

## The complaint

Ms K has complained that Pension Insurance Corporation plc provided her with incorrect information about her pension benefits and then failed to apologise for its error and explain how the error arose. Ms K also claims that Pension Insurance Corporation plc was responsible for a delay in her being able to access her pension.

## What happened

Ms K held an annuity policy through Pension Insurance Corporation plc (PIC). On 16 May 2023 PIC sent a retirement quote to Ms K's financial adviser. In this decision I will refer to this quote as the May 2023 retirement quote. The covering letter attached to the retirement quote said: *"I have enclosed a statement setting out an estimate of your pension benefits at 11 June 2023"*.

The covering letter went on to say: *"The figures we quote are estimates based on current factors and we will need to recalculate your final benefits at your actual retirement date. We will pay your recalculated benefits in line with the option you choose on the retirement decision form, unless the benefits are more than 5% lower, in which case we will confirm the revised figures"*.

The attached retirement quote said that Ms K could take her retirement benefits as a full pension of £2,628.44 per year or she could take a cash lump sum of £11,264.74 plus a reduced pension of £1,689.71 per year.

Ms K decided that she would take the second of the above two options, so completed her option forms to say that she wanted to receive a cash lump sum of £11,264.74, plus a reduced yearly pension of £1,689.71. PIC received Ms K's completed retirement forms from her financial adviser on 22 August 2023.

PIC wrote back to Ms K on 24 August 2023 to say that the May 2023 retirement quote was wrong. In its letter PIC said: *"Unfortunately, the original retirement quotation you were issued was incorrect due to an error when calculating your benefits. I have enclosed a statement setting out the revised figures of your pension at 11 June 2023. If you want to take your retirement benefits, please return the following items or inform us of your decision by phone. Alternatively, please let us know if you wish to defer taking your benefits."*

1. Fully filled-in retirement decision form

*Please contact us if you have any questions or need more information”.*

PIC attached an updated retirement quote to its letter which said that Ms K was entitled to a full pension of £2,374.12 per year or she could take a cash lump sum of £9,305.27 plus a reduced pension of £1,526.23 per year. In this decision I will refer to this quote as the August 2023 retirement quote.

Ms K complained to PIC as she wasn't happy to be told that her annuity benefits were less than PIC had said in its May 2023 retirement quote. Ms K also complained that she'd not received any apology or explanation of why there was an error in May 2023 retirement quote. Ms K also complained that her financial adviser had been given conflicting information about whether her annuity would pay a spousal pension after her death.

On 6 September 2023 PIC responded to Ms K's complaint. In its response PIC apologised for not offering any apology for its error in its previous letter and for any distress that it may have caused Ms K. PIC went on to explain that the May 2023 retirement quote had been calculated through its “*automation process*” when, because of the complexity of Ms K's annuity benefits, her retirement quote should have been calculated manually by its senior technicians.

PIC confirmed that the retirement figures that Ms K had been sent in the August 2023 retirement quote had been manually calculated and were correct and explained that a spouse's pension is only payable if the marriage or civil partnership occurred before October 1995.

Ms K didn't accept PIC's explanation. She wrote to PIC by email again on 8 September 2023 to say that she'd been sent wrong information from PIC before and that she'd now received a further retirement quotation dated 5 September 2023 which had been calculated for a pension start date of 1 September 2023. Ms K explained that she'd contacted PIC on 1 September 2023 to ask for this new retirement quote and she now had further questions about the calculations on this new retirement quote.

Ms K had compared the annuity benefits given in the August 2023 retirement quote, which had a retirement date of 11 June 2023, against the annuity benefits set out in the quote she'd received on 5 September 2023, which had a retirement date of 1 September 2023.

Ms K told PIC that the available cash lump sum of £9,305.27 was the same in both quotes and asked PIC if this was correct. Ms K also said that the reduced pension given in the August 2023 retirement quote was £1,526.23 a year, but in the September 2023 retirement quote the reduced pension was slightly higher at £1,602.54 a year. Ms K wanted PIC to explain why the pension had increased.

Ms K also said that before she's asked PIC for a new retirement quote on 1 September 2023, she'd looked up an estimate of her annuity benefits through PIC's member online portal and this had given her different annuity figures. Finally, Ms K asked PIC for an explanation of why her annuity benefits were complicated and for reassurance about how the accuracy of her annuity benefits would be checked in the future.

Ms K received a further retirement quote on 15 November 2023 with a retirement date of 14 December 2023. This further quote said that Ms K could take a cash lump sum of £9,305.27 plus a reduced pension of £1,602.54 a year, which were the same figures that were in the retirement quote that Ms K received on 5 September 2023.

PIC wrote to Ms K again in November 2023 to say that it was still gathering information to complete its review of Ms K's complaint and that as it hadn't been able to finish its investigations within eight weeks then Ms K could refer her complaint to the Financial Ombudsman Service. Ms K decided to refer her complaint to this Service. Ms K also claimed that PIC's slowness in responding to her email of 8 September 2023 had resulted in a delay in her being able to start taking her retirement benefits.

In February 2024 PIC responded to the questions that Ms K had raised in her 8 September 2023 email. PIC said that the retirement quotes it had sent Ms K after the May 2023 retirement quote were correct. PIC also said that these quotations had been manually calculated by PIC's senior technicians. PIC went on to explain that the cash lump sum figure in the August 2023 and the 5 September 2023 retirement quotes sent to Ms K were the same because the cash commutation factor hadn't changed between the quotation dates.

PIC also explained that the retirement quote sent to Ms K in September 2023 showed a reduced yearly pension that was higher than the reduced pension shown in the August 2023 retirement quote as the September quote accounted for an extra year of pension revaluation. PIC also said that the figures shown on its member portal were wrong, as Ms K's retirement benefits needed to be calculated manually.

PIC went on to say in its letter that it hadn't delayed Ms K from taking her retirement benefits and to proceed with this she needed to return her completed option forms and it would then recalculate her benefits accordingly.

One of our Investigators also reviewed Ms K's complaint. Our Investigator's view was that PIC was clear in its response to Ms K on 6 September 2023 that its recent quote was correct and therefore Ms K would have been able to progress and complete her claim to take her retirement benefits at that time. However, our Investigator thought that Ms K had suffered distress and inconvenience and said that PIC should pay Ms K compensation of £100 in respect of this.

PIC accepted our Investigator's view, but Ms K wasn't in agreement with what our Investigator thought, so she has asked for her complaint to be considered by an Ombudsman.

### **What I've decided – and why**

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Ms K has said that she had received retirement quotations from PIC before May 2023 and had previously received incorrect information from PIC. However, I think that Ms K's complaint is in respect of the May 2023 retirement quote and the subsequent information she received from PIC. Therefore, in deciding on Ms K's complaint I am considering the information that she received from PIC from May 2023 onwards.

As I've said above, the May 2023 retirement quote said: *"The figures we quote are estimates based on current factors and we will need to recalculate your final benefits at your actual retirement date. We will pay your recalculated benefits in line with the option you choose on the retirement decision form, unless the benefits are more than 5% lower, in which case we will confirm the revised figures"*.

Additional notes were added to the retirement quote. This section was headed: *“Further notes for pensioners These notes should be read alongside your policy document”*. Under a section headed *“Calculations”* the notes said: *“The estimated figures we have quoted have been calculated in line with your policy document. We have made every effort to make sure the figures are accurate but if there is any error, your benefits will be limited to your entitlement under your policy”*.

I think that PIC was telling Ms K that the figures shown in the May 2023 retirement quote were estimates, and that the final pension paid to Ms K would be re-calculated once it had received her completed option forms. I also think that PIC was saying that if Ms K’s correct re-calculated pension was more than 5% lower than the estimated pension it would then confirm the revised figures to her.

Ms K completed and returned option forms to PIC to take a cash lump sum and a reduced pension. The May 2023 retirement quote said that the estimated figures for Ms K was a cash lump sum of £11,264.74 plus a reduced pension of £1,689.71 per year. However, the August 2023 retirement quote said that Ms K could take a cash lump sum of £9,305.27 plus a reduced pension of £1,526.23 per year.

I think that as there was an error in calculating the figures in the May 2023 retirement quote, and the retirement figures in the August 2023 retirement quote were more than 5% lower than the figures in the May 2023 retirement quote, PIC did what it had previously told Ms K it would do, in that it then confirmed the revised and correct retirement figures to her.

I’ve therefore considered whether PIC’s actions resulted in a delay in Ms K being able to start claiming her pension benefits. PIC say that it received Ms K’s completed retirement forms on 22 August 2023. It then re-calculated her retirement benefits on 24 August 2023 and wrote to Ms K the same day with the re-calculated retirement quote. As PIC replied to Ms K two working days after receiving her completed retirement forms, I think that it acted in a reasonable timescale.

Ms K contacted PIC on 1 September 2023 to question the re-calculated figures sent to her in the August 2023 retirement quote, and PIC then responded to Ms K on 6 September 2023, which was three working days later. I therefore again think that PIC responded to Ms K within a reasonable timescale.

In its response to Ms K on 6 September 2023 PIC said:

*“When your financial adviser requested the retirement quotation in May 2023, this showed higher figures as it had been calculated through our automation process when this should not have happened. Unfortunately, due to the complexity of your benefits your quotation should have been manually calculated by our senior technicians. I am very sorry that this happened and I can confirm that feedback has been provided and I can confirm that the figures you have recently received are correct. Please also accept my apologies that we did not offer our apologies for the error in our previous letter”*.

I think that in its response PIC explained that the error in Ms K’s May 2023 retirement quote happened because the quote had not been calculated manually. I also think that in its reply PIC apologised for its error and confirmed that the figures that she’d received in the August 2023 retirement quote were correct. PIC also explained the rule on spouse’s pensions later in its reply.

As Ms K had been given an explanation of why the May 2023 retirement quote was wrong and PIC had confirmed that the figures she'd now received were correct, I don't think it would've been unreasonable for Ms K to have then returned her completed option forms to PIC, so that she could then complete the process to take her retirement benefits.

However, I note that in the meantime Ms K had contacted PIC to ask for another retirement quote, which was prepared for her with a retirement date of 1 September 2023. This new retirement quote showed the same amount of cash lump sum as the August 2023 quote, but the reduced yearly pension available was now slightly higher. Ms K then contacted PIC again on 8 September 2023 with further questions on this new quote, as I've set out above, to which PIC responded in February 2024. Ms K has claimed that PIC's slowness in answering the additional questions she raised in her 8 September 2023 email resulted in a delay in her being able to claim her pension.

I recognise that Ms K had further questions about the retirement quotes she'd received in August and September 2023, but as these quotes showed the same amount of cash lump sum, and that in the interim there had been a small increase in Ms K's yearly pension, I still think it would have been reasonable for Ms K to have submitted her option forms to PIC, whilst she waited for a reply to her additional questions on these retirement quotes. I don't think that the additional questions that Ms K had should reasonably have prevented her from continuing with the process of taking the benefits from her PIC pension, given the response that she'd already received from PIC in September 2023.

Ms K had also asked PIC about the information showing on its online portal, as this showed higher retirement benefits being available to her, which PIC told Ms K were wrong when it replied to her in February 2024. In its response to Ms K on 6 September 2023 PIC had explained that her retirement benefits had to be calculated manually. I think it's reasonable to assume that the online portal figures were unlikely to have been manually calculated. I therefore think that they were likely to be wrong. PIC had also told Ms K that the figures in the August 2023 quote had been manually calculated by one of its senior technicians and had confirmed to her that these figures were correct.

My conclusion is therefore that it wouldn't be fair or reasonable to hold PIC responsible for any delay in Ms K taking her retirement benefits after it had written to her on 6 September 2023. Instead, I think that PIC responded to Ms K in a reasonable timescale when it told her that the May 2023 retirement quote was wrong when it received her completed option forms. I also think that PIC responded in a reasonable timescale when Ms K first questioned the August 2023 retirement quote and told her in September 2023 why the error had happened, apologised for its mistake, and confirmed that the August 2023 retirement quote was correct. As I've said above, I think it's reasonable that Ms K should have understood from PIC's letter of 6 September 2023 that she'd now been given correct figures and could therefore have started to claim her pension then.

I do however recognise that PIC's error in sending Ms K incorrectly calculated figures in the May 2023 retirement would've caused her some distress and inconvenience. I think this has meant that Ms K had to submit two sets of options forms to PIC and had to ask questions to PIC about the May 2023 and the August 2023 retirement quotes. I also think that if when PIC contacted Ms K on 24 August 2023 it had then apologised for its error and had explained how the error had arisen, and provided confirmation that the new figures were correct, it's possible that Ms K wouldn't have needed to raise her initial questions with PIC.

Therefore, whilst I don't think that PIC was responsible for any delay in Ms K being able to access her pension benefits, as she's claimed, I do think that PIC was responsible through its actions for Ms K suffering distress and inconvenience. It's therefore reasonable that PIC should compensate Ms K for this distress and inconvenience.

### **Putting things right**

As I've set out above, I think that PIC has caused Ms K more than the levels of frustration and annoyance she might reasonably expect from day-to-day life, and the impact has been more than just minimal. I also don't think that in this case an apology from PIC would be enough to remedy its mistake. My conclusion is that PIC should compensate Ms K for the distress and inconvenience that she's suffered. In their view, our Investigator said that compensation of £100 would be fair and reasonable in this case. I also think that this amount of compensation is fair and reasonable.

PIC should therefore now pay Ms K compensation of £100 in respect of the distress and inconvenience she's suffered. However, I note that PIC accepted our Investigator's view, so if PIC has already paid this amount of compensation to Ms K following its receipt of our Investigator's view, then PIC need take no further action in respect of this.

### **My final decision**

My final decision is that I uphold part of Ms K's complaint and that Pension Insurance Corporation plc should now compensate Ms K as I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms K to accept or reject my decision before 16 January 2025.

Ian Barton  
**Ombudsman**