

The Pensions Advisory  
Service Annual Review  
2010 - 2011



# C ontents

The Pensions Advisory Service provides information and guidance to members of the public on general pension matters. We also help to resolve disputes and complaints about private pension arrangements (company pensions, personal pensions and stakeholder pensions). Our service is free and is sustained by a nationwide network of volunteer advisers who are supported and augmented by technical and administrative staff based in our London office. All our advisers are pensions professionals with many years' experience in the pensions industry, and all act in accordance with the Pensions Advisory Service Code of Practice.

The Pensions Advisory Service is an independent organisation that is funded by grant-in-aid from the Department for Work and Pensions. The grant comes from a levy on all occupational and personal pension plans.

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*Pensions Minister Steve Webb and Pensions Advisory Service Chair, Partha Dasgupta, at a recent visit to our office in Belgrave Road.*

## Foreword



It is a pleasure to write this Foreword for the TPAS Annual Review.

TPAS is one of those hidden gems in our national financial landscape, staffed by many volunteers with expert knowledge of our hugely complex pension system, who give their time for free in order to assist people with pension problems. Last year, TPAS dealt with over 60,000 calls to its free national pensions helplines and nearly 20,000 written enquiries. These tens of thousands of problems - whether on state or private pension issues - were dealt with to a high level of satisfaction.

Saga frequently receives queries from customers worried about many different aspects of pensions and we often pass them on to TPAS in the knowledge that they will be dealt with by dedicated experts, many of whom give their time and expertise for free, just to help others.

Looking forward to auto-enrolment in 2012, with increasing numbers of baby boomers reaching retirement and more people engaging seriously with pensions, the calls on TPAS may increase. Pensions are so hugely complex that expert input is essential to deal with problems which arise. It is reassuring to know that this well-run organisation is there to help and TPAS performs an essential public service of which we can all be proud. I would urge as many other pension experts as possible to consider becoming TPAS volunteers, to add to the fantastic group who already perform such marvellous work.

I would like to congratulate all TPAS staff and volunteers on their excellent achievements and wish them another successful year to come.

Dr. Ros Altmann, Director-General, The Saga Group

## Chief Executive's Introduction

Pensions and retirement tends to be a subject most people prefer to avoid thinking about unless they have to. And with so much activity and change taking place in the pension world, people continue to find not only their past provision, but also their future prospects daunting. So we all have a job to do in raising awareness and making this information more accessible, particularly with automatic enrolment around the corner.

During the past year, we have seen a shift in the way in which people access our services, from letters to email; we have also seen an over 55% year on year increase in visits to our website. For us, this is good news, because as a small organisation we would struggle if they had all tried to telephone or write to us. It is also good news because with demographic changes we need to reach more of the younger generation and encourage them to start thinking now about income in their later life.



Recent independent research carried out on our helpline shows that two-thirds of our calls were from people over 55 years of age and for the more complex complaint cases, one

third of the people we help are female. However, interestingly, 70% of the people we see in our workplace talks on retirement income and planning are women.

So what has the past year looked like?

State pension issues amounted to 34% of our calls, declining from 36% last year. We saw a large fall in the number of people calling us around the year end about shortfalls in national insurance records and paying voluntary national insurance contributions. We think this was because of early communications from the Department for Work and Pensions about deadlines. However, we are seeing more calls about state retirement ages and automatic enrolment is starting to feature as a line of enquiry. Given the planned changes in this area, we expect this to increase.

We have seen a decline in the numbers of people asking about occupational schemes at 28% down from 30% last year and calls about individual schemes have remained almost steady in percentage terms, from 15% in 2009/10 to 16% in 2010/11. We expect calls to rise with the introduction of automatic enrolment.

Where helpline trends correlate most clearly with changes in levels of complaints are, unsurprisingly, in the following areas: mistakes, delay in payments of benefit, wind-up queries, clarification of entitlement and maladministration. It is our belief that the numbers of callers contacting us about mistakes may be due to several important factors: The Pension Regulator has provided greater guidance on administration requirements and data maintenance; occupational schemes have become more diligent in maintaining and checking data; and individual scheme members are starting to look more closely at the provision that they have.

We have seen a reduction in the number of complaint cases, when compared to last year. We believe this is largely due to improved investment conditions which mean delays causing losses are less of an issue. We did, however, see more complaint cases about pension overpayments, we believe as a result of data clean-up work being done by pension fund administrators. Looking into the future we expect to see more complaint cases once automatic enrolment starts to be implemented.

Needless to say, a valuable part of what we offer comes from our volunteer advisers; those who come into the London office; those who help with difficult complaint cases, as well as those who give workplace talks on retirement planning and saving. I would like to thank them and the staff at TPAS for helping resolve people's pension issues.

Marta Phillips OBE CA  
Chief Executive

the pensions  
advisory service

## Executive Summary

- Our helpline handled over 63,000 telephone calls. We also received over 18,000 questions via email or post.
- An independent survey conducted on behalf of the Department for Work and Pensions found that 94% of helpline users were either “satisfied” or “very satisfied” with the service they had received.
- 34% of all calls were about the state pension but calls about paying voluntary NI contributions were lower than in previous years.
- There were over 2 million visits to our website, an increase of 57%.
- We have drafted and made available a number of factsheets to help people answer their pension questions.
- The most popular question about state pensions was how to get a forecast of your entitlement.
- Many people contacted us for help in trying to find lost pension schemes.
- There has been a 48% increase over the last 2 years in questions from people trying to get clarification of their pension entitlement.
- Questions about automatic enrolment have increased and we are working alongside key partners in preparation for its implementation.
- Our ‘talks in the workplace’ service hosted 334 talks attended by over 6,000 people. We also saw over 1,000 people at exhibitions.
- The number of complaints referred to TPAS fell by 22%. This was largely driven by a fall in the number of complaints about delays. 19% of all complaints were about a mistake. Most complaints were about mistakes, ill-health retirement applications and delays. We have included case studies to show typical issues.
- Our Adviser of the Year is Nathan Robinson. 5 new Fellows were appointed.
- A summary of facts and figures is included towards the end of the report.
- Finally, we give details of the Pension Advisory Service Board and Fellows.

## Information and Guidance

Change is inevitable no matter where you are and although TPAS has seen a fair share of change over the last year, a number of things have remained constant. As with previous years each day brings a host of new enquiries from people across the United Kingdom who are anxious or confused about pensions.



As the first point of contact within TPAS for anyone with a pension enquiry or complaint, the Information & Guidance team provides an invaluable front line service, attracting on average 300 calls each day to our dedicated team of paid and volunteer technical specialists based in our head office in Belgrave Road.

In the last year our staff and volunteers responded to 63,751 enquiries through our telephone helpline. A further 18,419 written questions were asked, most of which we received via email. This is an increase of 12% on last year's figures and highlights the growing use of the internet and email as a source of information and guidance. The breadth and diversity of these enquiries remains a constant challenge amplified further by the rapidly changing pensions landscape we find ourselves in.

Typically 15% of all calls to our Helpline are dealt with by our London Office Advisers who are all volunteers. Our London Office Advisers tend to be recent retirees from the pensions and actuarial professions with a strong on-going commitment to give something back and to share their extensive knowledge. Volunteering to answer pension questions from the general public is not for the faint-hearted and a desire for continued mental challenge is certainly a pre-requisite.

**99%**

Calls answered in less than 20 seconds

The commitment and contribution of our London Office Advisers remains both inspirational and a vital component of who TPAS is. In addition to the fantastic help and wisdom they bring, their contribution day-to-day enables us to help more people every day and have a much richer, lively and diverse workforce to better equip us for any challenges we may face. In the coming year we hope to continue to enhance the volunteer role within our office and attract more people to join our busy team.

In terms of how we performed this year, with such a lot of change both within TPAS and in the pensions world, we were especially pleased that feedback from our customers continues to be excellent. An independent survey conducted on behalf of the Department for Work and Pensions confirmed that of those surveyed, 94% of people who contacted our Helpline were either "very satisfied" or "satisfied" with the service they received. This is a fantastic achievement and our challenge in the year ahead will be to maintain such good customer service.

Proposed changes to the state pension, as well as new initiatives such as the introduction of automatic enrolment, have brought an upturn in interest

## Headline Figures

An independent survey of our services in 2010 highlighted that more than

**94%**

Helpline callers were satisfied or very satisfied

\*

Number of Helpline calls received 2010-11

**63,751**

\*

% of Helpline calls taken by our volunteer technical team

**15%**

\*

Number of written enquiries

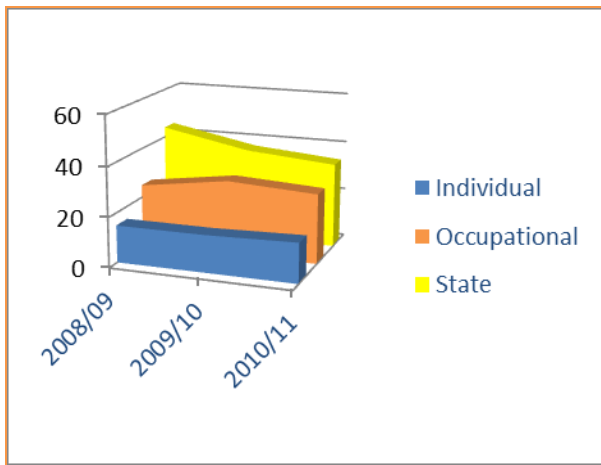
**18,419**

\*

Increase in email enquiries about general pension issues

**12%**

in pensions and enabled us to talk to more people considering their retirement income for the first time. Of particular concern to many of our callers have been the changes to state pension age for women and the rules on when and how much you can withdraw from pensions savings.



The chart to the left indicates the changing trends in the type of scheme people enquire about on our helpline

As in previous years many of the enquiries we received related to state pensions and benefits, with 34% of all Helpline enquiries received this year relating to these issues. This is a 3% decrease on last year's figures which was contrary to our expectations. We had anticipated a continuation of the dramatic seasonal increases faced in the previous two years around voluntary National Insurance (NI) contributions.

We ascribe part of the reduction of enquiries around voluntary NI contributions to the early communications work undertaken by DWP which we believe led to people looking at this at a much earlier stage and being much better prepared. This was an excellent result for The Pensions Advisory Service who in previous years has struggled to manage business as usual activities in the face of dramatic seasonal increases. We are grateful to our sponsoring department, the Department for Work and Pensions, for working so closely on these issues with us and ensuring that we were kept abreast of developments and communication messages ahead of time.

One of the consequences, however, of the reduced number of seasonal voluntary contribution queries is that overall numbers of Helpline calls decreased by 13% as compared to 2009-2010 against last year. By removing the seasonal peaks the calls we did receive were a more diverse range of pension queries and these were complemented by a 13% increase in people emailing our service. As more people moved over in the year to emailing their queries to us we re-evaluated some of our working practices. A revised process that enabled us to respond more efficiently to the growing number of people who prefer to pose their questions by email was introduced during the year. We hope that our new ways of working will not only improve our efficiency but also help make our service more accessible, broadening the range and age profile of the people who make use of our services.

As with our previous reporting period, the political and economic environment has also had an impact. In the last year we have seen a continued growth in the number of people asking questions about occupational pension schemes with Helpline calls on occupational pensions increasing by more than 1% on last year's figures.

## Feedback

*"I have used the services of the Pensions Advisory Service on two occasions and both times the reply to my question has been clear and precise, absolutely brilliant service, I really could not praise the service provided highly enough."*

*"Many thanks once again for your help and professionalism throughout this matter and be assured that I will be recommending the services of TPAS to any of my friends and colleagues in similar circumstances."*

*"It is an excellent service and your own expertise has been phenomenal."*

*"Thanks for the fabulous service."*

*"What a wonderful service this is. I am so glad I was reminded of it."*

*"We cannot thank you enough for the help you have given us – you really have given us hope for the future."*

The number of enquiries, particularly by email, from those in the public sector is also an indication of the changes occurring across public sector pensions and is consistent with the high number of Helpline calls in this area. Questions from NHS staff about changes to their pension arrangements accounted for a significant number of calls. More widely, public sector issues in the last year have accounted for 13% of all email enquires with local authority, teachers and emergency service staff such as police and fire officers being particularly highly represented. With further changes proposed we anticipate more questions from public sector employees in the coming year.

### **Providing people with the tools to become more financially capable in their retirement saving**

Many people who contact our Helpline are confused about pensions. In many cases they have joined a pension scheme but are unsure of who the funds are invested with, the type of scheme it is or the finer details of how much they are likely to receive upon retirement.

We are also contacted by people with quite complex questions or issues with their pension, complaints over possible maladministration of their scheme, tax questions and queries about annuities.

For many people their questions can be answered by the provision of fact sheets on some of our most frequently arising topics.

By maintaining our website and developing our “spotlight on” factsheets we hope that many more people will be able to help themselves to the information they need. Feedback so far on these factsheets has been very positive, with people saying they usefully support information provided over the phone or enable people to independently understand more fully what their problem or concern is and how to take it forward. If they need further information or support many people who have seen our factsheets have a clearer idea of what questions they need to ask and the options available to them than they would have done previously .

In the last year we have developed a number of factsheets including:

- How to test the increase in your pension savings against the annual allowance
- Paying Class 3 voluntary (NI) contributions
- Changes to the annual allowance
- The annual allowance - transitional rules for DB schemes
- The new drawdown rules
- The new flexible drawdown rules & what is a secure income?
- Transitional rules for individuals already in drawdown
- Death benefits during income drawdown
- Income drawdown versus annuity purchase
- Transfers with immediate vesting compared to drawdown
- Trivial commutation and stranded pots
- Category B pensions
- Transitional arrangements for moving to the new drawdown pension rules
- RPI to CPI
- The new lifetime allowance (& transitional protection)
- Abolition of the default retirement age
- Abolition of DC contracting out.

### **Website Headline Figures**

Visitors: 1,319,366  
(Up 66%)



Views: 7,387,318  
(Up 63%)



Visits: 2,010,210  
(Up 57.43%)

### **Pension Advisory Services most visited web pages:**

- Home
- News
- Press Releases,
- SPA Calculator
- State Pension: How Much Will You Get?

## State Pensions

The largest single issue this year relating to state pensions was about state pension forecasts. This replaced questions about NI shortfalls which had been the biggest issue for the last two years. Pension forecast questions accounted for 6% of all calls to the Helpline, a slight reduction on previous years.

In addition to advising people on how to get a pensions forecast, much of our time is spent explaining to people the importance of what they are being told. Many callers feel disappointed as the forecasts are often less than they were expecting. A lot of our work here is to explain why the amount is lower and guiding them through possible next steps. In the last year common questions have included people asking how and when they might be affected by proposals for the new flat rate pension and the impact of the changes on their state pension age.

Callers with state pension issues also often talk to us about their wider financial situation. They may not always know about or think to ask about Pension Credit which accounted for more than 5% of all calls to our Helpline this year. In our conversations with these callers we frequently find that they are not claiming all the support that they are entitled to. Telling people about Pension Credit and how to go about claiming this benefit means that many of our Helpline callers go away feeling more optimistic about their ability to cope.

### Case Study

A recent example of how we work with other agencies in addressing state pensions and benefits issues related to a woman who recently telephoned our Helpline. The caller had contacted us at a loss about what to do and didn't know where to turn, she was in tears as she was struggling to make ends meet on the pension that she had. She was very worried as she had an unexpected problem and needed to make essential home repairs. By asking a few simple questions it became clear the caller had a very low income and whilst we were not able to improve her basic pension level, we were able to explain to her about other benefits she might be entitled to. In the course of the call we discovered that she was not claiming Pension Credit and we were able to assist her with making a claim as well as telling her about other agencies that could help her.

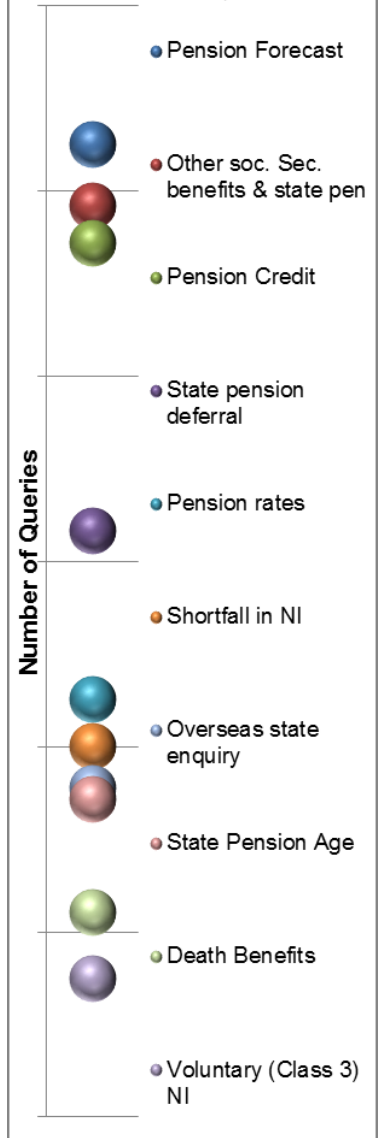
Pension Credit is notoriously under-claimed and as it is a gateway benefit, i.e. a benefit that after claiming automatically entitles you to several other important benefits, assisting callers in this way can have an immense impact. In the case of this caller she had not expected to receive the help from us that she received, not knowing about the benefits she had not asked a direct question on Pension Credit, but through our skilled advisers careful questioning we helped her get a much improved weekly income, enabling her to finish the repairs and live more comfortably.

In instances such as this we work in close partnership with a number of complimentary organisations such as the Citizens Advice Service and the Money Advice Service who are able to offer information and assistance in areas that many of our customers find helpful. Through our partnerships with these and similar bodies we work hard to ensure that where people

### Top 5 State Pension Issues:

- Pensions forecasts
- Other social security benefits and pensions
- Pension Credit
- State pension deferral
- Pension rates

### Top State Pension Queries



may need additional support with their finances or other issues we can refer them quickly to sources of appropriate support. This partnership approach is reciprocal, with direct referral routes into our service by the Money Advice Service and Citizens Advice proving extremely popular.

**13%**  
Email enquiries in 2010/11  
related to Public Sector issues

## Occupational Pensions

A continued area of growth is the number of questions from people trying to find schemes they were once members of. This year more than 4% of all calls to our Helpline related to people trying to find pension schemes.

We often have to explain how people can go about finding old schemes. We frequently highlight the work of the Pension Tracing service but sometimes people come to us when they feel they have exhausted all other options and are struggling to know who else to turn to. As ever we will always do our best to assist people where we have the expertise and knowledge to do so. We maintain a good track record of helping people with these problems and often navigate through a complex history of mergers, company failures and business name changes to discover where peoples' pensions are located. However, in an effort to reduce these problems ever occurring, we take every opportunity we can to remind people of their need to keep their pension provider updated. Our website, media activity and employee workshops continually try to remind people of the importance of doing the basics, such as telling schemes of name and address changes.

Our second key area that we receive the most calls on relating to occupational pensions are questions about ill-health early retirement decisions. Such queries typically take much longer to address than other enquiries and are often complex. Ill-health early retirement issues currently account for more than 3% of all calls to our Helpline. People contacting us regarding this often need us to explain how such decisions can be challenged and what issues the caller should focus on. If we think it would be helpful, we invite callers to send us their paperwork so that we can investigate further.

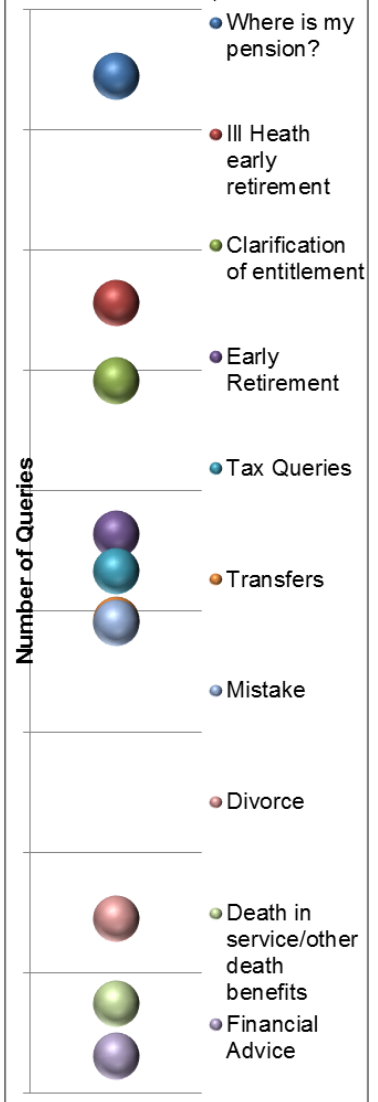
Over the last two years we have experienced an increase of 48% in people contacting our Helpline to get clarification of their benefits. We hope this is a positive increase showing a growing number of people looking at their arrangements ahead of retirement but it may also be an indication of people wanting to check their financial health as a consequence of concerns over job security and wider economic concerns. Similarly, questions about how tax affects pensions and tax free allowances, which increased by 22% on last year and 47% up over the last two years, could be a positive indication that more people are looking to maximise their savings through tax free options.

Many of these enquiries have arisen due to the increased profile of pensions in the media and the impact of the economic situation on personal finances. Within TPAS our challenge is common to all other organisations working in this area. Getting people to think and start planning ahead for retirement at a much younger age is imperative.

### Top five Occupational Pensions issues:

- Where is my Pension?
- Ill Health Early Retirement
- Clarification of entitlement
- Early Retirement
- Tax Queries

### Top Occupational Pension Queries



## Personal Pensions

Within this category we saw an increase of 24% on last year's Helpline figures in the numbers of people calling us about benefits on retirement or death. A typical example of a call on this subject relates to the complexity of the paperwork people receive when they come to claim their retirement benefits. We explain the purpose of the forms and give guidance on how to claim the option the caller wants. The lifetime allowance declaration is an example of a form that many people find particularly confusing.

Another frequently asked question occurs when a widow(er) finds their late husband/wife had a paid-up pension policy with an insurance company. Often the company has changed names or has been taken over and cannot now be found. Using our directories we can often trace the insurance company and provide contact details. When appropriate we can also tell the caller about the type of benefits that may be available, subject to the policy contract. Often widows and relatives have no idea how to make a claim until they contact TPAS.

Alongside this we saw a 16% increase in people wanting to know more about contracting-out and how their decision might be affected by changes to pension arrangements from 2012 onwards.

When discussing contracting-out we are told numerous reasons why someone has contracted-out. Among reasons frequently cited is the wish to have cash to complete other projects and a desire to retire early, even at the expense of a more affluent later retirement. In contrast to this, many of our other calls on this subject are from people who are suddenly concerned about the implications of past decisions to contract-out on their retirement income.

As we continue to review our management information we will be looking more carefully at our customers and the link between age and life stage on the prevalence of certain issues. We believe this will enable us to continue to develop more targeted information for key demographic groups, recognising and being able to cluster issues and proactively push out bundles of information to groups of people who are likely to be facing similar issues.

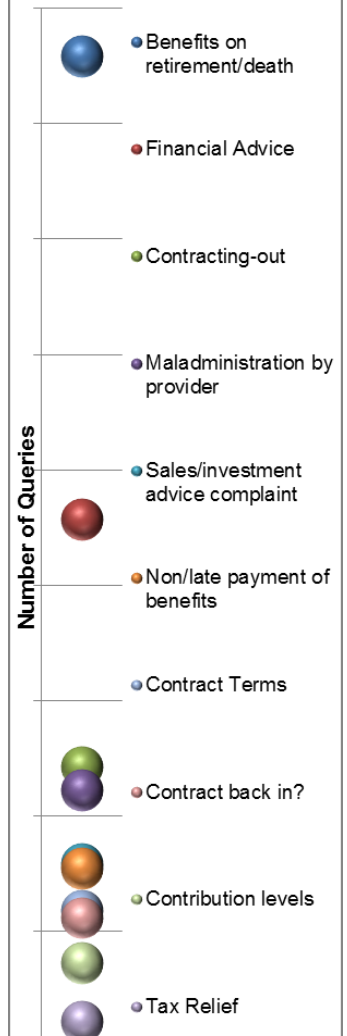
## Working in Partnership - Automatic Enrolment

As the work in preparation for automatic enrolment gains pace, so too does the number of people emailing and writing to us to find out more about automatic enrolment and the National Employment and Savings Trust. Employees and employers alike have already started to contact TPAS to find out more about their rights and responsibilities. Helpline calls on these issues are growing and, at the time of writing this report, currently average between two and three per cent of our monthly total.

### Top 5 Personal Pensions issues:

- Benefits on retirement or death
- Financial Advice
- Contracting out
- Maladministration by provider
- Sales/investment advice complaints

### Top Personal Pension Queries



Small employers have been particularly keen to understand how this will affect their business. We have also received significant numbers of questions from people just starting out in their careers, or those paid below the earnings threshold, eager to understand how this may affect them and what they should do next. In the last year we have been working closely with DWP and a range of other key partners to ensure that we have the information needed to make the implementation of automatic enrolment as smooth as possible.



*Members of the Information & Guidance team hard at work. As well as responding to the hundreds of calls each day the Pensions Advisory Service receives referrals and letters from all over the UK and abroad. Seen here, members of the team talking on the Helpline and researching responses.*

## Talks in the Workplace

This has been another successful year for the team. We have given 334 talks attended by over 6,000 people. In addition we talked to over 1,000 people at our exhibition stands.

We continue to be incredibly well supported by our volunteers. We currently have over 150 people who have volunteered to help us deliver presentations in the workplace. This year approximately half of our talks have been given by our volunteers. We would like to thank all our volunteers, both those who have presented for us and those we have not been able to use. We hope to increase the number of volunteers we are able to use in the coming years as the demand for our service continues to grow. Knowing that we have so many volunteers allows us to be a truly national service.

**6,399**

Number of people attending our workplace pension talks 2010/11

Over this year the people we have presented to have been predominantly public sector workers. This has been developed through referrals from one employer to the next, especially between the NHS Trusts that we have worked with. However, we have seen many private sector employees and will be looking to expand our reach further into the private sector over the next few years.

### Public Sector Pensions Gold Plated?

When we were first approached by the NHS about helping them communicate pension changes as part of their 'Choices' exercise, we wondered whether NHS employees in good quality schemes really needed our service. How wrong we were.

It is true that public sector pensions are good quality but the demographics of the public sector presents unique challenges. Over this year the majority of public sector workers we have seen have been women, most of whom had periods of part-time working and career breaks.

*"Thank you very much for all the time you have given us in providing the workshops this year. Our staff have found these very helpful."*

*Feedback on our workplace presentations from NHS Wiltshire, Primary Care Trust.*

We very often met people who completely misunderstood how their pensions worked, some believing they were going to get 50% of their final salary irrespective of their short period of service. Our talks were able to help them understand their pension scheme benefits and what they would get from the state. In many instances we were also able to answer questions concerning the benefits being earned by their spouses.

Increasingly we came across public sector workers who were being made redundant or who were to have their employment transferred to social enterprises and other agencies. We were able to discuss the implications on their pension benefits.

In the coming months we are expecting further changes to public sector pensions. With the levels of misunderstanding we have encountered, communication in the workplace has never been more important.

## Employers & Automatic Enrolment

We have been getting increasingly involved with small to medium sized employers seeking to find out more about automatic enrolment and its implications for their business and staff. This has either been direct with companies or at events such as the HMRC 'Employer Talk' road shows. We will continue to be involved with these events for as long as they are run.

We anticipate the demand from employers to grow considerably during 2011 as we near the implementation of automatic enrolment starting in October 2012. We will be working with employer groups around the country to provide assistance to the employers and their staff.

Enterprise Rent-a-Car: *"I just wanted to say thank you so much for coming into the office yesterday and giving us your presentation on pensions. I've had some really positive feedback from those who attended and I think everyone left having learnt something new."*

### 2011-2012

Although we expect the changes to public sector pensions to continue to place demands on our service, we will look to refocus our activities towards reaching small and medium sized private sector employers, particularly in the build up to automatic enrolment. These employers do not always have the financial means to pay for independent advice or the human resources to provide tailored pension information to their employees.

As a team we aim to continue the growth in the number of people seen year on year. To keep the cost of our service down we will aim to increase the percentage of talks delivered by our volunteers as well as encourage smaller employers to share sessions to enable us to speak to a larger number of employees at the same time.

#### Employer Feedback

*"All your volunteers were very knowledgeable and their presentations were of a high standard."*

*Nothing was too much trouble for TPAS and yourself in particular. NHS Grampian covers a very large area in NE Scotland and we very much appreciate TPAS agreeing to run sessions not just at our main hospital sites in Aberdeen and Elgin but throughout rural Grampian. I attended the sessions in Huntly and Buckie and it was clear that our staff in these small community hospitals particularly appreciated John's presentation.*

*On a personal level can I thank you for not letting the small matter of a volcano in Iceland prevent you from opening our series of presentations in Stonehaven having travelled north on the sleeper; not sure how you got home but all in all an arduous trip to deliver the first two sessions.*

*I note that you are now doing other presentations to GP practices in Grampian; good news travels fast! TPAS really do deliver 'what it says on the tin' and we look forward to working with you again."*

**NHS Grampian service**

#### Feedback from employees attending our workshops

- *"Really useful and the enthusiasm of the speaker makes planning for retirement a positive step. Thanks."*
- *"Made pension choices a lot clearer."*
- *"A very comprehensive presentation that has made me realise that I could be doing more to help myself."*
- *"Very informative talk from a very knowledgeable speaker."*
- *"Everyone should have the opportunity to attend one of these sessions."*
- *"Enjoyed the pleasant, relaxed and knowledgeable delivery by the speaker."*
- *"Thanks for clarity and openness."*
- *"Very helpful – gained a good understanding of pension calculation and benefits."*
- *"Really useful and helped me enormously."*
- *"Really helpful, facilitated well in fun/easy going style – much appreciated."*

**40%**

of all our workplace presentations are delivered by volunteers

## Resolving Disputes

The number of complaints referred to TPAS was 6,021. This is a 22% reduction when compared to the number we received in the previous 12 months.

It is hard to pinpoint exactly why the number of complaints fell. However our case work in recent years included a large number of complaints about delays. This reporting period covers a year in which investment returns have generally been good. It has also been a period of improving annuity rates. While we hope improving administration standards explains the fall in this type of complaint, we suspect the less damaging outcome delays caused when fund values rise is perhaps the main reason why the number of complaints about delays fell by 38%. There was similarly a 45% fall in the number of complaints about investment administration.

It is also pleasing to report that the total number of complaints about mistakes and overpayments fell by 15%. However, when we examine the figures more closely, there has in fact been an increase of 22% in the number of complaints we received about overpayments.

As in previous years, a significant proportion of the complaints we received were about decisions taken with regard to ill-health retirement applications. This is repeated this year.

The other main issue we were contacted about related to complaints about entitlements and rights, for example, rights to early payment of pensions and cash sums. The majority of these did not require investigation as it was clear from the paperwork that their pension provider was administering their pension correctly. Our task was to explain why they would not be successful pursuing the matter.

As always, our ability to investigate and resolve disputes relied heavily on our volunteer network. We owe a huge debt to our volunteers for the time, experience and expertise they give freely to TPAS. We are also grateful for the willingness of respondents to reply to our enquiries and their willingness to work with us.

We have set out below the main areas of disputes and some examples of our work in resolving them.

### Mistakes and overpayments

19% of all complaints sent to TPAS concerned an error. The majority were about mistakes made when benefits were quoted. Many of those who contacted us felt the firm who made the mistake should pay the incorrect benefits they were quoted. Our first task is to explain to them that they were only entitled to their correct benefits. If however they had relied on the mistake, we would try to ensure they were not worse off as a result.

While the number of complaints about mistakes, in total, fell, the number of complaints we received about overpayments increased. Why this is the case is difficult to explain. The Pensions Regulator has recently led a drive to improve the quality of record-keeping. It may be as a result of this that schemes are now discovering errors they have made in the payment of pensions.

Precedent means that an overpaid pension can be recovered. Not surprisingly, those affected are very upset if, through no fault of their own, they are faced with a bill for repayment, as well as a reduction in their future pension. But we do have to explain that they are only entitled to their correct benefits. Unfortunately, some of the disputes we handled involved very large sums.

### Client Feedback

Feedback from client questionnaires issued in 2010/11 highlighted that more than

**88%**

of users were satisfied or very satisfied

Nevertheless, regardless of the size, overpaid benefits are recoverable. What we can do is investigate whether someone has relied on the overpayment to spend on items which they would not have otherwise. If they have, a case can be made that at least some of the overpayment is not repaid.

Reliance on an error is clearly the main issue that drives whether compensation for financial loss is appropriate. This is one of the first issues we have to address with complainants. We explain to them that to justify a claim for compensation they need to satisfy the respondent that they relied on a mistake to their detriment. But whether someone has relied on a mistake can be quite subjective. A respondent may doubt the reliance someone claims. We do not however have a decision-making role and cannot step into their shoes and decide whether they did or did not rely. However, unless the claim made is unreasonable, in which case we will not help, we will liaise between the parties involved to try and find common ground acceptable to them both.

### Case 1

Mr L contacted us after being told by his scheme's trustees that he had been overpaid by £31,000. They were seeking recovery of the full amount.

Mr L's pension had been incorrectly paid for 9 years. The overpayment had come about because incorrect increases had been added. In addition the payment had not been restricted to benefit limits rules that applied at the time of Mr L's retirement.

Our adviser queried with the scheme whether they could have spotted the error earlier and referred them to the Limitation Act 1980 which meant full recovery might be prevented if it was apparent the error should have been identified. The scheme were referred to their own notes, made at the time Mr L retired, which stressed the need to carefully check future increases.

The trustees agreed that the proportion of the overpayment which occurred more than 6 years ago would not be sought. This reduced the amount being recovered to £24,000. A number of options about how the outstanding monies would be repaid were presented for Mr L to consider.

Mr L made a counter-proposal based on his understanding of when the debt would be repaid. Our adviser explained why they thought his understanding was wrong and consequently why they could not agree his proposal. After considering our adviser's view Mr L offered to repay £20,000.

The trustees agreed to accept Mr L's offer.

### Feedback

The independence and impartiality of our service means our careful mediation is often appreciated by both sides of any negotiation.

*"We both wanted to say a great big thank you to you for your part in bringing Andrew's traumatic experience to a happy ending. He says it is like a huge weight lifted off his shoulders and from my point of view it's like having my old Andrew back."*

*"Thank you so very much for all your kindness and support throughout the last two years. I will not forget just how good you were to me, listening to me ranting and raving, calming me down. Sorry for my outbursts. Thank you so very much both you and your staff."*

*"My best regards to you and the whole Pensions Advisory Service team. It was a pleasure to cooperate with you."*

*"Very impressed by the service and I hope it continues to help others"*

*"Many thanks again and if you are ever in Denver stop by for tea."*

## Case 2

Mrs W's son-in-law contacted TPAS after his 90 year old mother-in-law was told she had been overpaid by £13,000. The pension had been due to her late husband. Mrs W had notified the scheme's trustees of his death but because the pension continued to be paid she assumed it must now be due to her. Her husband's former scheme subsequently closed down and the pension was bought out with an insurer. After checking the records, the insurer spotted the error.

The insurer initially asked the overpayment to be repaid by cheque at Mrs W's earliest convenience. After Mrs W's son-in-law had explained his mother-in-law's poor health and financial circumstances, they agreed that the debt could be repaid over period Mrs W would find acceptable. They asked Mrs W for her proposals.

Mrs W subsequently contacted a solicitor who advised her she would need to repay. Her son-in-law then contacted TPAS. Our adviser explained that overpaid pensions were recoverable but also outlined the grounds by which Mrs W could possibly limit the amount that should be repaid.

He then explained that, before a case to reduce the repayment could be made, there should be no suggestion that Mrs W should have been aware the pension was not due to her. Mrs W's son-in-law explained that the late Mr W dealt with all the couple's financial affairs. Mrs W did not have details of his pension schemes and had no reason to question the payments. Our adviser then asked how Mrs W had relied on the payments. It was explained that her finances were limited, the monies had been spent and she had little savings.

We contacted the insurer and explained Mrs W's circumstances. It took 4 months of patient correspondence before the insurer was able to respond. We were grateful however that they agreed to waive the whole overpayment. Mrs W was naturally delighted.

## Case 3

Mr S received a retirement quotation in January 2009 offering a cash sum of £68,000 and a pension of £11,700, payable from June, his 50<sup>th</sup> birthday. He completed the payment instructions and resigned his job. Having heard nothing he rang the administrators in April to make sure everything was in order. He was advised that all was OK and payment would be made shortly after his 50<sup>th</sup> birthday.

In late May he rang again to check when benefits would be paid as he was going away on holiday. It was at this point he was told a mistake had been made. He was told that both his cash sum and pension were wrong. New figures would be sent straightaway. The correct cash sum was £51,000 and the correct pension was £8,700.

Presented with the new figures, Mr S decided not to draw benefits. It was however too late to reverse his resignation. He complained. He explained his decision to resign his job was based on the incorrect retirement quotation. The administrators apologised for their error and offered Mr S

*"The Pension Advisory Service is an excellent service and your own expertise has been phenomenal."*

*"We really do appreciate how hard you have worked on our behalf, and the clarity you have brought to the claims and counter claims has been really excellent."*

*"An excellent job if I might say so. I am most grateful."*

*"We ordinary people have no chance against the massive companies without your help."*

*"I shall always remember your devotion and services to people like me in the community."*

*"You have been a little ray of sunshine on what has been an arduous journey."*

£750 for the distress and inconvenience their error had caused.

Mr S contacted TPAS. We asked whether he had received any other retirement quotations or statements. It transpired that Mr S had regularly asked for retirement quotations. All were wrong. He had retained annual statements for the previous 6 years. Again, they were all wrong.

We then asked Mr S about his decision-making. He explained that, as part of his retirement planning, he had calculated the amount of income that he needed to be able to live comfortably. The latest incorrect quote was an integral part of that planning. He advised that he would not have resigned his job if he had known his pension and lump sum would have been lower. To make up for the shortfall in expected income he had since obtained a part-time job.

We explained to Mr S that because of changes made to early payment rules in April 2010 (increasing the earliest pension age from 50 to 55), if he had not retired before then he would not have then been able to until June 2014. Therefore if he is to argue he would not have retired at 50 had he known the correct figures, the likelihood is that he would not have been able to retire until he was 55.

We estimated that by the time he reaches 55 his pension will have increased to approximately the amount he had hoped for when planning his retirement. But while he had obtained part-time work his earnings were now lower. We asked the administrators to consider compensating him for this loss.

The administrators sought information about Mr S's earnings and details of his former job. They also asked for evidence of his financial commitments and evidence of his efforts to find new work. These were presented.

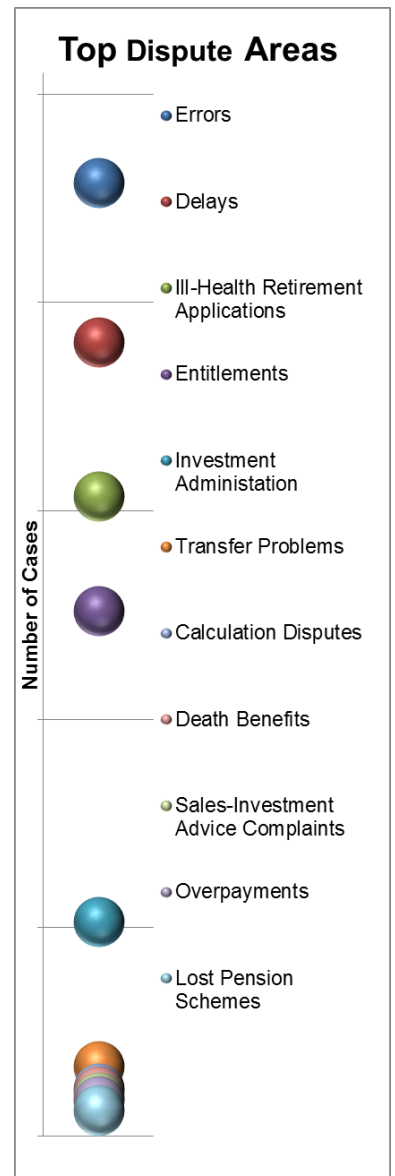
After considering what our adviser and Mr S said, the administrator offered £10,000 to compensate him for his lost earnings over 5 years. Mr S accepted.

## Delays

While the number of complaints fell, complaints about delays still accounted for 14% of all complaints referred to us. It is pleasing to report the fall in complaints. We hope it is a sign that administration has improved. There is however a suspicion that rising investment returns during the period under review may be a factor behind the fall. Clearly someone is less likely to complain to TPAS if a delay has been to their advantage.

Typically complaints about delays concerned transfers of pension rights or delays in the payment of benefits.

The first issue we need to look at is whether the delay has in fact caused someone to be worse off. A fall in transfer value does not automatically mean a delay has been to someone's detriment. The benefits secured in the receiving scheme may be the same or may be more, despite the fall. If that is the case, such complaints should be easy to resolve.



Sometimes it is the case that after we have obtained a full breakdown of what took place we find no fault with pension provider. Where this is the case we try to explain to the complainant why we think their complaint will not succeed.

Where there has been unjustifiable delay our advisers will work towards finding an outcome which means the complainant is not worse off as a result. In many cases more than one party has contributed towards the delay, sometimes meaning that those involved will look to blame each other. Our role is not to apportion blame but to bring all parties together with the aim of finding a sensible and appropriate solution. The involvement of TPAS in a complaint should be welcomed. We would hope that respondents do not rush to defend their failings or look to deflect blame on other parties; rather they work with us to find solutions to everyone's satisfaction.

#### Case 4

Mr W telephoned his insurer in August and asked for retirement quotations. The value of his fund was then £28,000. A quote was issued 10 days later. Mr W chose which option he wanted and asked for the paperwork he needed to draw the benefits.

Having not heard from the insurer Mr W telephoned in October to ask where the forms were. The paperwork was sent on 1 November but was not received. Mr W rang again. Further forms were sent on 17 December. By this point the value of Mr W's policy had fallen.

Mr W complained. The insurer offered him £150 to compensate for him for the delay in issuing the paperwork. No compensation was offered for the fall in the value of the fund. The insurer pointed out that no guarantees about its value were offered and its value can go down as well as up. Mr W contacted TPAS.

We asked Mr W if he would still be drawing his benefits. He explained that he had decided not to in the hope that the policy value would recover. A little while later, Mr W changed his mind and decided to take his benefits. We asked him to give us details of his benefits.

We contacted the insurer and asked for details of what had happened. After studying the breakdown of events our adviser felt that if the necessary paperwork had been issued when Mr W had first asked, the insurer would have had everything they needed by the end of September. We put that opinion to them and asked them to advise us what his benefits would have been had they dealt with his application then.

The details provided by Mr W and his insurer showed that, as a result of the delay, the cash sum he was paid was £250 more than it would have been had benefits been paid in September. His annuity was £10 a year more than it would have been. We explained to Mr W that he had in fact gained as a result of the delay. However, Mr W had not drawn his benefits until 8 months after he had originally intended, we agreed that we would ask for compensation to cover this period.

We put our thoughts to the insurer. They agreed to pay Mr W further compensation to cover the monthly income he would have received plus interest on the late payment. Mr W was satisfied with the offer and agreed to accept.

## Case 5

Mr F complained because of the time it had taken to complete a transfer of his pension policy. Because of the delay Mr F claimed that he bought fewer units which valued £9,100. The transfer was from a small self-administered scheme (SSAS) to a self-invested personal pension (SIPP). The transfer was made complex because of the assets involved and the need to disinvest some but not others.

Our adviser studied the chain of events. Delays first started when Mr F returned unsigned transfer forms. However, it appeared that the major part of delay had been caused by errors made by both the transferring insurer and the administrators of the new policy. Initial paperwork had been incorrectly completed which resulted in errors in the disinvestment of assets. The new administrator unfortunately also made errors with their paperwork. Time was then spent correcting the mistakes.

We contacted the parties involved. The insurer placed the blame on the new administrators. The administrator blamed the insurer. They also suggested that some of the delay was caused by Mr F. We responded to both and pointed out that while Mr F may share some responsibility, the major failings in what had happened rested between them. We suggested that rather than trying to apportion blame, both parties agree to share the costs to compensate Mr F.

In response, the administrator offered to bear 25% of the costs. A short while later we received a letter from the insurer, also offering to pay 25%. These joint offers were not accepted by F. He however indicated he would be willing to accept offers that totalled 75% of his losses.

Our adviser put Mr F's response to both parties. After considering their respective positions, both parties each agreed to pay 37.5% of the losses.

## Case 6

Mr S had wanted to use the cash sum from his pension policy to clear his mortgage. After obtaining details of his options he requested to transfer his policy to an income drawdown plan so that he could draw a cash sum and leave the balance of his funds invested.

Mr S claimed there had been a significant delay before discharge forms were sent to him to complete. After returning the forms he was advised that, due to changes in market conditions, a market value reduction (MVR) would apply. He was asked to confirm whether he still wanted to proceed. As noted above, Mr S wanted a cash sum to settle his mortgage. He confirmed he wanted to proceed. The transfer eventually went ahead but was 10% lower than it would have been because of the application of the MVR.

Mr S complained to the insurer. They denied any delay on their part. Mr S complained to TPAS.

Our adviser contacted the insurer and Mr S's financial adviser and asked for a breakdown of what had happened. It transpired that much of the delay had been due to necessary checks made by the receiving insurer to ensure that the transfer would be in his interest. The timeline showed that in fact the transferring insurer had acted promptly to all requests and had not been

able to make the transfer earlier because not all their requirements were initially provided by Mr S. Our adviser explained to Mr S why he felt his complaint would not succeed.

He subsequently argued that prior warning of the MVR should have been given. If it had he would have made sure he would have met the deadline. We explained that while it was appropriate that policyholders are given sufficient notice that an MVR might apply in certain circumstances, there was no obligation on an insurer to give customers prior warning that one will be applied. The insurer in this case had acted appropriately by making sure he wanted to go ahead after the decision was made to impose an MVR.

### **Ill-health retirement applications**

Unsuccessful ill-health retirement applications continue to make up a significant proportion of our complaints work, accounting for 12% of complaints in 2010/11. For the complainant, a lot rides on the outcome. A failed application means they will not receive early payment of their pension. A successful application may solve financial worries. Because of their poor health, complainants will be convinced of the merits of their application.

However, while we may be sympathetic to their situation, we can only focus on how the decision was reached. By asking questions about how the decision was reached, it can sometimes become apparent that not all evidence has been taken account of, or the rules of the scheme have not been complied with correctly.

Many of the cases referred to us had been unsuccessful because not all treatment options had been undertaken. Sometimes such decisions were reached before any questions had been asked about the likely benefits of the treatment in question. In such circumstances our advisers will encourage the decision-maker to reconsider in order that proper consideration of the complainant's application can be made.

Some examples of our involvement are below:

#### **Case 7**

Mrs P's pension scheme had two levels of pension payable if it was agreed someone was in ill-health. A higher pension was paid if it was considered someone would not work again. A lower pension was payable if it was thought the applicant's ill health would only prevent them from doing their current job but otherwise they could do other work. Mrs P was awarded a lower level of pension. Unhappy with the decision, she asked TPAS to investigate.

We asked the scheme for details about how they had made their decision and for their reasons in reaching the decision they had made. The scheme explained that the medical advice they had received suggested that while it was unlikely Mrs P could return to her former role, there were treatment options available that might benefit her. Their medical adviser had suggested a number of untried options and advised that regular employment in the future might be possible.

Mrs P was of the view that the medical evidence she had submitted had already demonstrated she should be entitled to a higher level of pension. She wanted to lodge an appeal immediately.

Our adviser explained that the reports she had presented, while commenting on her poor health, had not commented on her future work ability. An appeal could be made on the basis that the scheme should have asked more questions about the possible benefits of the treatments suggested. However he advised Mrs P that perhaps she obtain her own consultants views on the treatment options, specifically on whether they could benefit her to the extent that she could work in the future, before making an appeal.

Mrs P spoke with her consultants. One of her consultants advised that while there may be periods in which Mrs P would be fit enough to work for short periods, her health was unlikely to recover to the extent that she could work regularly. Her other consultant advised that despite treatment it was unlikely Mrs P could return to regular employment in the future.

These reports were sent to our adviser who then helped Mrs P draft her appeal. It was suggested that the scheme should have asked further questions about the likely benefits of treatment before making their earlier decision but in response to the reasons given, further medical evidence was attached to answer the points made.

After considering the appeal and the new evidence, the scheme agreed that Mrs P's pension should be revised to the higher level.

### **Case 8**

Mrs H's application for ill-health retirement benefits was originally refused in 2007. She appealed the decision shortly after by making a complaint via the scheme's internal dispute resolution procedure. 18 months later, with no decision made on her complaint, Mrs H asked TPAS for help.

We initially asked why a decision had not yet been reached. The scheme advised that the medical evidence was complex, contradictory and subject to changing opinions. They had consequently sought further comment and medical advice to help them make a decision.

Our adviser continued to press for progress. Eventually the scheme asked if Mrs H would agree to a further report on her health. We queried why it had taken so long for this request to be made but pragmatically accepted that it would be a sensible means of progressing matters if the decision-maker was still unable to decide.

We corresponded with Mrs H and advised her that despite our concerns about the delay, the proposal was reasonable so that a decision could be made. Mrs H agreed to a further report but insisted on a number of conditions.

Some months of patient correspondence followed as our adviser and the decision-maker worked together to try and facilitate Mrs H's requests. Eventually agreement was reached about how the review would be conducted. Mrs H's conditions included a request that our adviser review the instructions given to the medical adviser before they were sent. Feedback was given and an agreement reached on the relevant questions and details that should be given to the adviser.

Following receipt of the latest report the decision-maker agreed that Mrs H should now be paid an ill-health retirement pension.

## Case 9

Mr J's employment was ended on health grounds. His application for ill-health retirement was however refused. Mr J contacted TPAS.

We explained that even though he had been dismissed because of his health this did not automatically mean an ill-health pension was payable. We agreed however to find out why he had been refused.

In Mr J's case it was his former employer who decided whether an ill-health pension was payable. We wrote to the employer and asked for details on how they had made their decision and what evidence they had taken account of. The employer explained that the evidence they had received from their medical adviser indicated Mr J could undertake further employment in the future.

The scheme's rules however required that any opinion came from an independent medical source. The rules also required that the test of incapacity should be based on the applicant's ability to do their own job.

As the employer had relied on the medical advice of their own adviser we queried whether he could be considered truly independent. We also asked whether the advice that Mr J could work in the future had been clarified. Was their adviser commenting on his ability to do his former role or was he commenting on employment generally? We pointed out that the scheme rules required them to consider his ability to do his former job.

After considering our adviser's comments, the employer agreed it would be appropriate for a new medical assessment to be undertaken by an independent consultant. This was subsequently arranged. After taking account of the findings of the latest assessment the employer agreed that Mr J met the rules requirement for an ill-health pension. Not surprisingly, Mr J was delighted.

## Investments

Complaints that specifically concerned the investment of someone's contributions to their pension plan have increased steadily over the past 2 years. In 2009 we closed 701 complaints about investment administration. This year we have recorded 386. Examples of typical complaints are summarised below:

## Case 10

After reading information sent to him by his insurer Mr T realised that an instruction to switch investments, which he had made sometime before, had not been acted upon. The instruction had been given to his independent financial adviser (IFA). He contacted his adviser and the insurer to find out what had happened.

His IFA claimed the instruction had been sent alongside other documents and could provide evidence of this as it had been sent by recorded delivery. They did not however have a copy of what was sent. The insurer acknowledged that they had received the other documents but denied that the instruction to switch investments was included. Frustrated, Mr T contacted TPAS.

He explained to our adviser that because his instructions had not been acted on when they should have his fund value was now £15,000 less than it would have been. Our adviser asked Mr T what other information he had received after the instructions were sent. Mr T confirmed he had received quarterly statements but had not noticed that his instructions had not been carried out.

We explained to Mr T that while we were not blaming him for what had happened, he had information that should have alerted him earlier. If he acted upon that information his loss would have been reduced. Consequently we did not think he could justify claiming the whole amount. Furthermore it would be hard to demonstrate what was or was not in the communication from his IFA to his insurer. The insurer could not prove they had not received the instruction. His IFA could not prove they sent it.

We suggested to Mr T he may be better served by seeking a compromise. If he had taken action, when he received his first subsequent statement, it would have reduced his loss to £6,300. We suggested we seek that as compensation and Mr T agreed.

We approached the IFA. They initially rejected any fault. We however pointed out their role and suggested that they should have sought an acknowledgment of the instructions to ensure they had been received. We also suggested that in normal circumstances, confirmation the switch had been made would have been issued to them. As confirmation was not received, it should have rung alarm bells with them.

Mr T's IFA considered our comments. In response they offered compensation of £6,500, which included an amount for the inconvenience caused. Mr T accepted the offer.

## Case 11

Mrs A's husband died in 2006. His widow lived in Ghana and was unaware any pension benefit would be due to her.

In late 2008 the insurer of Mr A's pension policy made contact with Mrs A. The insurer told Mrs A that because it had been more than 2 years since her late husband's death the value of his policy would be subject to deductions. The deductions were an unauthorised payments charge and a scheme sanction charge. As a result, the fund of approximately £20,000 was reduced to approximately £6,000. It was used to purchase an annuity for Mrs A.

Mrs A complained. She argued that because she was unaware of the existence of the policy and that she lived abroad, the deductions should not apply. The insurer responded that the deductions were due because of HMRC's rules and could not be waived.

In early 2010, Mrs A made contact with TPAS. She sent us details of her husband's policy. After studying the material our adviser queried with the insurer why the deductions were made. He referred the insurer to HMRC's technical notes. Here application of deductions referred only to the payment of lump sum death benefits. Mrs A's benefit was an annuity.

The insurer replied that they had misunderstood the requirements of HMRC and accepted that, as the benefits were paid as a pension, the charges did not apply. Mrs A's benefits were recalculated. Mrs A was now due nearly £3,000 in back payments. A sum of £600 was offered to compensate her for the inconvenience that had been caused. Mrs A expressed her delight and accepted the offer.

## Case 12

Mrs G divorced in 1998. As part of the divorce settlement an “ear-marking” court order was made so that Mrs G would receive a proportion of Mr G’s lump sum on his retirement or earlier death.

Mr G died in 2009. Following his death Mrs G contacted the insurer to ask about the benefits now payable to her. She was told the policy had been transferred to another insurer some years earlier. Mrs G then contacted the insurer of the new arrangement. They advised her that the court order placed no obligation upon them and that she had no claim to the benefits under their policy.

Mrs G complained to the original insurer and argued that they should not have allowed the transfer to take place without her consent. They responded that Mr G was under no obligation to get her consent before transferring. Mrs G came to TPAS for help.

Our adviser asked Mrs G for the details she had about the pension arrangements and a copy of the court order.

He contacted the original insurer and highlighted that the court order was clear in setting out Mrs G’s interest in the policy. He suggested that they were obliged to make the receiving scheme aware of the details of the order and Mrs G’s interest. Their failure to do so meant Mrs G would not now benefit from the policy despite that being the intention of the court order. He asked that they consider meeting the liability due to Mrs G.

The insurer first queried whether Mrs G had received any entitlement from the receiving insurer. That insurer confirmed no entitlement was due. After considering the matter further, they subsequently accepted they should have advised the receiving insurer about the court order and as a result of not doing so, Mrs G was suffering financially. They offered compensation of £16,000 based on the instructions of the court order plus interest for late payment. Mrs G was pleased to accept. We were also grateful for the insurer’s positive engagement with us and thanked them for their help in coming to a speedy conclusion.

## Case 13

Mr S had sought advice from his financial adviser about obtaining a loan of £150,000 for his business. Mr S had a self-invested personal pension (SIPP) with considerable assets. His adviser explained that a SIPP was unable to make a loan. However, a small self-administered scheme (SSAS) was able to loan sums to a sponsoring employer and therefore a loan could be facilitated if he transferred his SIPP to a SSAS.

The adviser recommended a pension provider and their requirements were sought if a loan was arranged. After considering the requirements, Mr S agreed to proceed with the transfer to a SSAS. Arrangements were put in place to set up the SSAS and for his investments in his SIPP to be disinvested and moved into cash.

The SSAS was set up and instructions given for the transfer to be made. At this point the pension provider brought to Mr S’s attention further requirements in order for a loan to be arranged. This was the first time Mr S was advised of this requirement. Unhappy with this development Mr S decided not to go ahead with the transfer and lodged a complaint with the pension provider. He argued that had he known from the outset about all their requirements he would not have gone

ahead with setting up a SSAS and would not have considered transferring. He estimated that due to moving his assets into cash he had lost £50,000.

His complaint was partially upheld. However redress was only offered to cover the cost of various fees and for the inconvenience that had been caused. The sum offered was approximately £1,500. Mr S was unhappy with the offer and asked TPAS to help.

Our adviser asked Mr S to explain his calculation of “loss”. He in turn provided a spread sheet showing the value his SIPP would have achieved had no disinvestments taken place. Mr S had however the opportunity to reinvest once he had decided not to transfer. Our adviser explained that any loss built up after that point could not be blamed on the pension provider. Mr S was asked to provide evidence of investments and their values had no disinvestment taken place.

We contacted the provider and evidenced Mr S’s SIPP investments. We asked them to consider compensating him for the losses he had suffered as a result of being disinvested.

After considering the evidence presented, the pension provider offered Mr S £13,500. He however remained unhappy. After negotiating further with the pension provider, they increased their offer to £20,000. Mr S was now happy to accept.

#### **Case 14**

In Mr L’s pension scheme female members were allowed to waive the provision of a widower’s pension. Male members however were not allowed to waive the provision of a widow’s pension. Mr L complained but was told the scheme rules must be complied with.

Mr L contacted TPAS. We explained that one duty of pension scheme trustees was to pay benefits in accordance with the promises set out in the scheme’s rules. However, we did ask Mr L to send us more details about the scheme’s rules as we thought there may be an equality issue as male and female members were not being treated the same.

Mr L sent us as much as he could. We contacted the scheme and asked them whether they had considered the apparent inequality of their rules. It took the scheme 2 months to acknowledge our letter but when they did they confirmed they were seeking legal advice on the issue.

Because there was further delay in getting a response, Mr L asked for the matter to be addressed under the scheme’s internal dispute resolution procedure. Finally a response was given. Although no liability was admitted, the scheme agreed that Mr L could waive the provision of a widow’s pension.

## Adviser of the Year

Each year we choose one of our fantastic band of volunteers to be Adviser of the Year. It is always a tough exercise because we have so many great advisers who have given up their time to help others.

The Adviser of the Year for 2010/11 is Nathan Robinson. Nathan started his career in pensions when he joined CIS in the late 1990s. He later joined HSBC Actuaries and Consultants Limited before moving to JLT Benefit Solutions. Nathan currently works in their consultancy practice advising trustees from a wide variety of schemes.

Nathan is a member of the Pensions Management Institute's North West committee, helping to organise local seminars and their annual conference. When he is not working he can be found running anywhere that offers dramatic views.

He has been a TPAS adviser for 4 years. In that time he has already handled close to 50 cases. Nathan was nominated by his Regional Organiser who has been consistently impressed by Nathan's approach to each of his cases, and by staff at TPAS for his willingness to help.



Each year The Pension Advisory Service honours a small number of our volunteers. From amongst our volunteers we select a volunteer of the year who has shown consistent dedication to our clients and our service. Advisers of the Year are nominated by fellow volunteers with the final selection made by The Senior Management Team.

*To left, Nathan receiving his award from Partha Dasgupta, Chairman of The Pensions Advisory Service*



*Frances Corbett, Wally Burgess and Paul Meins receiving their certificates from Partha Dasgupta.*

## Facts and Figures

### General

The total number of people using our service (excluding visits to the website) was 97,533.

Our website was the biggest growth area, with visits increasing by 57%. Written enquiries increased by 12%. The number of complaints fell by 22%. Calls to our Helpline were down by 13%.

### Helpline

In the period 1<sup>st</sup> April 2010 to 31<sup>st</sup> March 2011 the Helpline took 63,751 calls. This is a reduction of 13% on last year (72,935).

In comparison with last year we saw slight changes in the ranking of our top fifteen most frequently asked question areas which reflect common pension concerns today.

Questions about voluntary (NI) contributions caused sharp increases in calls in both February and March of 2009 and 2010. This was not repeated this year and calls about voluntary contributions fell from being the top question to thirteenth. Calls in March this year were around 40% higher than a typical month, but were down 30% on March 2010.

### Queries by scheme type as percentage of total helpline calls

	2008/09	2009/10	2010/11
<b>Occupational</b>	24.62%	29.62%	28.01%
<b>Individual</b>	15.31%	14.92%	15.82%
<b>State</b>	44%	37%	34%

The following charts highlight a number of areas to note, as a proportion of total helpline calls within each of our major categories.

<b>Occupational Pension Schemes</b>	<b>2008/09</b>	<b>2009/10</b>	<b>2010/11</b>
Clarification of Entitlement	1.9%	2.3%	3.1%
Where is my pension?	3.2%	3.4%	4.0%
Early Retirement	1.3%	2.7%	2.6%
Ill-Health Early Retirement	2.3%	2.7%	3.3%
Tax Queries	1.5%	1.9%	2.5%
Scheme Changes	0.3%	0.5%	0.6%

<b>Personal Pension Schemes</b>	<b>2008/09</b>	<b>2009/10</b>	<b>2010/11</b>
Eligibility	0.3%	0.2%	0.1%
Benefits on Retirement	1.6%	2.2%	3.5%
Transfers	0.5%	0.4%	0.4%
Financial Advice	2.1%	2.3%	2.1%
Tax Relief	0.1%	0.3%	0.5%
SIPPs	0%	0%	0%

State Pensions & Benefits	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11
Overseas State Enquiry	0.4%	0.4%	0.7%	1.3%	1.5%	2.6%
Pension Credit	0.9%	1.0%	2.0%	2.4%	2.3%	5.3%
Shortfall in NI	1.0%	1.2%	6.9%	10.2%	7.1%	2.8%
Voluntary Class 3 NI	0.4%	0.3%	1.4%	4.4%	4.1%	1.6%
Death Benefits*			0.9%	1.5%	1.6%	1.9%
Pension Forecast*			3.1%	5.5%	5.9%	5.8%
Pension Rates*			0.9%	1.9%	1.8%	3.0%
Other social sec. benefit and state pension*			2.1%	4.4%	5.7%	5.5%
State Pension Age*			0.7%	0.7%	0.9%	2.5%

\*Code introduced in 2007/2008

## Written Queries

More and more people are choosing to ask us questions in writing, particularly via email. Written questions totalled 18,419. This is a 12% increase on last year. As more people choose to access our services in writing this will inevitably bring new resource and capacity challenges for us to respond to.



Of all the enquiries received in writing approximately 41% related to state pensions issues and benefits, 16% related to occupational pensions and 13% related to personal pensions.

Changes to how we collect information in the future will hopefully give us a better insight on who our customers are and what issues are important to them.

## Workplace presentations



This year our workplace team made 334 presentations, attended by 6,399 people. 40% of the presentations were presented by volunteers. In addition, the team hosted stands at 23 exhibitions where approximately 1,182 people came to our stand with questions

## Disputes

The number of complaints we received fell by 22%, from 7,769 to 6,021. One of the main reasons for the fall was the reduction in the number of complaints about delay, which reduced by 38%. Complaints about errors also fell. We closed just over 1,300 complaints about mistakes. This is a 15% reduction against our previous report. However, the number of complaints about mistakes that specifically related to overpayments rose, showing an increase of 22%.

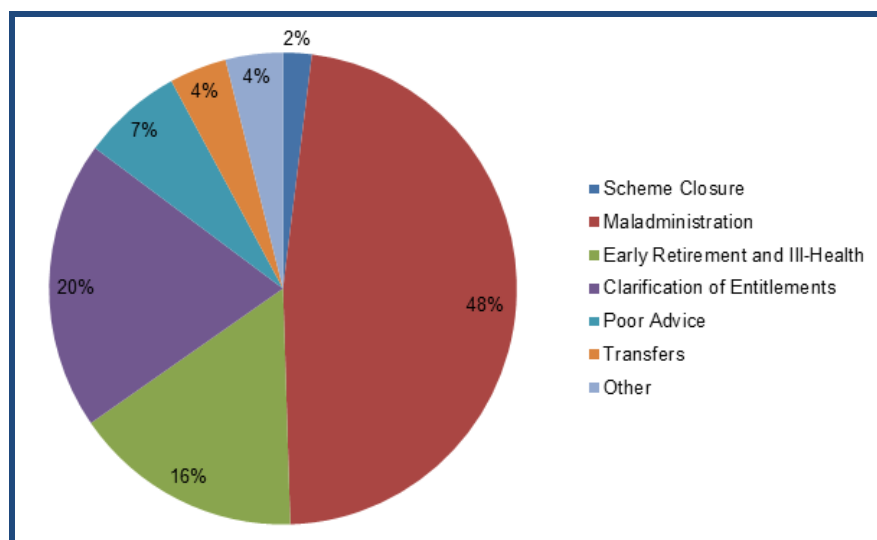
In total, complaints that related to maladministration accounted for 48% of all complaints. Disputes about people’s entitlements or rights represented 20% of complaints.

Complaints about decisions made in response to applications for early or ill-health retirement and injury benefits continue to make up a significant proportion of complaints. This year 12% of complaints were about such decisions. The number specifically relating to ill-health retirement applications broadly matched the total recorded last year. Complaints about injury benefit applications however fell by 37%. One reason for this may be that the previous reporting year covered a period in which a significant number of applications, made over a number of years, to the NHS Injury Benefit scheme were retrospectively reviewed.

Complaints about individual pension plans, e.g. personal pensions, stakeholder and self-invested personal pensions (SIPPs), accounted for 40% of complaints. This compares to 47% of complaints which we reported last year. Where the complaint is recorded as relating to an individual scheme, 63% were about poor administration, mainly mistakes and delays. Complaints about delays relating to individual plans fell by 40%. Where the complaint is recorded as relating to an individual scheme, 13% of complaints concerned investment administration. Where investment administration was the cause of complaint about an individual pension plan, a third of all such complaints related to SIPPs. Complaints about investment administration were the reason for 33% of all complaints linked to SIPPs.

The number of complaints about public sector schemes accounted for 25% of all complaints. The main reasons for public sector pension scheme disputes were decisions relating to ill-health, injury benefit or early retirement applications. These accounted for 34% of public pension scheme complaints. Complaints about maladministration accounted for 32% of complaints while complaints about someone’s entitlement or pension rights made up 22% of complaints.

35% of complaints were about occupational pension schemes. 41% were about maladministration and 11% concerned ill-health or early retirement decisions. 26% were disputes about entitlements or rights.



## Website

2 million visits were made to our website. This is an increase of 57%. The continued popularity of our website and the continued growth in its usage shows that for more and more people, the preferred means to get information about pensions is to search the internet.

As more people use our website to get the information they need, we suspect this may be one of the factors behind the decrease in the number of calls to our Helpline.

Auto-enrolment will mean that significant numbers of people will be introduced to pensions for the first time. We are conscious that many of these new comers to pensions will have questions to ask. Coping with that demand will be a challenge, but a major resource we will be using to help people will be our website. We will be ensuring that it remains accurate and complete with the information that people need.

The pages on state pension and how it works were again the most popular section of the site, with visits to pages explaining how the state pension system works (82,000 visits) and the rates payable (134,000 visits) being amongst the most popular. Visits to the state pension age calculator exceeded 340,000.

Other popular pages included our news page (154,000 visits), the glossary, where pension jargon is explained (134,000 visits) and the section on women's pensions (57,000 visits).

The website includes a number of planners to help people with their decision-making. The most popular was our annuity planner, which helps people make decisions on their annuity choices. 27,000 visits were made to the planner. Of those who completed the online feedback, 95% said they were now able to make an informed decision.

16,000 visits were made to voluntary (NI) contribution planner, which helps people decide whether or not to make a voluntary contribution. Our contracting-out planner, there to help people decide whether or not to be contracted-out of the state second pension, enjoyed 14,000 visits, while our investment planner, designed to help people make decisions on where to invest their contributions, had 10,000 visits.

The screenshot shows the homepage of the Pensions Advisory Service. The header includes the logo 'the pensions advisory service' and the tagline 'Free independent information and guidance on pensions'. A navigation menu lists 'Home', 'Contact Us', 'About Us', 'Pensions Timeline', 'News', 'Press Releases', and 'Publications'. A search bar is located in the top right corner. The main content area features a 'Good Afternoon!' greeting, a 'Live Online Q&A' section, and several featured articles such as 'Annuity Planner', 'New! Auto-Enrolment', 'State Pension Age Calculator', 'Contracting Out Planner', and 'Pension Complaints'. A 'Latest News' section on the right lists recent updates, including 'Lower annuity rates for larger pension pots' and 'Scottish Equitable PFI fined £2.8 million'. The footer contains links for 'Investment Choices' and 'Voluntary NI'.

## Appreciation and Thanks

Our ability to help others depends on our network of volunteer advisers, whether they are helping people with disputes, helping staff our Helpline, managing our volunteer network, giving us technical assistance, or presenting talks on our behalf. They are all of course ably supported by our team in London.

## The Pensions Advisory Service Board

### Partha Dasgupta, Chairman

Partha Dasgupta was appointed Chairman of the Pensions Advisory Service by the Secretary of State for Work and Pensions in January 2010. He is also a non-executive director of the UK Statistics Authority and a member of the audit committee, a non-executive member of the Save the Children (UK) Investment Committee and a director of the SAUL Trustee Company.



Partha joined the Pension Protection Fund as Director of Investment and Finance in 2005 and served as its Chief Executive and Accounting Officer from 2006 to 2009. Before this, he spent ten years at Barclays Global Investors, the world's largest asset management company, latterly as Managing Director of Fixed Income Europe and member of the European Executive Committee. He began his career as an analyst at the Prudential.

He has a degree in Mathematics from Heriot-Watt University and was subsequently awarded an honorary doctorate in 2008 for his services to society.

### Marta Phillips OBE, Chief Executive

Marta joined TPAS on 12 April 2010. Prior to that she was Director of Compliance at the National Lottery Commission which she joined in November 1999, where she had regulatory responsibility for ensuring the security and integrity of funds to Good Causes (about £28 million a week); prize winners' money (about £50 million a week); the security and integrity of the draw; and lottery technology systems. She has an honours degree in Economics and Accounting, a master's degree in Computing Science and is a qualified Project Manager for Information Systems.



She is a member of the Chartered Accountants of Scotland and has been recently elected to its Council. She spent her early career in Ernst & Young. After a short time at the Stock Exchange, she spent several years at Midland Bank plc., now HSBC, in its International Audit Department and Treasury systems development. Just before joining the National Lottery Commission, she was Head of Finance for the European Social Fund Unit in the Department for Education and Employment, where she successfully managed annual programmes of over £600 million.

She was created an OBE in the 2006 New Year's Honours List for services to social housing. She has held a number of non-executive roles including the chairmanship of Servite Houses.

### Alex Balfour

Alex is the Head of New Media at London 2012 (LOCOG) the organisation responsible for staging the London 2012 Olympic and Paralympic Games. He is one of the UK's most experienced, well connected and respected new media professionals and has five years' experience of chairing the board of a leading private sector Internet business. He also holds an MA in History.



### **Colette Bewley**

Colette is a TPAS volunteer adviser and an experienced executive board director of Burges Salmon LLP, a UK top 50 commercial law firm. She has responsibility for strategic development of the firm's legal services to support competitive advantage for their clients. Colette is a solicitor and former partner in pensions working at a time of rapid growth and change in the pension arena. She has significant experience in organisational development and change management. She is a fellow of the Pensions Management Institute, BSc, Diploma in Law and an Executive coach.



### **David Clarke**

David has over 20 years board level experience, both as a non-executive and executive director. His non-executive roles include: Forensic Science Service Ltd, Cumberland Building Society and Phonepay Plus Ltd. He is a fellow of the Chartered Institute of Marketing and the Chartered Institute of Management Consultants in addition to a BSc in Business Studies.



### **Bill Galvin**

Bill is Chief Executive of The Pensions Regulator and a member of the Managing Board of the Committee of European Insurance and Occupational Pensions Supervisors (CEIOPS). Previous to this he was an executive director for the Pensions Regulator with responsibility for all strategy, research and analysis, regulator policy and programmes, communications and stakeholder management. He has significant board level experience in the public and private sectors and holds an MBA.



### **Anthony Hodgkiss MBE**

Tony is an experienced senior board member with a background in the management of large organisations mainly in the public sector. He has many years' experience of leading strategic planning and management including the creation of private/public/voluntary partnerships. He is a qualified solicitor (not practising) and mediator.



Tony was made an MBE in the 2011 New Year's Honours List for public service.

### **Baroness Hollis of Heigham**

Baroness Hollis is a working peer in the House of Lords and from 1997 to 2005 she was a DWP Minister specialising in pension work. She has had three careers: as a university academic in Norwich, local authority leader and member of various public bodies. She has written a number of publications and is a frequent conference speaker.



### **Tilly Ross**

Tilly is the Global Head of Retirement Plans at National Grid plc, with responsibility for strategy, governance, administration, risk management and funding of pension and other post retirement plans. Her board experience includes being Chair of the CBI's Pensions Panel and a member on the National Grid's Global Retirement Plan.



## Chairmen and Fellows

### Chairmen

During the past 27 years we have had exceptional leadership. The Chairmen that have served us so well are:

Margaret Grainger CBE	1983-1993
Brian MacMahon	1993-1996
John Cunliffe	1996-1999
Peter White	2000-2002
Anna Edgeworth	2002-2004
Jane Samsworth	2004-2006
Graham Wright	2006-2007
Margaret Snowdon OBE	2007-2010
Partha Dasgupta	2010-

### Fellows

In 2004 we introduced a new award, Fellowship of the Pensions Advisory Service (FPAS), to recognise the achievement of those advisers who have provided outstanding service over a sustained period. It is a unique award, which is very difficult to achieve. It is a small token of public recognition of the time, expertise and commitment given by this select group.

This year a further 6 have been added. The full list is:

Ian Aitkin	Neville McKay
Mike Anthony	Nigel Malpass
Jaqui Bamford	Tony Mansfield
Ian Bateman	Ian Martin
Alan Bennet	Michael Mawdsley
Francis Bowden	Paul Meins
Wally Burgess	Phillip Moores
Mike Cabbett	Terence Noton
Clive Champion	David Prescott
Derrick Colby	Bob Pye
Ken Cole	David Read
Tony Copp	Michael Robinson
Francis Corbett	Martin Rogers
John Corcoran	Brian Simister
Gary Davies	Neil Skinner
Chris Dimmock	Margaret Snowdon OBE
Anna Edgeworth	Tony Spiers
John Freer	Douglas Steer-Smith
Tom Gilmore	Colin Steward
Roger Gould	Richard Stroud
Norman Hart	Dennis Strudwick
Colin Hartridge-Price	John Watkins
David Hughes	Derek Woodgate
Colin Liddell	Peter Woolsey
Alex MacIntyre	Brian MacMahon
Mike Mackenzie	

## Can you help?

### Join our network of volunteers

TPAS is a voluntary organisation providing free help and information to members of the public. To do so we rely on pension professionals, drawn from all sections of the pension industry, to volunteer their services. We are therefore always delighted to hear from anyone who would like to know more about being an adviser.

In our experience pension professionals find being an adviser rewarding for a variety of reasons.

Many people wish to do some form of voluntary work. For those working in pensions, or who are retired after a career in pensions, being an adviser is a valuable use of their knowledge and experience in what is often, to members of the public with pension problems, a very difficult and confusing subject.

Being an adviser also frequently brings career benefits. Taking on cases outside their normal areas of work broadens the adviser's experience and can help in their everyday work. Career prospects can also be enhanced as a result of the experience gained and the commitment demonstrated by being an adviser.

Some advisers feel that the main benefit is simply being able to help people with their pension problems.

The majority of advisers handle casework from their home or their office, by letter or telephone or both. Casework can be anything from clearing up a simple misunderstanding between the member and the scheme, to a more complicated problem involving skill and diplomacy from the adviser.

Some advisers also help us deliver our talks in the workplace service by delivering talks to groups of employees and others about saving for retirement. They are of course available afterwards to answer questions about pensions.

Our London office also has a rota of volunteers who help to answer telephone enquiries from the public on our Helpline. These advisers typically give up one day a week or one day a fortnight, although we are also pleased to hear from individuals who could help out ad hoc at busy times.

If you would like to know more about helping and joining our network of volunteer advisers, please ring us on 0845 601 2923. If you have already made your mind up that you want to help, please complete and return to us the enclosed application form.