

The complaint

Mr M is unhappy with the advice given by Mercer Limited (Mercer) in 1992 to transfer defined benefits from his occupational pension scheme (OPS) into a pension policy which entitled him to a guaranteed minimum pension (GMP). Mr M has complained that the terms of the GMP weren't properly explained to him at the time.

What happened

Mr M held an OPS with his employer. In 1992, he accepted a redundancy agreement from his employer. As part of this agreement, his employer arranged for him to receive advice in relation to his options relating to his OPS benefits. This advice was provided by an adviser whose business has been passed to Mercer.

After discussing these options with Mercer, it advised him to transfer his OPS benefits into a Section 32 personal pension provided by a pension company (Provider A), which he did in March 1993. This policy provided a guaranteed minimum pension at age 63.

In October 1994, the then regulator, the Securities and Investment Board (SIB), established an industry-wide review of particular pension business carried out by authorised firms between 29 April 1988 and 30 June 1994. It was generally known as the 'Pensions Review'.

In 2001 Mercer offered to review the advice it had given Mr M to transfer his pension benefits from his OPS. He accepted the offer and Mercer carried out a review of the advice under the methodology laid out in the pensions review. Mercer wrote to Mr M on 13 June 2001 to say:

We have completed our review of your case and that no cause for concern has been identified.

Mercer set out the key assumptions it had made when undertaking the review and said it considered that it had carried out the review correctly. These assumptions included that the earliest he could take his benefits was age 63. Mr M made no response to this letter.

On 17 March 2023, the pension provider wrote to Mr M as he was approaching his selected retirement date. It informed him of his options for taking his pension benefits, but also that the current value of his benefits was insufficient to fund his GMP, but that it would honour the GMP once he reached age 65, making up any shortfall in value itself.

Mr M contacted the provider to query this. The provider again wrote back on 5 August 2023 to outline his options once again and to confirm that his GMP would be payable from his state pension age, which had increased to 65 since the policy had been started. The provider wrote to Mr M once more on 14 August 2023 to confirm that it guaranteed to pay his GMP benefits and that it would pay any shortfall in the value required to fund it.

In March 2024 Mr M complained to Mercer about the fact that his pension had been mis-sold and that the GMP conditions had not been properly explained to him. He was unhappy that Mercer had not warned him that although the amount of his pension was guaranteed by his

GMP benefits, he was not informed either at the time of the sale or at the time of the pensions review that his benefits might not be paid at age 63.

Mercer responded to his complaint on 29 April 2024, not upholding it. and said that the plan had been assessed under the pension review and had identified no cause for concern. It had concluded:

Therefore, in concluding the review of your personal pension plan as set out by the guidelines issued by the regulator at the time, we consider that the issue of the advice you received has been fully resolved and our position is that Mercer has no obligation to revisit your case. Furthermore, as you did not refer your complaint to the Ombudsman within six months of the date of our letter dated 13 June 2001, any referral now made will be considered by Mercer to be 'out of time' and we do not consider that the FOS has the jurisdiction to consider this complaint.

Mr M was unhappy with this response so brought his complaint to this service.

Our investigator considered all the evidence provided by both parties and formed the view that Mr M's complaint was one that this service could look at, as the wording of the outcome letter said that it had *identified no cause for concern*. This view was subsequently upheld by an Ombudsman's decision.

Our investigator then examined the evidence provided by both parties. They formed the view that as Mercer had correctly carried out a review in 2001, the complaint should not be upheld. Mr M was unhappy with this view and so the complaint has been passed to me to make a final decision.

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.

Having done so, I agree with our investigator and do not uphold this complaint. Having said that, I can appreciate that Mr M will be disappointed by my decision, so I'll explain my reasoning.

Firstly, I think it's important to reflect upon the role of this service. Our role is to impartially review the circumstances of a complaint and make a decision on whether a business has made errors or treated a customer unfairly. Where it has, we expect a business to fairly compensate the customer for any financial loss they may have suffered.

Mr complained about the suitability of the advice to transfer his pension given by Mercer in 1992, as his benefits were not paid to him from age 63, but will be paid two years later at age 65. I can appreciate Mr M's understandable unhappiness that his benefits will be paid two years later than he expected.

I've given this careful consideration, but there's no need for me to consider the suitability of the advice because Mr M's pension plan was included in the pensions review and so Mercer had already taken the step of checking whether or not the transfer was suitable in 2001.

It's important to note that under the pensions review, businesses only needed to carry out the review once, using the standards and assumptions the SIB told them to use. This is because the assumptions or predictions they used were considered reasonable at the time to assess any future loss. The SIB intended that the review would draw a line under any pension mis-selling and would put things right at the time. Once a business carried out a

pension review for a customer, they weren't required to carry out another review. As Mercer had already carried out a review of the advice it provided to Mr M, I can't see that it has done anything wrong here.

I've also considered whether Mercer carried out the review correctly and in line with the SIB's rules and guidance. I've reviewed the evidence that relates to the pensions review that was carried out on Mr M's pension in 2001. The methodology for carrying out the review was set by the SIB, using assumptions that were relevant to the time. In this case, one of the key assumptions was that Mr M's state retirement age was 63. As a result of new legislation, Mr M's state retirement age rose from 63 to 65 between the date of the advice and his 65th birthday. As the assumption was valid at the time it was made, I also can't see that Mercer has done anything wrong here either.

I've also considered that Mercer had no ongoing relationship with Mr M after it carried out the review in 2001 and so I can't see it acted incorrectly in not checking that Mr M was aware that his state pension age had changed after the review

On balance, I find that it is fair and reasonable to conclude that Mercer has not treated Mr M unfairly in the circumstances of this complaint.

My final decision

For the reasons explained above, I do not uphold Mr M's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 20 May 2025.

Bill Catchpole
Ombudsman