

The complaint

Mr H complains that Legal and General Assurance Society Limited (“L&G”) provided him with misleading and incorrect information about changes being made by the UK Government to the Normal Minimum Pension Age (“NMPA”) in 2021.

What happened

Mr H holds pension savings with L&G. In 2021 the Government announced a consultation on raising the NMPA from age 55 to age 57. Mr H discussed his situation with L&G on at least two occasions when he was given emailed responses explaining that, although it believed it might be able to offer a protected retirement age on Mr H’s pension plan, no guarantees could be provided until draft legislation was issued.

On 4 November 2021, the necessary draft legislation was published. But that legislation only provided for protected retirement ages to be offered if the specific earlier age of retirement (55 or 56 years of age) was shown in the pension scheme rules on that date. Or, alternatively, consumers would be allowed to benefit from the protected retirement age of a scheme they were joining if a substantive transfer request had already been made before the publication date.

Mr H spoke with L&G on 5 November 2021. On that call he was incorrectly told that his pension plan with the firm would allow him to take his pension benefits at age 55. And that incorrect information was later confirmed to him by email.

Mr H says that he reviewed his pension arrangements with a financial advisor in early 2024. In that meeting he discovered that his pension plan didn’t have a protected retirement age so he wouldn’t be able to take his benefits until he reached age 57. He complained to L&G about the incorrect information he’d been given in November 2021.

L&G accepted that it had provided some incorrect information to Mr H and apologised for its error. But it noted that it had previously told Mr H it couldn’t provide any guaranteed information until after the draft legislation had been published. And L&G said that by the time it provided the incorrect information to Mr H it was too late for him to transfer his pension savings to a scheme that did offer a protected retirement age. L&G sent Mr H a cheque for £150 to apologise for the inconvenience he’d been caused and offered to consider refunding any costs he incurred for financial advice to review his pension position in the light of him discovering the incorrect answer he’d been given in 2021. Unhappy with that response Mr H brought his complaint to us.

Mr H’s complaint has been assessed by one of our investigators. He thought that, by the time Mr H was given incorrect information by L&G, it would have been too late for him to transfer his pension savings to a scheme offering a protected retirement age. So he didn’t think the incorrect information had caused Mr H any financial detriment. The investigator thought the compensation L&G had sent Mr H for his inconvenience, and the offer to pay for some financial advice, was reasonable.

Mr H didn't agree with that assessment. So, as the complaint hasn't been resolved informally, it has been passed to me, an ombudsman, to decide. This is the last stage of our process.

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.

In deciding this complaint I've taken into account the law, any relevant regulatory rules and good industry practice at the time. I have also carefully considered the submissions that have been made by Mr H and by L&G. Where the evidence is unclear, or there are conflicts, I have made my decision based on the balance of probabilities. In other words I have looked at what evidence we do have, and the surrounding circumstances, to help me decide what I think is more likely to, or should, have happened.

At the outset I think it is useful to reflect on the role of this service. This service isn't intended to regulate or punish businesses for their conduct – that is the role of the Financial Conduct Authority. Instead this service looks to resolve individual complaints between a consumer and a business. Should we decide that something has gone wrong we would ask the business to put things right by placing the consumer, as far as is possible, in the position they would have been if the problem hadn't occurred.

Much of the activity that underpins this complaint has been outside the control of L&G. The decision to alter the NMPA was taken by the Government. At the time the consultation was initiated it appeared that an implementation period, until perhaps 2023, would be allowed. Potentially that could have allowed pension schemes to alter their rules to denote a specific retirement age or allowed consumers to transfer their pension savings to another scheme with those rules already in place.

But, without sight of any draft legislation, it was not possible for pension schemes to predict what changes might have been needed to their rules. It isn't for me to comment on the motives behind the Government decision to impose a cut-off date earlier than the date of publication of the draft legislation. But the impact of that decision meant some consumers, such as Mr H, were unable to take steps to protect the NMPA they had previously expected.

I've looked carefully at what Mr H was told by L&G in the lead up to the draft legislation being published. In August 2021 L&G sent an email to Mr H saying;

"Based on the proposals in the government consultation alone we currently believe that your scheme will be able to offer a protected retirement age of 55 to our membership.

It must be noted that draft legislation is yet to be released on this topic and we are unable to offer any guarantees or certainty of the conditions required for this protection.

Once these changes are further clarified by the government, we will be in a position to advise on the specific rules that may impact your scheme".

And in October 2021 L&G replied to a further query from Mr H by saying;

"At present we do not have any more information on the proposed increase to normal minimum pensionable age, or when anymore information will be released.

Once these changes are further clarified by the government we will be in a position to advise on the specific rules that may impact your scheme."

So I am satisfied that, in the period before the draft legislation was published, L&G gave no guarantees to Mr H that the rules of the pension plan he held would allow for the protection of his NMPA. It seems that L&G had no more information about any plans or legislation than Mr H himself. And in the absence of that information I don't think L&G could be reasonably expected to have given Mr H any guidance about whether or not he should keep his pension savings with the firm or transfer them elsewhere. That would have been entirely a decision for Mr H to take.

The draft legislation was published around 4 November 2021. And in response to that legislation Mr H spoke with L&G on 5 November. L&G accepts that during that call, and later in an email confirmation, it gave some incorrect information to Mr H. It told him that the NMPA for his pension savings would be 55 years of age.

So what I need to consider here is what impact that incorrect information had on Mr H. If it caused him to act differently, and to his detriment, then it would be reasonable to conclude that his complaint should be upheld. But I'm sorry to tell Mr H that isn't my conclusion here.

The draft legislation allowed for some pension schemes, with rules that defined an NMPA of 55 or 56 years to protect the rights of existing pension scheme members to take their benefits at that age. And it extended those protections to consumers that were described as being in the process of transferring their benefits to that scheme.

HMRC referred to those transfers as being substantive. In effect I think that reasonably means that the consumer must have made a request to transfer to the scheme with the right to the protected pension age, before 4 November 2021, which the administrator was required to comply with. I don't think a casual enquiry about transferring was sufficient.

So I don't think that any indications Mr H might have given to L&G, about wanting to hold his pension savings in a scheme with a protected pension age could be considered a substantive transfer request. I think for that to be the case Mr H would need to have identified the receiving scheme and opened a new pension product with that firm. The new scheme would have needed to have sent L&G a formal request for the transfer of Mr H's pension benefits before the 4 November deadline.

It follows therefore that, given Mr H hadn't made a substantive transfer request before 4 November, his pension savings are not able to benefit from a protected pension age. And he would have been in exactly that position even if the information L&G had provided to him on 5 November had been correct. By that time he had no further opportunity to benefit from a protected pension age unless it formed part of the rules of the pension plan he already held with L&G.

I appreciate how disappointing it would have been for Mr H to discover the information he'd been given in 2021 was incorrect when he met with a financial advisor some three years later. He has told us that he had formed some retirement plans based on the earlier dates. But I am minded that the impact to those plans is somewhat mitigated by the fact that, even utilising the earlier retirement age of 55, Mr H would still have had more than 17 years before he could take his pension benefits. Over such an extended period of time it is entirely likely that other changes might be made to pensions legislation, or changes in his circumstances would alter his plans.

L&G sent Mr H a cheque for £150 to apologise for the inconvenience and disappointment the incorrect information he was given in 2021 would have caused him. I've thought carefully about whether that compensation is sufficient.

Mr H has contrasted the compensation with the fees he would need to pay to L&G for managing his pension savings. I'm not satisfied that is a reasonable comparison. Even if he had moved his pension savings to another firm he would have needed to pay similar fees. And as I've explained earlier his pension savings would have needed to remain at the new firm until he was aged 57 too.

I think the compensation L&G has paid to Mr H is fair and reasonable in the circumstances here and in line with what I would award in similar situations. I have seen that Mr H says he didn't cash the cheque L&G sent to him. So it is possible that the cheque is no longer valid and might need to be reissued. Mr H would need to contact L&G should that be the case. And the same applies should he wish to discuss the offer L&G made to pay for some financial advice should Mr H think it necessary given the delay to the time when he can take his pension benefits.

My final decision

For the reasons given above, I don't uphold the complaint. I think that the compensation Legal and General Assurance Society Limited has already paid or offered to Mr H is fair and reasonable.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 21 March 2025.

Paul Reilly
Ombudsman