last one being received seven months before her reaching retirement age under the scheme, and stating that the scheme would rely on her to notify it when she intended to retire and that it would not contact her before she reached retirement age. The deferred member received no further benefit statements in 2015 or 2016, and then received one again in September 2017 after which she gave notice and received payment.

Whilst in the end it was not necessary for the Ombudsman to make a determination on the increase of the deferred member’s pension in line with CPI, the backdating thereof or the lack of information received by the deferred member as the parties were able to resolve this on their own, the Ombudsman did note that the “**failure to provide the benefit statements in 2015 and 2016 when other members received benefit statements still could amount to maladministration whether any loss directly flows from it or not**”.

The scheme ultimately did, and was so directed to, take steps to put the deferred member in the position she would have been in had her pension come into payment on her reaching retirement age in 2014 by paying arrears of her pension plus interest, and paid a sum of £500 to her for the distress and inconvenience she suffered as a result of the above facts.

The Ombudsman finally went on to state that mistakes do occur in the administration of pension schemes and that in these circumstances cooperation, investigations, apologies, and steps to remedy any mistakes by scheme trustees would be very welcomed, along with a payment for any distress and inconvenience suffered by members as a result thereof.

Find the full determination here: <https://www.gov.im/media/1375955/1-mrs-o-v-pspa-13-october-2018.pdf>

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