

Trustee toolkit downloadable



How a DC scheme works (2014)

Case example 1 of 1: Delays at retirement

Here you can examine one of the Ombudsman's cases and find out how important it is to provide timely information to members of defined contribution (DC) schemes.



This case example is linked to the **Decisions at retirement** tutorial.

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This case from the Ombudsman demonstrates how important it is for trustees of DC schemes to provide timely information, particularly approaching retirement. Although in this case, the omission did not result in a lot of financial difference, it probably caused the trustees a lot of trouble.

The background to this case was that, early in 2002 Mr Round's employer decided to make some job cuts due to a downturn in business. After some negotiation, scheme member Mr Round said he would volunteer for redundancy, based on the understanding that he would be able to take early retirement. He was made redundant on 28 March 2002 and he considered that he had also retired on that date.

However there was a misunderstanding, as his employer did not inform the trustees of Mr Round's intentions. It then took a protracted exchange between Mr Round's adviser, the insurance company (Scottish Equitable) and the trustees for Mr Round to get the correct amount of tax free cash and pension. In the meantime, he noticed that annuity rates were falling.

In the case, Mr Round alleged that Scottish Equitable failed to provide information promptly at the time of his retirement and that the trustees failed to ensure that information was provided to enable his retirement benefits to be set up at the correct time.

In the judgement, the Ombudsman ordered the trustees to make good to Mr Round the pension payments that he had missed. The Ombudsman also ordered the trustees to compensate Mr Round for the fall in annuity rates and for distress and inconvenience suffered.

You have now reached the end of this case example.



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