

Written evidence from Name withheld (APS0005)

Introduction

I have, over the last 8 months been reviewing my pension arrangements to determine a strategy as I reached aged 60 in January 2021. I have made decisions which are irreversible based on the information provided by a pension administrator and find myself with a financial shortfall. I have since been advised that that Trustees are not allowed to pay pensions which are not due, and pension administrators are not regulated and so far my complaint has not been upheld. I am therefore responding to questions 4 and 9 in your call for evidence, and possibly questions 1 and 3 are relevant too.

Situation

Two components of my pension are final salary schemes with attached AVC schemes, comprising about 50% of my overall solution. I also have a SIPP, a personal pension plan, cash in ISAs and a company which is now in the process of liquidation. This is not a large pension pot and falls within the overall pension cap.

It was therefore very important to have accurate, reliable information on which to make decisions on how to best use each element of funds. I consulted an IFA to support determining a strategy (not investment of funds). For various reasons, I decided to leave my job and use the final salary schemes as the foundation for the next chapter of my life.

The information I was given by the Railways Pension Scheme (RPMI) was provided on two occasions, clarified further in a number of emails and telephone calls. Two weeks before the pension was due to be paid, they advised that they had made a mistake and I would be paid £25k cash free sum less than advised. I have raised a complaint and am about to refer to the ombudsman.

However, I have been advised that Trustees are not allowed to pay pensions which are not due, and pension administrators are not regulated and so far my complaint has not been upheld. I could not have known of this mistake and even now after all the discussion, they are refusing to confirm that the amounts are correct, reserving the right to have made more mistakes. Since the complaint, each piece of communication has contained inaccurate information of some kind.

Similarly, my pension with Standard Chartered Bank was based on incorrect CPI calculations and paid out £200 pa less than had been advised.

This “get out” makes pension planning similar to buying a lottery ticket. Decisions were made with other pension components which are irreversible. I have since heard that Trustees across pension schemes have clawed back money years later based on their mistakes, having terrible financial consequences for the pensioners. It also means that I have to now construct the complaint and wait up to 18 months for the Ombudsman to review the case. There is little incentive for these companies to provide accurate information, especially when they are an “inhouse” department. Law of contract does not seem to hold up, nor the fundamentals of good corporate governance.

I have tried to find a lawyer to support drafting the complaint to the ombudsman, but the consensus appears to be that the odds are stacked against me and not to waste more money.

I request of you therefore to find a way to make pension administrators/Trustees accountable for providing accurate and reliable information, accept their mistakes and ensure that pensioners are not put in a position detrimental to what they have reasonably planned, particularly at a time when most people will not be in a position to recover financially.

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