



## Case study: Pensions

### INCORRECT PENSION INFORMATION LEADS TO COMPLAINANT'S LOSSES

Themes: illustration; pension scheme; pension annuity; false assumptions; incorrect information; distress and inconvenience.

This complaint relates to a pension plan member who experienced distress and inconvenience when they were given incorrect pension information by their pension adviser.

Mr D was a member of an employee pension scheme. In 2003 he was provided with an 'illustration' by his pension provider of what might be available to him as an annuity upon retirement in 2023. In 2023, Mr D expected to receive the annuity amount that had been advised by his pension provider, but his annuity was worth significantly less than what had been stated in his 2003 illustration, approximately £15,000 less. Mr D made a complaint to his pension provider.

Mr D's pension provider reviewed Mr D's complaint. It turned out that they had incorrectly calculated Mr D's 2003 pension illustration as they had based the calculation on UK pension law and not local pension law and had also stated some inaccurate assumptions. Mr D's pension provider apologised to Mr D for their errors and offered to compensate him £600. Mr D rejected their offer as he believed that the compensation value did not reflect the distress and inconvenience caused and referred his complaint to CIFO.

CIFO investigated and, while the original error fell outside of CIFO's mandate due to its statutory timing restrictions, it considered the experience Mr D had in 2023 upon retirement. CIFO noted that Mr D's 2003 pension illustration, projecting the annuity income he could expect at retirement, clearly set out that the amount stated was a possibility and not a guarantee. However, Mr D's pension provider had based the illustration on false assumptions and inaccurate information which was ultimately detrimental to Mr D and was relied upon by him.

CIFO believed it was unreasonable for Mr D to suggest that he had placed full reliance on the illustration when reviewing his retirement provisions in the intervening 20 years leading up to his retirement. CIFO also noted that Mr D's pension provider had offered to compensate him £600 for their original errors, but agreed with Mr D that this did not appropriately recognise the inconvenience, and particularly the disappointment Mr D had experienced in 2023 when realising the value of his pension annuity was significantly less than anticipated.

CIFO upheld the complaint and recommended Mr D's pension provider compensate him £1,000 for the distress and inconvenience he experienced when he discovered the amount of his annuity purchased on retirement in 2023 was significantly less than he anticipated based on the erroneous illustration provided to him in 2003.