

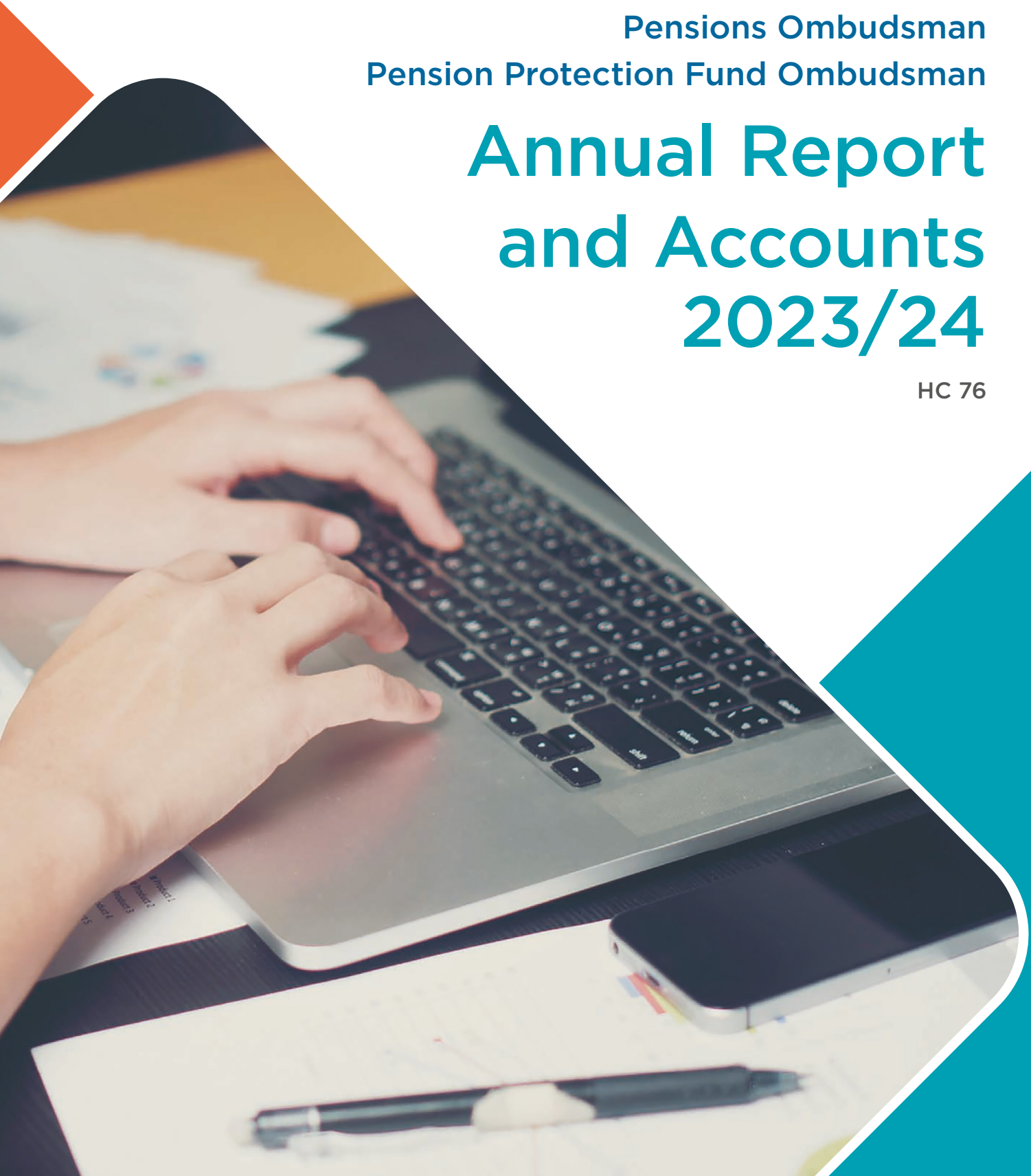


The
Pensions
Ombudsman

Pensions Ombudsman
Pension Protection Fund Ombudsman

Annual Report and Accounts 2023/24

HC 76



Pensions Ombudsman
Pension Protection Fund Ombudsman

Annual Report and Accounts 2023/24

For the period 1 April 2023 to 31 March 2024

The Pensions Ombudsman's Annual Report and Accounts are prepared and presented to Parliament pursuant to section 145 (6)-(9) of the Pension Schemes Act 1993. The Pension Protection Fund Ombudsman's Annual Report and Accounts are prepared and presented to Parliament pursuant to sections 212 and 212A of the Pensions Act 2004. Ordered by the House of Commons to be printed 24 October 2024.

HC 76



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About us

The Pensions Ombudsman combines in one organisation the Pensions Ombudsman and the Pension Protection Fund Ombudsman. Our primary function is handling pension complaints. We act impartially and our service is free at the point of delivery.

Pensions Ombudsman

The Pensions Ombudsman (TPO) investigates and determines complaints and disputes concerning occupational and personal pension schemes. Our governing primary legislation is Part X of both the Pension Schemes Act 1993 and Pension Schemes (Northern Ireland) Act 1993.

We operate a Resolution Service and a formal Adjudication Service.

Wherever possible we resolve complaints informally, sometimes before the issues have been formally considered by the parties.

At adjudication stage we investigate and determine complaints that were not resolved by the parties or by resolution.

Our Determinations are final, binding and enforceable in court.

Pension Protection Fund Ombudsman

The Pension Protection Fund Ombudsman (PPF) determines complaints and reviewable matters concerning the PPF; and also appeals against the PPF in respect of its decisions as manager of the Financial Assistance Scheme (FAS). Our governing primary legislation is sections 209 to 218 of the Pensions Act 2004 and sections 191 to 197 of the Pensions (Northern Ireland) Order 2005.

Our Determinations are final, binding and enforceable in court.

Status and funding

We are a non-departmental public body and are funded by the Department for Work and Pensions (DWP). The grant-in-aid that funds us is largely recovered from the general levy on pension schemes that is administered by The Pensions Regulator.

Our principal place of business is 10 South Colonnade, Canary Wharf, London E14 4PU.

Our vision

A trusted, fair, impartial service that makes it easy for everyone to resolve pension complaints.

Our aims

Get the right outcome every time and in good time – by being proportionate, efficient and consistent.

Make it easier to resolve complaints about pensions – by ensuring more people know where to go for help and by working closely with our stakeholders and partners.

Provide a trusted, accessible service – by listening, delivering on promises and being honest about what we can and cannot do.

Deliver value for money – by making a difference to how pension schemes are run and by continually reviewing and improving the way we work.

Ensure everyone who works here is supported to succeed – by being a good employer and helping people develop their potential.

Our values

We are: Fair – we look at the facts, without taking sides and we are always impartial. We take our responsibilities seriously.

Collaborative – we share what we know so everyone can do a better job. We seek out opportunities to work with others and then take action to make it happen.

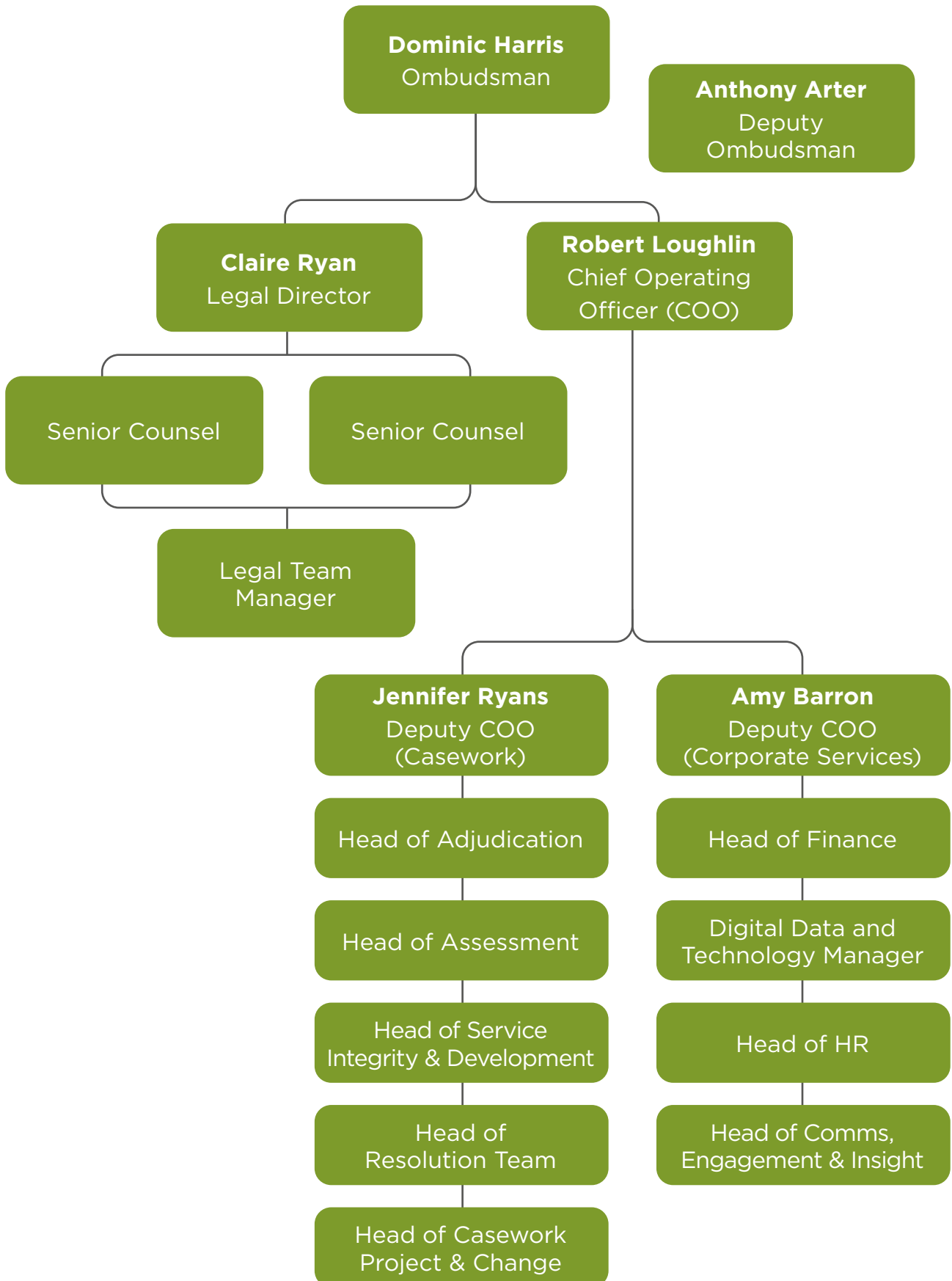
Open – we are approachable and make it easy for people to get the help they need. We are honest and transparent about how and why we make our decisions.

We: Show respect – we are considerate and take people's needs into account. We believe in treating people with dignity and we welcome different points of view.

Build trust – we take pride in our work and do our best to get it right. We always do what we say we will.

And we: Keep learning – we are open to change and want to find better ways of doing things. We stay positive, take charge of our own development and support people trying something new.

How we are structured (as at 31 March 2024)



Glossary

ARC – Audit and Risk Committee

CETV – cash equivalent transfer value

CMS – case management system

DWP – Department for Work and Pensions

EDI – Equality, Diversity and Inclusion

FAS – Financial Assistance Scheme

FCA – Financial Conduct Authority

FCF – Fraud Compensation Fund

GGC – Government Greening Commitment

GIAA – Government Internal Audit Agency

GPA – Government Property Agency

IDRP – internal dispute resolution procedure

ICO – Information Commissioner’s Office

IFA – independent financial adviser

NEDs – Non-Executive Directors

PCS – Public and Commercial Services Union

PDU – Pensions Dishonesty Unit

PPFO – Pension Protection Fund Ombudsman

RS – Resolution Service

SIPPS – Self-Invested Personal Pension

SSAS – Small Self-Administered Scheme

TPO – The Pensions Ombudsman

TPR – The Pensions Regulator

Performance report: Overview

The overview section provides a statement from the Pensions Ombudsman and Chair on the performance of the organisation in 2023/24, our performance against our key performance indicators, and a summary of our financial position.



Ombudsman's introduction

This Annual Report covers my first full year in post as Pensions Ombudsman, and it has certainly been an eventful one – with numerous challenges, some of which were entirely unexpected, but also a number of achievements with which the organisation can be pleased.

As ever, we should be proud of the day-to-day work that we do, and the difference we have made for so many people who have sought our help over the last year. We are here to serve both consumers and industry, and it is important we put their needs first. We continue to grapple with new issues, new law and, unfortunately, new 'scams'. For example, our Pensions Dishonesty Unit (PDU) looked at wrongdoing in the Focus Administration Pensions Determination¹ and found that £738,768 should be returned to the scheme. Our PDU has shown that it can make a real difference to individuals affected by such issues and shines a vital spotlight on pension scams. We also issued our first Determination² on the new transfer regulations, which is informing further developments to the legislation. Additionally, we have looked to find pragmatic ways of dealing with the administrative hurdles put in place for overpayment cases, which will provide much needed clarity for the industry. More information on these Determinations and others are set out in the case studies contained in the [Appendix](#).

The most significant issue to confront TPO over the past year has been the cyber incident that was discovered in June. It made the past year an exceptionally challenging period for us. At the time, we took immediate steps to respond, working with relevant agencies such as the National Cyber Security Centre and cyber security specialists in DWP, to secure the systems affected and put in place appropriate solutions. The security of our customer data was our highest priority and some of our systems were temporarily disabled as a precautionary measure. This has had an impact on how easy it was for individuals to make a complaint and on the progression of casework.

As a result of the challenges faced over the year, we were unsurprisingly not able to repeat the success of the previous year in closing more cases than we received. With the number of closures reducing from 7,784 in 2022/23 to 6,634 in 2023/24. This is due to a number of factors – most obviously the impact of the cyber incident, but also market challenges in recruiting and retaining skilled staff on fixed-term contracts commensurate with our funding model, and an increase in the number of complex cases that remain in our historical caseload.

1 [The Focus Administration Pension Scheme Determination](#), 21 September 2023, CAS-27569-X0V0 & CAS-73885-Q6V9

2 [Western Power Distribution Fund](#), 23 October 2023, CAS-93568-H0D0

The number of complaints we received last year also dropped from 7,280 in 2022/23 to 6,923 2023/24 – that reduction aligns with issues that arose as a result of our cyber incident (for example, the switch from an online application to a PDF version).

However, the number of complaints received was still 9% higher than 2021/22, and the long-term trend of a growing number of complaints with an increased level of complexity is still projected to continue. The reason for that is that we provide an important and valuable service that is more in demand than ever.

We continue to work with DWP to develop sustainable models of funding to make us fit for the future. However, we also need to look at what we can control and ensure we do everything we can to drive efficiency. Therefore, we have embarked on a ‘root and branch’ review of our Operating Model to identify efficiencies across our ‘customer journey’. We are doing this to benefit our users and ensure that we can allocate our resources effectively to help individuals resolve their pension complaints within reasonable waiting times. The goal is to provide earlier resolution of complaints, with fewer handovers between our internal teams. We are also due to have a Public Bodies Review of TPO, which was originally scheduled for last year and will provide valuable insight into the areas we can look to make further improvements. The information we gather as a part of these activities will inform an ambitious transformation plan that we will begin to implement in a ‘test and learn’ approach over the course of this year. Together with the outcome of the scheduled spending review, this will allow TPO to develop a longer-term, three-year plan that will cover the remainder of my term.

Over the past year, I was pleased to welcome Robert Loughlin as our new Chief Operating Officer (COO), who joined in February. Robert brings with him a wealth of experience in driving down waiting times in regulatory settings, while ensuring customer experience remains ‘front and centre’.

Following the sad death of our previous Chair, Caroline Rookes, Anthony Arter CBE has taken on the role of Interim Chair. He has also been the Deputy Pensions Ombudsman over the course of the last year. Anthony’s extensive knowledge and experience of TPO has been an asset during this period. I look forward to continuing to work with him to help us reach our strategic objectives until such time as a permanent Chair is appointed.

Over the first year of my tenure, it has been a pleasure to meet and engage with stakeholders across the industry and more broadly. Some highlights of the year include delivering keynote speeches at the Local Government Pension Scheme (LGPS) Pension Managers Conference and the Local Government Association (LGA) Pensions Governance Conference, as well as joining parliamentarians at our co-hosted drop-in event in Portcullis House. As our Operating Model review progresses, I am looking forward to ‘getting out of the office’ to hear more from both industry and consumers on how best to meet their expectations.

It continues to be a priority that TPO is an excellent place for people to work and volunteer. Our latest staff survey showed that TPO staff had an engagement score of 67% compared to the Civil Service average of 64%. Our volunteer network also continues to be an invaluable resource taking on 440 cases over the year. Many of our volunteers tell us how rewarding it is to be able to help members get their issues resolved, and also learn new skills at the same time so if this is something you may be interested in please visit our website (<https://www.pensions-ombudsman.org.uk/jobs-and-volunteering>).

Finally, I would like to offer my sincere thanks to all of our staff and volunteers here at TPO. I continue to be inspired by your commitment, knowledge, and skills, but in addition to these qualities I would like to celebrate the resilience you have shown in the face of the challenges of the last year. You should all be proud of what you have achieved.



Dominic Harris

Pensions Ombudsman

Pension Protection Fund Ombudsman

15 October 2024

Chair's foreword

I was appointed Interim Chair of The Pensions Ombudsman in January 2024 to provide continuity while DWP conducts a recruitment process for the new permanent Chair. This follows the sad death of our previous Chair Caroline Rookes in October 2023, and it was certainly with mixed emotions that I took on the role. However, it is an honour to take on the responsibility, and I hope that my knowledge and experience gained as the previous Pensions Ombudsman and as a previous Chair of the Ombudsman Association will provide vital stability over this important period for the organisation.

TPO delivered some real achievements during the course of the year. This included producing important Determinations that will impact complaint handling across the industry, continuing the important work of the PDU, which has a vital part to play in delivering justice to scammed pension scheme members, and in delivering guidance and information to the industry through communications, events, forums and meetings.

Every year brings its own challenges and this year is no exception. The Board has been working with the Executive to provide support and appropriate scrutiny to the issues the organisation has faced. TPO's performance has not been as we would have wished and though this is primarily due to the exceptional circumstances of the cyber incident, it has increased the scale of difficulty the organisation faces if it wants to meet its goal of reducing waiting times to a sustainable level.

While the Board supports the Executive in its work with DWP to develop sustainable models of funding going forward, we know that TPO needs to demonstrate that it has driven every possible efficiency within the limitations of its resource and funding. Over the year the Board has held strategy sessions with the Executive to refine TPO's strategic goals and inform its risk appetite to ensure that the organisation is appropriately focused in order to meet its objectives.

Going into next year I, together with the other members of the Board, fully endorse the 'root and branch' approach to the operational review, as we believe that genuine transformation is required if TPO is to make substantive improvements rather than incremental gains. I believe strongly in the difference the organisation makes and want to ensure that concerns around waiting times do not overshadow the excellent work of the dedicated staff and volunteers.

The Board will be working closely with the Executive as it rolls out the transformation programme and is looking forward to the Public Bodies Review that will highlight improvements that can be made to TPO's structure and processes. The Board will be supporting the development of the three-year Corporate Plan that will set out the longer term strategy that, as Dominic says, will look to make us 'fit for the future'.

Finally, I want to thank Dominic for the way in which he has guided the organisation through a particularly challenging year and also add my thanks to our truly excellent staff and volunteers who have shown exceptional resilience, demonstrating, time and again, their support of TPO's aims and values, their impartiality and dedication to helping others.

Anthony Arter

Interim Chair

The year in summary

Key facts and figures

Pensions Ombudsman



We received **9,923** contacts by phone, LiveChat, email and post from people who thought we might be able to help them



We resolved **7,778** general enquiries



We received **6,923** new pension complaints

We closed **6,634** overall pension complaints

Out of the above..



We closed **4,788** pension complaints at the Assessment stages

We resolved **1,268** pension complaints informally through our Resolution Service



We resolved **578** pension complaints through our Adjudication Service

Of our overall closed pension complaints, we closed **245** through formal Determinations by the Pensions Ombudsman and Deputy Pensions Ombudsman

Pension Protection Fund Ombudsman



We received **11** new or reopened PPF cases

We completed **8** PPF investigations

Key performance indicators

Target	Performance
General enquiries	
<ul style="list-style-type: none"> • Revised KPI* 90% of enquiries resolved within four weeks (28 calendar days) 	<ul style="list-style-type: none"> • 99.0% of enquiries were resolved within four weeks (28 calendar days) (see page 24)
Pension complaints duration	
<ul style="list-style-type: none"> • 35% of complaints closed within 9 months of complaint validation • 65% of complaints closed within 18 months of complaint validation • Reduce number of active pension complaints aged over 18 months by 25% 	<ul style="list-style-type: none"> • 68% were closed within 9 months • 82% were closed within 18 months • The number of active pension complaints aged over 18 months increased by 23% (see page 34)
Service Waiting Times	
<ul style="list-style-type: none"> • Waiting time for Assessment pension complaints to be allocated – reduced to 5 months • Waiting time for Early Resolution (now the Resolution Service) pension complaints to be allocated reduced to 5 months • Waiting time for Adjudication pension complaints to be allocated reduced to 12 months 	<ul style="list-style-type: none"> • The waiting time for Assessment (a case is triaged) is currently 12 months (see page 25) • The waiting time for Resolution (to be assigned to a caseworker in our informal Resolution Team) is 11 months (see page 27) • The waiting time for Adjudication (to be assigned to a caseworker in our investigation team) is 15 months (see page 29)
Average number of total pension complaint closures per month	
<ul style="list-style-type: none"> • 680 closures per month 	<ul style="list-style-type: none"> • On average we closed 553 complaints per month (see page 34)

Target	Performance
Internal quality assurance standards	
<ul style="list-style-type: none"> Maintain scores from the Quality Assurance Framework at 85% 	<ul style="list-style-type: none"> Our overall average quality score was 87%** (see page 49)
Staff engagement	
<ul style="list-style-type: none"> Annual staff survey engagement score – increase on 2022 score (70%) Annualised staff sickness rate (all types) – at or below the Civil Service rate 	<ul style="list-style-type: none"> 2023 Annual staff survey engagement score was 67% (see page 51) 6.02 days lost per employee which equates to 2.4% of total work time compared with 7.9 days for the Civil Service. (see page 78)

* We changed our measurement as the original KPI could not be captured in a auditable fashion due to the cyber incident. Revised KPI reflects the total management time for an enquiry once it is raised on the Customer Management System (CMS).

** We were unable to run the comprehensive quality assessment programme over the whole year due to resourcing challenges and the cyber incident. Therefore the quality score is based on three months of data equalling 557 audits.

More information on our performance and definitions of the terms used above are included in the [Performance report and analysis](#) section.

Finance summary

In 2023/24 the organisation received £17.48 million grant-in-aid and incurred net expenditure of £16.82 million (2022/23: £10.82 million). The significant non-staff increase in expenditure from £10.82 million in 2022/23 is due to the cyber incident.

Both the grant-in-aid figure and the total expenditure figure include costs for the PDU.

The Statement of financial position shows net assets of £1.45 million.

Going concern

The funding estimate for 2024/25 for TPO has been approved by DWP as part of the three-year spending review settlement (2022/23-2024/25). The agreed business-as-usual budget for 2024/25 is £12.13 million (this includes funding for the PDU due to come to an end in 2025 and increased IT costs). This is an increase of £1.85 million on our baseline allocation.

We are satisfied that there are no proposals that give rise to a material uncertainty around the going concern status of TPO in the forthcoming 12 months from authorisation of these accounts and future periods. We will continue our operations and meet our liabilities as they fall due.

The accounts are prepared on a going concern basis.

Please refer to the [Accounts](#) section for further information about our finances.

Performance report: Analysis

The section provides information about TPO's performance during 2023/24. It includes analysis of casework statistics and performance against our strategic goals.



Casework review – Pensions Ombudsman

Performance overview

Due to a number of factors, our performance last year in terms of increasing the number of closures and reducing wait times is not what was expected. This included:

- ▶ the cyber incident
- ▶ market challenges in recruiting and retaining skilled staff on fixed-term contracts due to the nature of our funding model
- ▶ the number of complex cases that remain in our historical caseload

The cyber incident had the largest impact. The precautionary closure of our IT systems meant there was a short period over the summer where we were unable to progress casework. All systems were carefully assessed which resulted in reduced capacity through autumn.

Previous Operating Model changes have driven some successes and helped us to close cases earlier. We continued to test new ways of working by identifying and dealing with work packages of pension complaints drawn from across our complaint process that could be driven forward to an earlier closure. However, this has left a higher number of complex cases to deal with within the historical caseload.

Pensions are by their nature complex, and pension complaints can take a long time to resolve. As a quasi-judicial body where decisions have to be legally correct, it takes a long time to train and upskill staff who do not come from a pension background to be able to assess more complex complaints.

Working groups are now established for high focus or complex cases, chaired by the Ombudsman, and older cases, to share expertise and learnings. We are thereby actively tracking progress against our most complex and oldest cases and seeking input from our Legal team and the Ombudsman.

Building on previous efficiencies, our new COO is carrying out a wholesale 'root and branch' Operating Model review to build on the learnings identified in previous Operating Model changes, along with outputs from a comprehensive end to end review of our process. This is to ensure that we have identified all areas for driving improvements and streamlining processes. The review is building into a comprehensive transformation programme which we will begin to deliver in 2024/25.

Areas of focus in the coming year will be:

- ▶ providing clearer information and signposting for customers before they make an application so that the number of invalid applications we receive is reduced
- ▶ engaging earlier with stakeholders around issues that may drive multiple complaints and optimising 'lead cases' where possible – this will help to inform handling of complaints, and in doing so, reduce the number of complaints that we receive
- ▶ exploring where we can utilise simpler and shorter decisions at an earlier stage of our customer journey for less complex cases
- ▶ identifying new ways of handling cases depending on the complaint category and complexity so that only the most complex of cases go through our full casework process
- ▶ streamlining our processes – for example, reducing the number of handovers between teams
- ▶ robust triage of complaints we receive

We have developed multiple workstreams focussing on different areas of change which all report into one transformation board. Initial 'quick wins' are already being rolled out through an iterative or 'agile' approach where we test and learn at each stage. For example, we have made some changes to our online application form to reduce manual processing later in the process and made some team changes to reduce the number of handovers required between teams. We will also be engaging with our stakeholders to get their feedback and identify further opportunities.

We will also be using the year to review our enterprise systems and ensure we have a clear view of future requirements. This will be built into a three-year digital and data strategy to ensure we are able to maximise efficiencies and support future demand.

TPO will continue to work closely with DWP and the wider pensions community to speed up complaint handling across the entire customer journey, from the way complaints are submitted to the way decisions are made and communicated.

Contacts

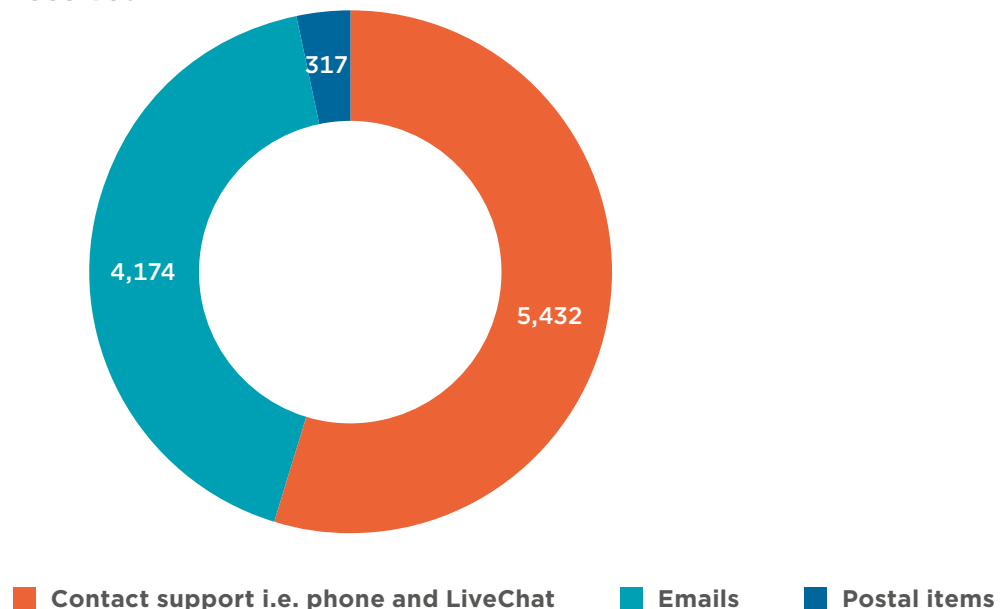
Our Enquiries Team handles initial contacts to TPO by phone, LiveChat, email and post.

In dealing with these contacts, our aim is to:

- ▶ Engage - we build trust with the customer and ask direct questions to discover what the problem is. This 'engagement' sets the tone for the remainder of the customer's journey through the complaint process and paves the way for what might happen next
- ▶ Educate - we explain the options available to the customer including, but not limited to, the service provided by us. If TPO might be able to help, we will explain what happens next and what steps need to be taken
- ▶ Resolve - where we can provide an immediate solution, we will do so through talking to the customer

In 2023/24, our Enquiries Team handled 9,923 overall contacts, compared to 9,841 in 2022/23, which break down as:

How enquiries were received

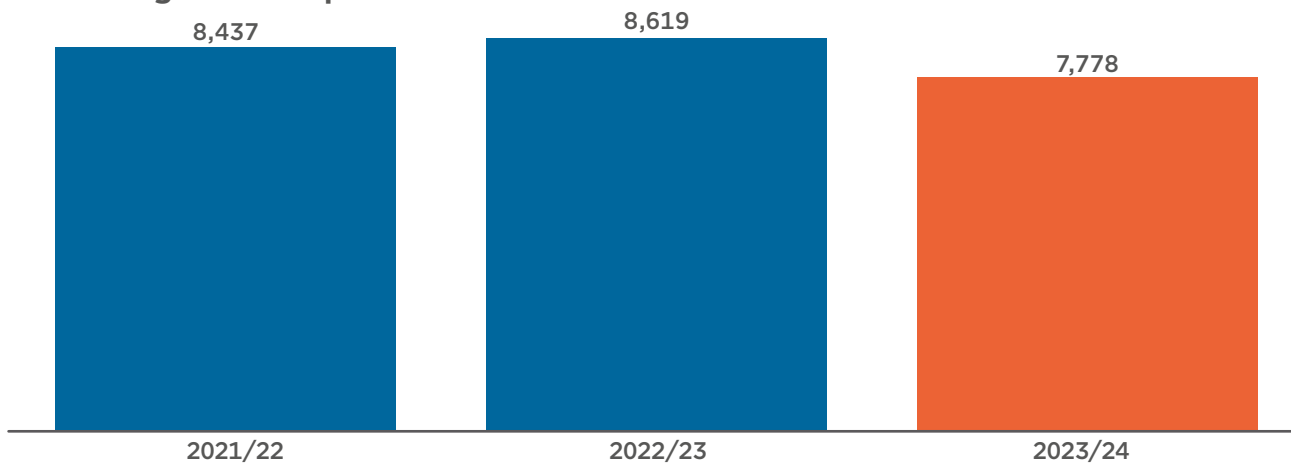


General enquiries

A number of contacts will progress to be general enquiries where the matter may not be dealt with in a single interaction and more involved work is required.

As with contacts, our aim with general enquiries is still to engage, educate and resolve the issue, but this may take longer.

Resolved general enquiries

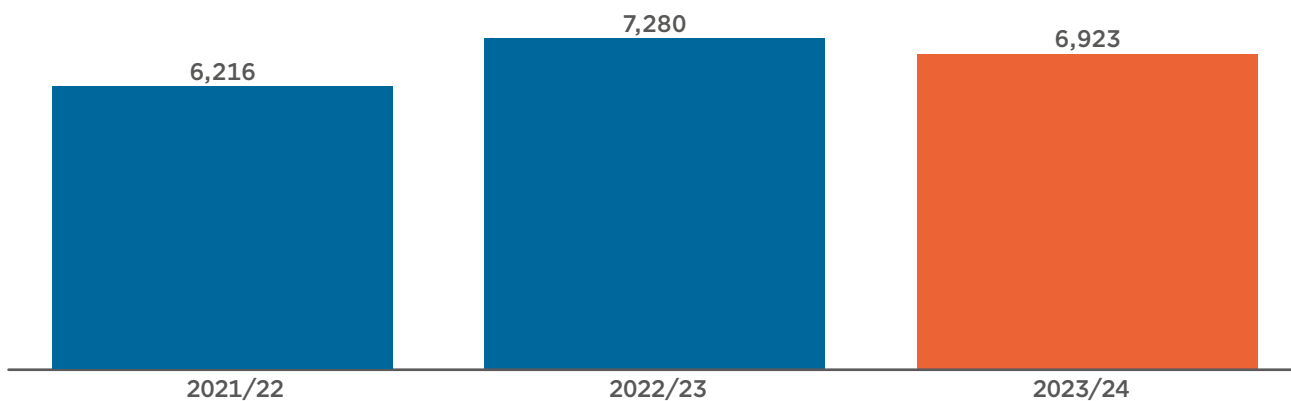


Pension complaints

New pension complaints

We received 6923 new complaints in 2023/24.

New pension complaints



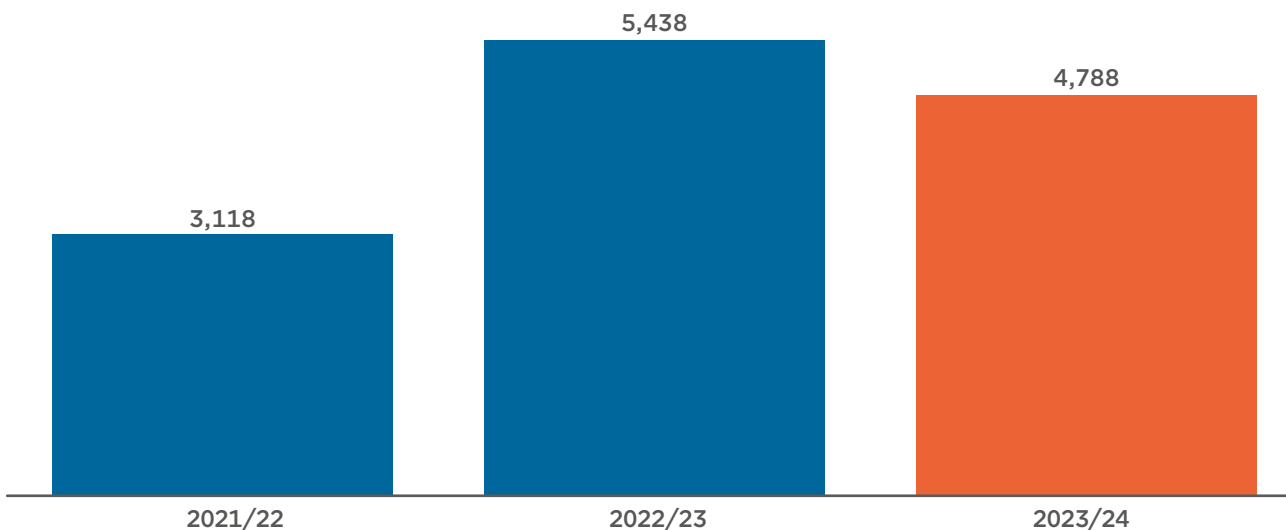
Following a long-term trend of growing demand we had forecast a 12% increase in 2023/24 within our [Corporate Plan 2023-2026](#) equating to 8,150 expected applications. However, the impact of the cyber incident in 2023/24 has meant that we have actually seen a reduction in demand of 5% from 2022/23 which equates to 15% less than forecast.

Assessment of pension complaints

The first stage in our process is to assess the validity of the application and then to decide whether informal resolution or formal adjudication is the best route for valid pension complaints. If the application is invalid or lacking the information required to proceed with the complaint, it will be closed. Some of these pension complaints may re-open in the future.

In 2023/24, we closed 4,788 pension complaints during our assessment stages, compared to 5,438 in 2022/23.

Assessment closures



Of the 4,788 closures, around:

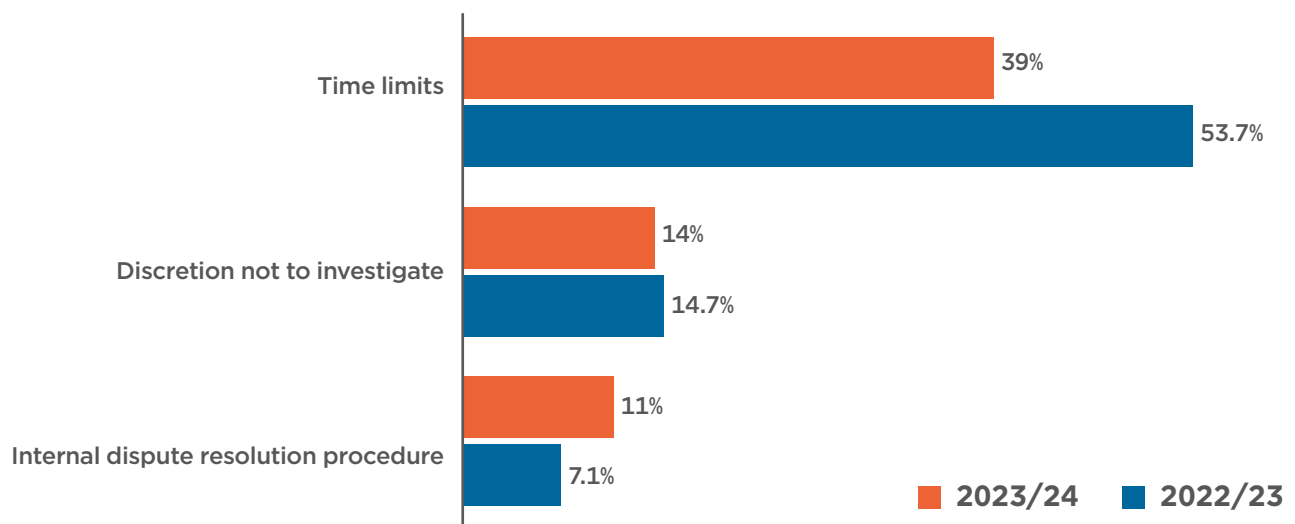
- ▶ 72% were due to the application being invalid
- ▶ 10% were due to no consent being received from the complainant for the matter to be resolved informally by our Resolution Service
- ▶ 7% were due to a formal decision that the pension complaint is outside our jurisdiction for our formal powers to be used
- ▶ 6% were due to insufficient information to progress the pension complaint
- ▶ 5% were due to early engagement with the applicant where a pension complaint may not succeed later in our processes

Of the complaints rejected as invalid, around 88% were because the customer had not provided us with any documentation, had not yet raised the matter with those being complained about or they needed to complete the scheme's internal dispute resolution procedure (IDRP).

We experienced an increased percentage of invalid applications this year due to the online form being suspended. The online form does not allow an individual to progress if it doesn't meet certain criteria.

Complaints closed for being outside our formal jurisdiction were rejected for several reasons, the three main reasons are illustrated below:

Jurisdiction rejection reasons



- ▶ Time limits – where the event being complained about happened more than three years ago or the complainant first became aware of it more than three years ago
- ▶ Discretion not to investigate – where there is, for example, no possibility of a remedy
- ▶ IDRP – where the complainant has not gone through a scheme's internal complaints process which is required before the complaint can be formally taken on by Adjudication

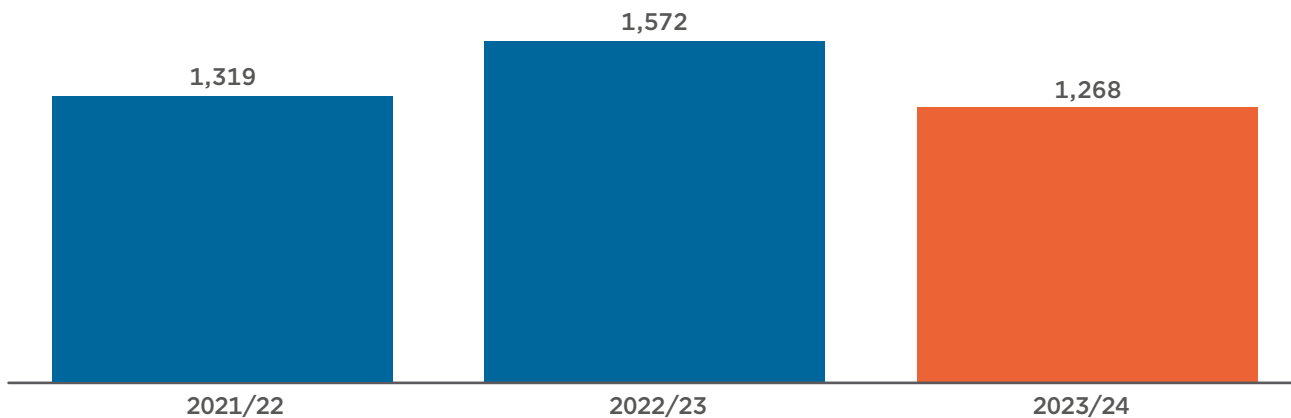
Valid applications that meet jurisdiction will be passed to either a Resolution Specialist in our informal Resolution Service or an Adjudicator in our formal Adjudication Team to investigate.

Informal Resolution

After new pension complaints have been assessed, they may be suitable for our informal Resolution team. Consent from both parties is necessary before commencing the resolution process. It is usually necessary for a Resolution Specialist to liaise with the complainant and the party being complained about to resolve the issue. We aim to get involved in these cases as early as possible in our casework process to facilitate quicker resolution.

In 2023/24, 1,268 pension complaints were closed by our Resolution Service compared to 1,572 in 2022/23. The closures at the resolution stage were delivered by both staff members and our network of volunteers.

Informal resolution closures



If a complaint cannot be resolved informally, the Resolution Specialist will explain the possible next steps. If the complaint has already been through the formal complaint process offered by the pension scheme or provider and remains unresolved, then one option is for the complaint to move on to the Adjudication Team.



Resolution Spotlight

Support in accessing ill health benefits

Summary

After receiving the news that she had been diagnosed with a terminal illness, the applicant asked that her pension funds be released to her on grounds of serious ill health. Although she asked for payment and sent supporting medical documentation, the applicant received no further response after the provider confirmed her benefits would be paid.

Background

Our Resolution Specialist immediately contacted the scheme and received confirmation that the applicant's pension benefits would be processed immediately, and payment option forms were sent to her.

The applicant confirmed receipt of the option forms, but queried why she was not offered the option of commuting all her pension benefits in exchange for a cash sum. The Resolution Specialist established that the scheme did not provide for such an option and explained to the applicant that while legislation allows for such an option, it was not a requirement on all schemes to offer it.

Outcome - resolution

The applicant chose one of the options from the scheme and payment was made not long after.

“You have no idea how much this means to us and the stress that you have helped to relieve. Thank you so very much for your support and assistance in contacting them on my behalf at this difficult time. I really cannot say ‘thank you’ enough.”

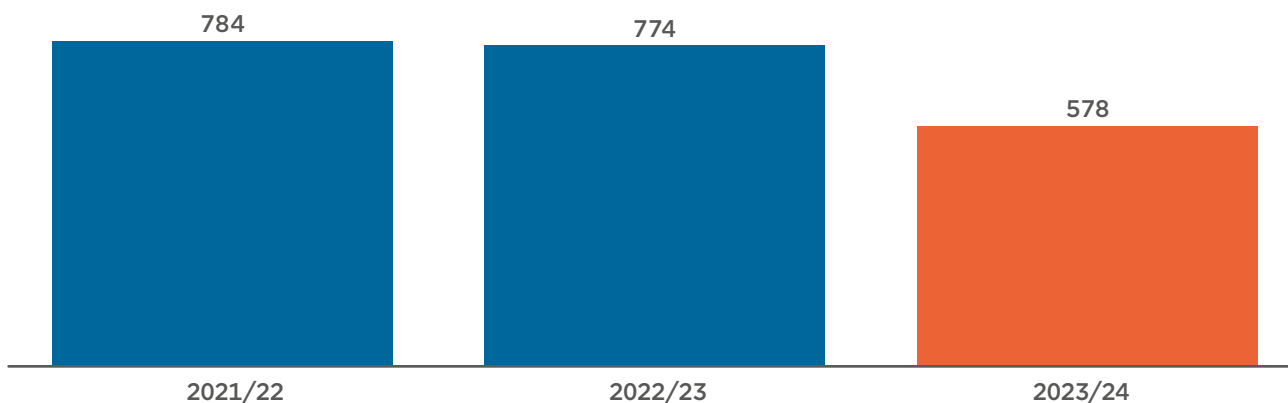
Adjudication Service

In 2023/24, we closed 578 pension complaints through our formal Adjudication Service, this includes those that were subsequently determined by the Pensions Ombudsman.

In addition to the impact of the cyber incident we continued to see an increasing number of complex cases requiring adjudication. These complex cases need to be allocated to suitably experienced Adjudicators and therefore often have to wait longer for allocation due to capacity amongst this small group. We have been held back by a shortage of specialist pensions expertise over the last two years. This expertise is difficult to build quickly and is challenging to recruit for

due to market shortages. While we have been able to recruit additional staff on a temporary basis, the fixed-term nature of the contracts has limited our ability to recruit pensions specialists. Therefore, we have had to focus the additional resource on our more straightforward and low complexity cases. While this has led to an increased overall closure rate, it has not allowed us to make the inroads into the queue of complex cases that we need to achieve.

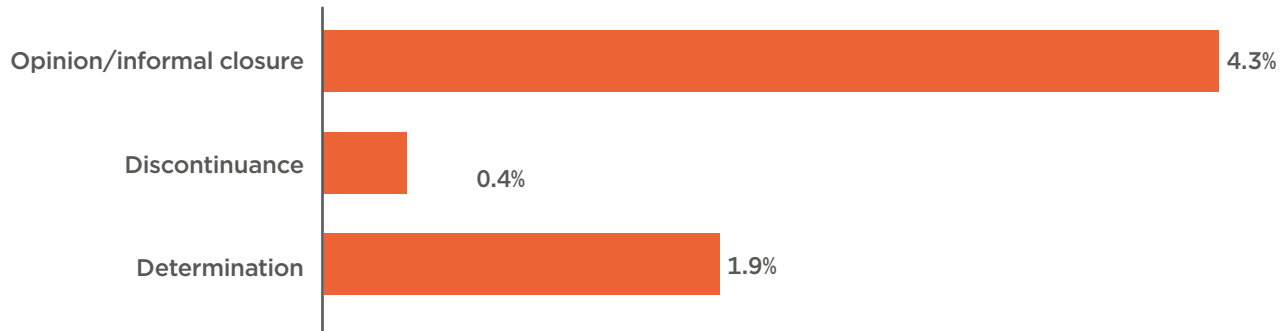
Adjudication closures



There are several ways in which a pension complaint can be concluded once it has been accepted by Adjudication.

- ▶ **Discontinued** – a complainant may decide to drop the complaint or have reached a settlement directly with the provider. Alternatively, the Pensions Ombudsman may decide that the investigation into the complaint should not continue. Before discontinuing an investigation, we will tell all parties to the complaint why the investigation is likely to be discontinued and give them an opportunity to make representations.
- ▶ **Opinion or Informal Closure** – for cases where resolution may still be possible an Adjudicator may look to resolve the matter. Any agreement will be followed up by a written report issued to the parties involved in the complaint and the case will be closed. These cases are then discontinued.
- ▶ **Determination** – When some or all of the people involved in the complaint do not accept the Adjudicator’s Opinion, the complaint is referred to the Pensions Ombudsman along with all the submissions made by the parties. The Pensions Ombudsman will make his own decision, based on the evidence, and issue a Determination. Before making his final decision, the Pensions Ombudsman might decide to call for additional evidence or further investigation. A complaint may also be determined following the Pensions Ombudsman’s preliminary decision – in some cases, the Pensions Ombudsman might issue a preliminary decision before making a Determination, for example, where the complaint is highly complex with many issues to be addressed.

Adjudication conclusions



Adjudicator's Opinion Spotlight

Distribution of death benefits

Summary

An applicant was unhappy about Aegon's decision not to pay death benefits from a plan to her children after the death of her former husband who was father of the children. She argued that he had taken out the plan while they were married, and the two children from their marriage were his only living relatives.

Background

The plan, a retirement annuity contract, was taken out in the husband's name when they were married and had two children together. They subsequently divorced and the plan was frozen. After his death, his former wife contacted them to ask about entitlement to the death benefits.

Aegon said they were unable to pay benefits to the former wife as she was not her former husband's Legal Personal Representative (LPR) when he died. Instead, they traced the plan owner's wife at point of death, established that she was the LPR and paid her the death benefit of £1,595.08.

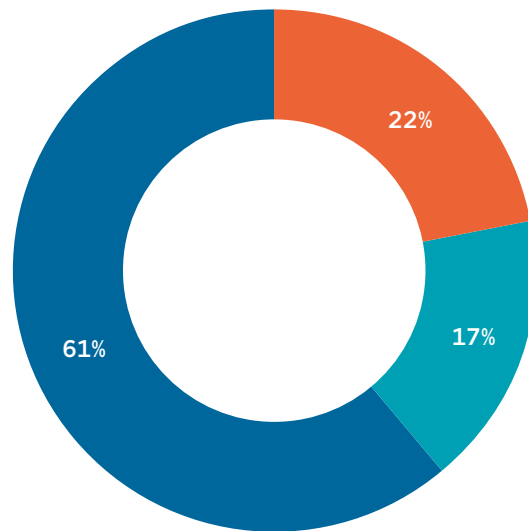
Outcome - Not Upheld

While many current personal pension plans are structured to give trustees discretion to decide who should receive death benefits, the rules of this policy only allowed it to be paid to the LPR.

Determinations

In 2023/24, a total of 245 pension complaints were closed by Determination. Determinations are decisions made by both the Pensions Ombudsman and Deputy Pensions Ombudsman. Only pension complaints by Determination can be said to have been upheld or not. In 2023/24, 96 pension complaints or 39% determined by the Pensions Ombudsman were upheld or partly upheld (2022/23:51)

Outcome of Determinations



■ Upheld ■ Partially upheld ■ Not upheld





Ombudsman Determination Spotlight

Administrator negligence in cyber fraud

Summary

The applicant complained that Embark, the administrator of his SIPP, had accepted fraudulent email instructions to withdraw £20,000, and that he incurred a financial loss as a result.

Background

The applicant emailed Embark as he wished to withdraw £20,000 from his SIPP. He supplied the required sale and income forms and confirmed the bank account details to transfer to were those already held by Embark. However, the applicant's email account had been infiltrated by a fraudster who had sent several emails to Embark alleging to be from the applicant, including a request to change the nominated bank account for the applicant.

The initial £20,000 was sent to the original account on file for the applicant. However, Embark, acting on instructions emailed by the fraudster, changed the bank details based on forged documentation and approved a further withdrawal of £20,000 to the new bank account.

In an attempt to compensate the applicant for the loss he had incurred because of the fraud, Embark offered to pay him £12,202.20 which the applicant did not accept.

Outcome - Upheld

The Ombudsman found that Embark had acted negligently and should have taken further steps to ensure that it was dealing with the applicant, rather than the fraudster. As a result, the Ombudsman directed Embark to reimburse the SIPP for the fraudulent sale, and to pay the applicant £1,000 for the serious distress and inconvenience caused to him.

The administrator's terms and conditions did not restrict its liability if loss had been caused as a direct result of negligence.



Ombudsman Determination Spotlight

Increases in payments ceasing following scheme wind-up

Summary

The applicant complained that the part of his occupational pension accrued before 6 April 1997 which is in excess of his Guaranteed Minimum Pension (the Pre 97 Excess Pension) no longer receives increases in payment following the wind-up of the scheme and the purchase of a bulk annuity policy with an insurer.

Background

In January 2022, the employer triggered the wind-up of Sotheby's Pension Scheme. At this stage, it communicated that there would be no further discretionary increases applied to the Pre 97 Excess.

This resulted in the applicant complaining to TPO, as he felt that he could no longer rely on the scheme to provide the benefits promised when he joined and that were in the Trust Deed and Rules that governed the scheme.

The trustee demonstrated that the Pre 97 Excess increases had been described as discretionary within communications and in the scheme rules and, in addition, the discretion required the consent of the employer.

Outcome - Not upheld

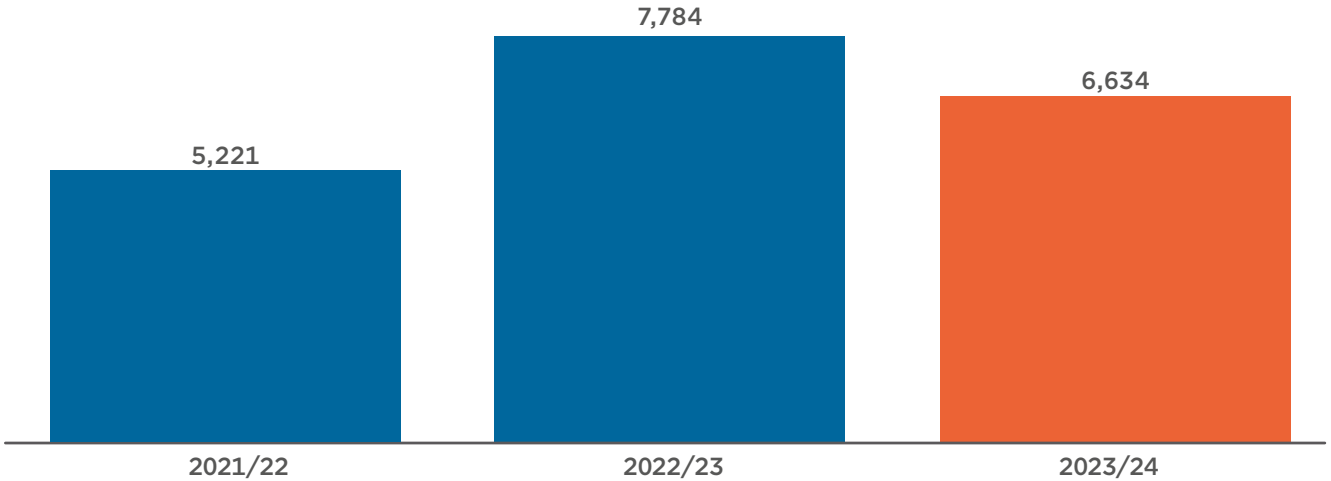
The Ombudsman concluded that the employer had the necessary authority to commence the wind-up of the scheme. He agreed that any increases that were applied to this element of Mr N's pension in the past were discretionary and were subject to the consent of the employer.

Sections 51 and 54 of the Pensions Act 1995 are clear that certain elements of pension are required to increase under legislation, but this does not include the Pre 97 Excess Pension.

Total pension complaint closures

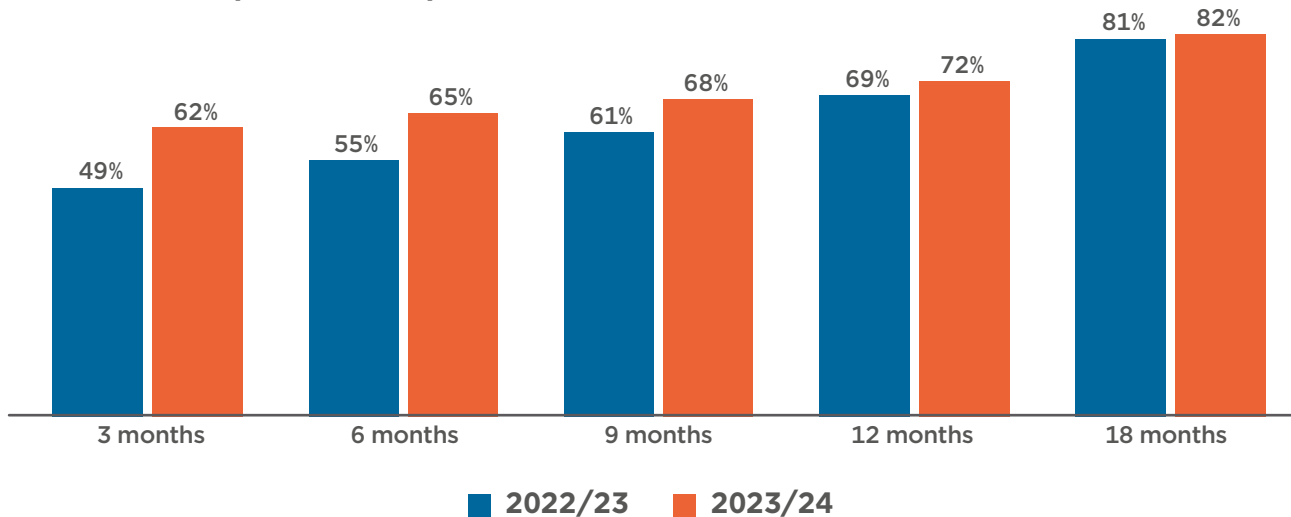
Overall, we closed a total of 6,634 pension complaints in 2023/24.

Total pension complaint closures



Overall, our total closure figure of 6,634 represents a 15% decrease on total closures for the previous year (2022/23 7,784). The reasons for this are detailed in the [Performance overview](#).

Timescales for pension complaint closures



Timescales are measured from when we have a valid application through to its closure.

The main efficiencies introduced to our Operating Model over the previous two years have focused on the application and assessment stages of our process. The combined effect has meant that a disproportionate number of our overall closures over the last two years have been for cases aged less than three and six months.

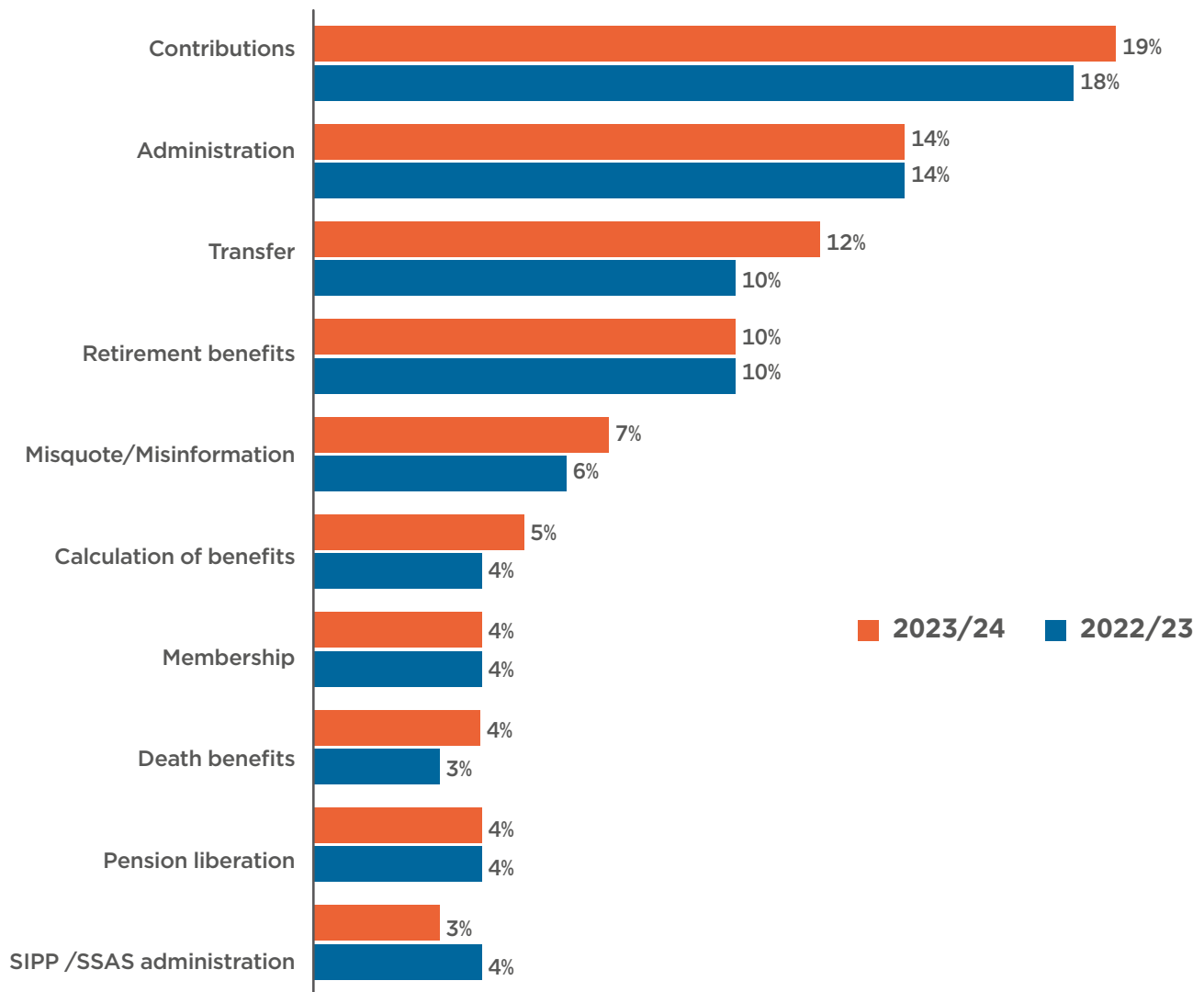
We always have a number of pension complaints in hand that cannot be moved on for reasons outside of our control; for example, pending or ongoing court proceedings which could affect the decision making of cases that deal with the same topic.

In 2023/24 the number of active pensions complaints aged over 18 months increased by 23%. A significant number of these cases are those regarding complaints about the recovery of overpaid pension benefits. We currently have 443 such cases which have been accepted for investigation, with over 50% being in excess of three years old. These cases were impacted by a Court of Appeal ruling that TPO was not a 'competent court' for purposes of concluding overpayment disputes where recoupment is sought. This is discussed in more detail in the in-depth [review of the Appeal *The Pensions Ombudsman v CMG Pension Trustees Limited*](#).

In 2024/25 we aim to build expertise in Adjudication to be able to resolve our oldest and most complex cases.



Subject matter of closed pension complaints



The chart above shows the 10 most common topics of pension complaints concluded by our Assessment teams, Resolution Service, Adjudication Service and the Pensions Ombudsman in 2023/24. For comparative purposes, the corresponding figure for 2022/23 has also been included.

It is important to note that this shows the proportion of our overall closures from these topics each year, therefore it does not automatically follow that there has been an increase in the number of complaints we received about these topics.

Casework review – Pension Protection Fund Ombudsman

This part of our report describes the small part of our work concerning the Pension Protection Fund (PPF) Ombudsman’s jurisdiction. Financial information is in note 1 of the accounts on page 100.

The work of the PPF Ombudsman covers:

- ▶ PPF maladministration – we can investigate and determine complaints of maladministration on the part of the PPF
- ▶ PPF reviewable matters – we can review decisions made by the Board of the PPF, but only after they have been reviewed by the Board of the PPF and then considered by its Reconsideration Committee
- ▶ Financial Assistance Scheme appeals – we have jurisdiction to determine appeals against decisions made by the PPF, as scheme manager of the Financial Assistance Scheme (FAS), relating to eligibility to receive compensation. FAS appeals can be subdivided further into two main categories: whether a scheme is eligible to be accepted by the FAS, and whether a member has received the correct entitlement

PPF Cases 2023/24

	In hand at 01/04/23	New/re-opened matters	Completed investigations	In hand at 31/03/24
PPF maladministration	4	7	2	9
PPF reviewable matter	8	3	4	7
FAS appeal	4	3	2	5
Total	16	13	8	21

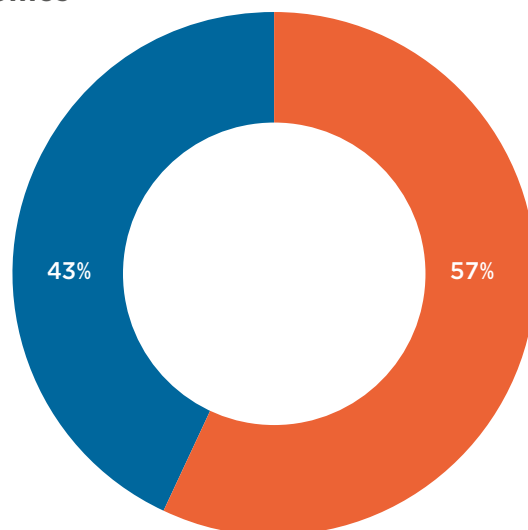
The majority of new PPF cases received in 2023/24 concerned maladministration. The overall number of PPF cases received are broadly similar to previous years.

Complaints about our service

All complaints about our service are handled by our Customer Service Team who investigate the complaint and attempt to resolve the issue. If the issue remains unresolved, or if it is deemed necessary, it will be escalated to the appropriate manager who will provide a final response.

During 2023/24, we received a total of 84 complaints about our service, representing less than the 2% of our active caseload. This is a decrease from the 125 complaints that we received in 2022/23.

Service Complaint Outcomes



■ Upheld or partially upheld ■ Not upheld

All service complaints are reviewed impartially, allowing us to capture information, share trends and identify areas for development. This means we can continually make improvements to our service. Approximately 67% of the service complaints we received were about waiting times customers encountered during our dispute resolution process. A customer will receive regular updates throughout the complaint process to try and manage expectations of waiting times.

We resolve most of the complaints we receive informally and within our target of 10 working days. Over 2023/24, there were some delays while we recovered from the cyber incident but usually we provided a final response within a 14 working day average.

If after we have issued our response, the complainant remains dissatisfied, complaints about our service can be escalated to the Parliamentary and Health Services Ombudsman (PHSO). The most recent PHSO data³ available at point of publication details that in 2022-23 no complaints against TPO were accepted for detailed investigation and no decisions were made.

3 [Complaints to the Parliamentary and Health Service Ombudsman, 2022-23](#)

The courts

This section provides an overview of appeals, an in-depth review of appeals, judicial reviews and other interaction with the courts.

Appeals – overview

Pensions Ombudsman appeals in England and Wales 1 April 2023 to 31 March 2024

Outstanding at the start of the year	2
New	4
Heard/settled/withdrawn during the year	1
Remaining at year-end	5

Pensions Ombudsman appeals in Scotland 1 April 2023 to 31 March 2024

Outstanding at the start of the year	0
New	1
Heard/settled/withdrawn during the year	1
Remaining at year-end	0
In the year (having regard to above figures) number of cases formally lodged in the Court of Session	1

Pension Protection Fund Ombudsman

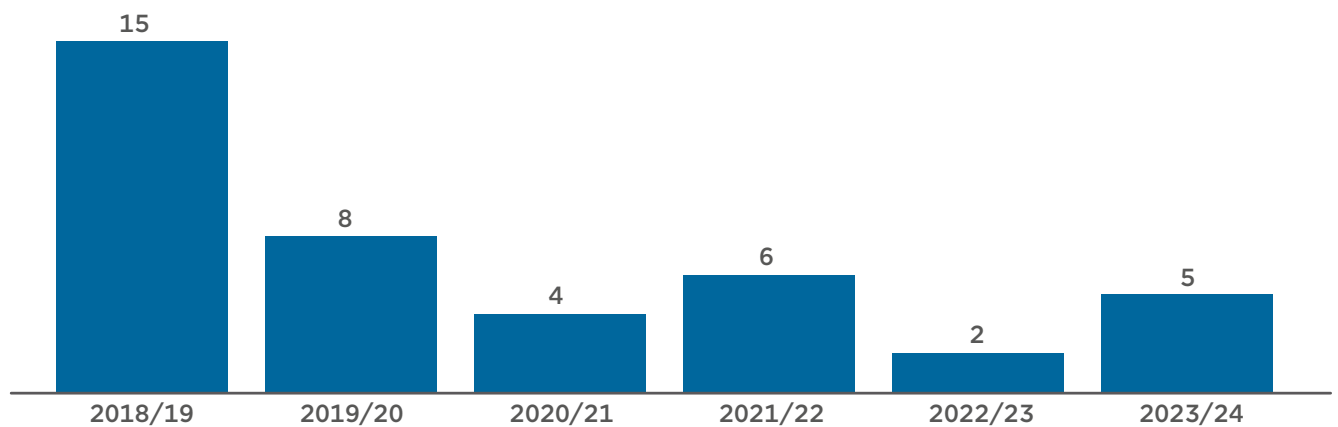
We did not have any appeals outstanding at the start of the year or receive any new appeals during the year.

Appeal trends

This year, we have seen the number of appeals against Determinations remaining stable; and compared with historical numbers, at a modest level. For judicial reviews (see below) the number of Pre-action Protocol letters received by TPO has reduced. It is difficult to discern any clear trends in these figures. However, the low number of appeals generally, as well as the reduction in received Pre-action Protocol Letters, suggests that TPO is achieving good standards, both in its investigations and Determinations.

New TPO appeals*

Appeal trends



* Figures are different from previous Annual Reports as it now totals appeals in both E&W and NI and Scotland

Appeals – in-depth review

England and Wales

In England and Wales (E&W) and Northern Ireland (NI), appeals against Determinations of the Pensions Ombudsman or the Pension Protection Fund Ombudsman follow a statutory appeals procedure.

A party must obtain permission from the High Court, or Court of Appeal in NI, which will be granted where the appeal has a real prospect of success or there is a compelling reason for the appeal to be heard.

TPO's approach to participation is proactive and we consider our role primarily as one of assisting the courts, but also of contributing our extensive industry experience to the court process.

During 2023/24, four applications for permission to appeal were made in the High Court (with two granted; the third having been made out of time and pending; and a fourth, pending).

Permission (which we believe has been granted and therefore is included in the new appeals stats above) in respect of the Focus Administration Pension Scheme goes to our Determinations⁴ made pursuant to the Pensions Dishonesty Unit (see please page X for more details about this Scheme).

⁴ [The Focus Administration Pension Scheme Determination \(CAS-27569-X0V0 & CAS-73885-Q6V9\)](#)

In the other case, the respondent applied for permission to appeal the Determination of the Pensions Ombudsman issued in respect of a complaint by Mr L. The respondent also applied for a stay of the Determination until the outcome of the application for permission and the Court's decision of any appeal. Mr L had complained to the Pensions Ombudsman that the respondent had deducted pension contributions from his pay, but that it did not pay those contributions to his pension scheme.

The respondent's application for a stay of the Determination and for permission to appeal was granted by the High Court. However, prior to a court hearing, the parties agreed confidential terms in full and final settlement of the appeal, including the complaint made to the Pensions Ombudsman. By consent, it was ordered that the appeal was stayed and the Determination set aside. Consequently, the Determination was withdrawn from the Pensions Ombudsman's website.

Campbell v NHS Business Services Authority [2023] EWCA Civ 1351 – continued proceedings

We reported in last year's Annual Report, that the High Court dismissed the appeal in respect of the Pensions Ombudsman Determination⁵. Mr Campbell continued proceedings and this year he made an application to the Court of Appeal.

To recap, the case involved a complaint to the Pensions Ombudsman by Mr Campbell, on behalf of the late Mrs Campbell. Mr Campbell claimed that Mrs Campbell had died in service, rather than in retirement. The case was of a sensitive nature as the financial consequence of Mrs Campbell dying in service, rather than in retirement, was that the lump sum payable was approximately half of what it would have been had Mrs Campbell died in retirement.

The High Court had found that the Pensions Ombudsman had correctly concluded that Mrs Campbell died while still in pensionable employment and had not retired for the purposes of the NHS Pension Scheme regulations. In doing so, the Court upheld the Pensions Ombudsman's interpretation that the relevant regulations extended the period of pensionable employment, to include untaken leave.

The Court of Appeal, in dismissing Mr Campbell's appeal, agreed with the view of the Pensions Ombudsman and the High Court that when a member ceased to be in pensionable employment, or died, and a payment was made in respect of leave not taken, the member's pensionable employment must be treated as continuing for a period equal to the period of leave for which payment was made.

⁵ [NHS Pension Scheme Determination \(CAS-43833-N8K7\)](#) and *Campbell v NHS* [2023] EWHC 928 (Ch)

Optimum Retirement Benefit Plan – continued proceedings

In last year's Annual Report, we noted that during 2022/23, two applications for permission to appeal were made to, and granted by, the High Court relating to our Determination⁶ in respect of the Optimum Retirement Benefit Plan. This appeal made by Martin Kelly and Gerard Reilly (two of three former trustees) has yet to be heard. Mr Gordon Craig (the third former trustee) – against whom the Pensions Ombudsman's principal findings and directions for redress were made – subsequently made a late application for permission to appeal. The Court found no reason to extend the time limits and permission was refused. Mr Craig has since appealed to the Court of Appeal against the decision to refuse him permission.

The Pensions Ombudsman v CMG Pension Trustees Limited [2023] EWCA Civ 1258

Again, also mentioned in last year's Annual Report, we were granted permission to appeal the decision of the High Court in *Re CMG UK Pension Scheme CMG Pension Trustees Ltd -v- CGI IT UK Ltd* [2022] EWHC 2130 as regards whether the Pensions Ombudsman was a competent court within section 91(6) Pensions Act 1995. The Court of Appeal concluded that where a dispute exists a Pension Ombudsman Determination alone is not sufficient for a pension scheme to recoup the overpayment from a member's pension; and that an order must also be made by the County Court for enforcement of that Pensions Ombudsman Determination so as to satisfy section 91(6).

The Court of Appeal's decision was disappointing. It is rare for any of TPO's Determinations to require enforcement in the County Court, and so the Court of Appeal's ruling that the County Court is needed as a final step in overpayment cases, before recoupment can begin, does present an additional hurdle for trustees, members and TPO. We have been working with stakeholders from across the sector to review the management of overpayment disputes, in order to minimise the additional time and cost burden that has been added to the process, and DWP intends to introduce legislative change. [Our factsheet](#) provides guidance on how overpayment disputes should be managed and we hope legislative changes will be introduced to formally empower TPO to bring an outstanding overpayment dispute to an end without the need for a County Court order.

6 [Optimum Retirement Benefit Plan Determination \(CAS-80110-K1M0\)](#)

Scotland

The procedure for appeal of our Determinations in Scotland follows a different statutory procedure from that in E & W (and NI). The procedure is known as 'appeal by stated case' and unlike the procedure in E & W (and NI), Scotland's procedure automatically brings the Pensions Ombudsman into proceedings and in only limited circumstances can the Pensions Ombudsman decline to state a case. This increases costs for all parties. We continue to seek, through the Scottish Civil Justice Council, revisions to the procedure.

This year, we have seen one new appeal lodged in Scotland. This related to Mr N's Determination.⁷ The Pensions Ombudsman did not uphold Mr N's complaint that the trustee of the Tesco PLC Pension Scheme refused to increase Mr N's *limited* ill-health retirement (IHR) pension to a *full* IHR pension.

Mr N had suffered health issues causing a period of absence from his work. In 2013, two applications were made for an IHR pension, which were refused. There followed a complaint in 2014 under the Scheme's IDRPs. At stage one of the IDRPs, the trustee refused to uphold the complaint but in October 2015, at stage two of the IDRPs and with the assistance of The Pensions Advisory Service, the trustee decided to award Mr N a *limited* IHR pension from the Scheme, backdated to the date he left Tesco in 2013. Mr N accepted the trustee's decision. However, in 2018, on the basis of what Mr N alleged to be his deteriorating health, he brought a further complaint to the trustee, effectively seeking to re-open the trustee's decision on his 2013 application, saying that the trustee had made a mistake in not awarding him a *full* ill health pension in 2013. The trustee rejected Mr N's application in 2019. Mr N complained to the Pensions Ombudsman.

The complaint in respect of the trustee's decision in 2013 was considered out of time by the Pensions Ombudsman. In respect of the 2019 decision, the Pensions Ombudsman did not uphold the complaint. Concerning himself primarily with the trustee's decision-making process, the Pensions Ombudsman concluded that the trustee had properly considered new medical evidence submitted by Mr N, and that they had applied the Scheme rules correctly when conducting the 2019 review of Mr N's continued incapacity.

Mr N decided to seek to appeal the Pensions Ombudsman's Determination before the Scottish Court of Session. After considerable work by the Legal Team preparing and submitting the stated case in response, Mr N decided not to proceed.

7 Tesco PLC Pension Scheme Determination (CAS-55166-R2M6)

This situation again serves to demonstrate the anomaly with the situation in E&W (and NI) where the court determines permission to appeal against a Pensions Ombudsman's Determination and the onus is on the appellant to carefully consider whether they have grounds, and funding, to appeal a Determination. In Scotland, an appellant simply has to indicate they wish to appeal and why and thereafter the Pensions Ombudsman must prepare and submit the stated case paperwork. TPO has no resource to recover the costs where an appellant decides not to continue with proceedings.

Judicial review

The lawfulness of decisions or actions taken by public bodies, including TPO, can be reviewed by the courts through judicial review. A judicial review is a challenge to the way in which a decision has been made, rather than the rights and wrongs of the decision itself.

TPO will often be told that its jurisdictional decisions will be taken to judicial review, but they do not proceed to anything more. This year, while no formal applications were made for judicial review of any TPO decision, we did however receive Pre-action Protocol letters in two cases. These letters are required by Civil Procedure Rules and aim to help resolve disputes before they reach court. The threatened challenges to TPO's decisions in both cases were not progressed.

In one of these two cases, the applicant's complaint to TPO had been that the trustees of his pension scheme did not carry out adequate due diligence when they allowed the applicant to transfer-out his benefits, resulting in a loss of some or all of his accrued pension rights, as part of a wider pensions liberation fraud. TPO had concluded that it did not have jurisdiction to investigate the complaint because it had been referred to TPO outside its time limits. The applicant threatened a judicial review of TPO's decision on the basis that TPO misinterpreted its time limit regulations. TPO's Legal Team successfully defended the threatened action by explaining the reasons for its interpretation and by demonstrating how the legal propositions which the applicant advanced in support of his application were misconceived.

Key achievements against our Corporate Plan

The Corporate Plan sets out our strategic goals and the programme of work to support their delivery. This section summarises key activities undertaken last year against the three strategic goals set for 2023/24.

Our new Corporate Plan sets out our future goals for 2024/25.

Strategic goal one: Providing a customer-focused service for the resolution of occupational and personal pension complaints

Evaluating Operating Model changes delivered in 2023/24

There has been a long term increase in demand for our service 6,923 pension complaints received in 2023/24, represent a 24% Increase from 5,567 in 2020/21. While additional DWP funding has been allocated and various internal efficiencies have been delivered, the increase in demand continues to outstrip our capacity and the gains made through previous Operating Model changes. The organisation has been pursuing an evolutionary approach to identify and deliver efficiencies. The scale of the challenge now means we need to switch to a revolutionary approach if we are to meet our ambition of bringing waiting times down to a more sustainable level over the next 12-18 months.

Towards the end of the year, we launched an ambitious 'root and branch' Operating Model review which is looking at our entire customer journey to ensure that we have identified all areas for driving improvements and streamlining processes. This is being built into a transformation plan that will look to drive efficiencies at every stage in the customer journey.

Reviewing team structures and expanding specialist support

During 2023/24, we received additional funding from DWP that we invested in our casework operations by extending casework fixed-term contracts for a further 12 months and continuing with targeted work packages. The Casework Project and Change team, developed to pilot and test new ways of delivering casework to drive efficiencies, continued to identify and deal with specific work packages of pension complaints drawn from across our complaint process. Though this has been successful, as set out earlier in our [Casework review](#), it has primarily driven closures through the earlier stages of our customer journey and in specific topic categories, and the build-up of complex cases in our historical caseload has continued to mount.

We have identified that we need to expand skills and so have planned a wider casework learning and development programme that will support caseworkers at all levels. We are also increasing the size of our teams that deal with our complex cases who will have additional support from our Legal team.

We will be working with colleagues at DWP for a future spending review and will factor in both the challenges we are facing in terms of increasing volumes and complexity, and the ambitious improvement programme that we are taking forward. Agreeing a settlement that supports a longer-term and more permanent staffing strategy will be critical to our success. It will also enable us to meet the high expectations that the public and wider pensions sector has in The Pensions Ombudsman.

The Pensions Dishonesty Unit

The PDU continues to make significant progress investigating cases of suspected pension scheme dishonesty. Where successful, the perpetrator of the dishonest behaviour has been made liable for the Scheme losses as a whole and has been required to compensate the Scheme.

PDU investigations are complex, legally robust and resource intensive. Each preliminary decision and Determination requires substantial investigation and consideration. There is also the additional complication that comes with the necessity to hold oral hearings on each case to assess the honesty of the respondents and provide them with the opportunity to defend themselves against any personal liability which might otherwise be found.

Over the course of 2023/24 the investigation of two Schemes was concluded with Determinations issued. Seven other investigations (involving nine schemes, 600 members and £27m of lost pension funds) had significant progress made on them in 2023/24. Looking ahead, these investigations will form the priority work for the PDU for 2024/25, with one already determined in April 2024.

Of the two cases that were determined in 2023/24, in the first, the Focus Administration Pension Scheme⁸, the former Trustee has settled the Determination through a payment plan with the Independent Trustee, resulting in £160,000 being paid into the Scheme. This was also a notable case due to the involvement of a corporate trustee and the Deputy Ombudsman's decision to hold a director of the corporate trustee personally liable. See [Appendix - in-depth case studies](#) for a review of the case.

In the second scheme, the Positive Retirement Potential Plan, the former Trustee has entered an Individual Voluntary Arrangement with the current Trustee to meet the Ombudsman's directions.

⁸ [The Focus Administration Pension Scheme Determination \(CAS-27569-X0V0 & CAS-73885-Q6V9\)](#)

The PDU has further strengthened relationships with TPR, the Fraud Compensation Fund (FCF) and independent trustees. In particular, we have alerted TPR to a number of schemes which are likely to require an Independent Trustee to be appointed and provided supporting evidence to that effect. We are working on ways to utilise our combined powers to allow earlier intervention and additional protection for members.

We gave evidence to the Norton pension schemes and the Fraud Compensation Fund inquiry⁹ in March 2024. We outlined how we became involved in the case¹⁰ and the thorough and crucial work we did to find Stuart Garner personally liable for multiple breaches of trust, paving the way for enforcement proceedings by the Independent Trustee, prosecution by TPR and a claim on behalf of the members to the FCF. The FCF has since made its first payment to the scheme of around £9m. While giving oral evidence to the Work and Pensions Committee, the Pensions Ombudsman and Deputy Pensions Ombudsman explained how and why the PDU was created and the need for continued additional funding to progress the vital work we do holding wrongdoers to account and providing an avenue for redress for scheme members.

Additionally, we are building a relationship with Action Fraud and providing it with scheme intelligence to enable other bodies, such as the National Fraud Intelligence Bureau and the Police to look at pension fraud from a criminal perspective and to enhance the reliability of national figures for pension crime.

Strategic goal two: Supporting and influencing the pensions industry and the wider alternative dispute resolution sector to deliver effective dispute resolution

Legal and Technical Forums

In September 2023, TPO held a Legal Forum whose attendees included lawyers representing both public and private sector schemes. This year, the Legal Forum covered a range of topics including transfers, overpayments and PDU cases. Once again, attendees were positive about the Legal Forum and the opportunities it created to discuss TPO's thinking about particular types of disputes, as well as wider pensions issues of shared interest.

Soon after the Legal Forum, in October 2023, TPO held an external technical discussion group representing a range of organisations.

⁹ [Norton pension schemes and the Fraud Compensations Fun Inquiry](#), Work and Pensions Committee, closed 27 October 2023

¹⁰ [Dominator 2012 Pension Scheme \(Dominator Scheme\), Donington MC Pension Scheme \(Donington MC Scheme\) and Commando 2012 Pension Scheme \(Commando Scheme\) \(collectively, the Schemes\) Determination](#), 23 June 2020 CAS-30918-M4P3

Stakeholder engagement

The past year has seen our relationships with our stakeholders expand and grow, including forging new relationships within the wider pensions industry. To underpin this, we have revamped our stakeholder relationship management initiative to help make sure our activity is focused on supporting the industry to deliver effective dispute resolution. We look forward to rolling this out over the coming year.

In collaboration with the other arm's-length bodies in the sector, we also co-hosted a parliamentary drop-in event at Portcullis House, providing parliamentarians and their staff an opportunity to learn more about our role and how we can help constituents by resolving their pension complaints.

We have also revamped our stakeholder newsletter which, in addition to all the latest TPO news, has greater focus on raising awareness of the learning contained in our recent Determinations. This focus on industry learning has continued, with colleagues from across the organisation attending 15 meetings and events to speak with stakeholders about our work and discuss case studies. We have listened to those who responded to this year's stakeholder survey and will be developing our suite of online resources, including case studies, over the coming year.

We continued to build our partnerships with other arms-length bodies across the regulatory sector and other complaint handling bodies to improve signposting for customers and share intelligence about ongoing and emerging issues that affect our businesses, as well as the industry more broadly.

Strategic goal three: Transforming and improving our services and processes

IT and Systems change programmes

The cyber incident necessitated significant investment in budget and resource to ensure we could restore our services safely and securely.

Alongside moving to a new cloud based IT environment, we also managed to complete significant planned change programmes that will contribute to the long-term efficiency of the organisation including:

- ▶ delivering application form enhancements that should improve our efficiency
- ▶ upgrading our HR systems
- ▶ launching a new Intranet that centralises resources and information for staff

Quality assurance

During 2023/24, we completed 557 quality audits (2022/23: 1,918) and ended the year with a quality score of 87% (2022/23: 88%) across all teams. The volume of audits this year is reduced as we were unable to run the comprehensive quality assessment programme over the whole year due to resourcing challenges and the cyber incident. The quality score of 87% is based on three months of data.

Where formal quality audits could not be completed, as a result of the cyber incident, our Quality Team provided invaluable support to our front-line casework teams, assisting with enquiries and applications to help restore our services and reduce customer wait times.

In the later part of the year, we began preparing for a comprehensive review and enhancement of our Quality Assurance Framework, which is scheduled for 2024/25. Next year we will strengthen and grow our quality assurance activities in our casework and Legal teams. Our Quality Assurance Framework will support our commitment to reduce waiting times and conclude cases more quickly while maintaining high quality standards in decision making, customer service and casework administration.



Our people

Our staff

People Strategy

In June 2023, a People Strategy based on the responses to the 2022 staff survey was agreed by the Corporate Board covering the following workstreams:

- ▶ staff mental health and wellbeing
- ▶ learning and development (L&D)
- ▶ recruitment, recognition and retention
- ▶ building leaders
- ▶ collaboration across the organisation
- ▶ organisational culture

During 2023/24, work has included:

- ▶ embedding our in-person group induction programme
- ▶ using the performance process to encourage staff to undertake at least five development opportunities throughout the year
- ▶ initiating work to develop and deliver an in-house L&D programme to build pension expertise
- ▶ reviewing and strengthening staff benefits to include access to online GP and counselling
- ▶ promoting the use of in-year and long service awards to celebrate exceptional work across teams
- ▶ delivering an all-staff services event where we initiated work around values and collaboration across the organisation
- ▶ using feedback from staff more effectively, including feedback from training and exit surveys

Staff survey

In November 2023, we conducted the annual staff survey.

While not part of the Civil Service, we continue to use the Civil Service People Survey methodology for the survey. This provides us with a technically robust survey and an opportunity to benchmark our results against the Civil Service.

This year our staff responded enthusiastically to the survey with a maximum of 137 out of 164 eligible staff completing, which is a response rate of 83% (2022 = 77%).

A summary of the high-level results, compared to both the 2022 results and the Civil Service survey:

Category	2023 Score	Difference against 2022 TPO survey	Difference against 2023 Civil Service survey
Employee engagement index	67%	-3%	+ 3%
Leadership and managing change	63%	- 3%	+11%
Learning and development	61%	- 1%	+ 5%
My team	82%	+3%	-1%

Looking forward

For the 2024/25 strategy, volunteers from across the organisation have formed a working group together to review the outputs from the staff survey and engage the broader organisation to develop the People Strategy. Building on the success of last year and reflecting the wider transformational change planned, the group have identified the following six areas for focus:

- ▶ well-being
- ▶ collaboration
- ▶ culture
- ▶ managing change
- ▶ learning and development
- ▶ recruitment, retention and reward

Delivery of the plan will be overseen by the HR team to ensure equality, diversity and inclusion actions are embedded in each strand.

Our volunteers

The contribution by our volunteers who have a range of backgrounds and experience across the pensions sector has again been significant. During 2023/24, 440 cases were assigned to volunteers to investigate, and volunteers contributed to the resolution of 380 cases. Volunteers also contributed towards us meeting the Resolution Team's goal of resolving 80% of the cases we receive so they do not have to go on to the Adjudication Team.

The main types of cases volunteers were able to resolve were transfer delay cases, cases involving a misquote or misinformation and general administration cases. Most cases have been closed either by our facilitating compensation from the respondent or by way of additional clarification and explanation.

Some notable achievements in our volunteer work include that we:

- ▶ held a summer seminar (19 September) attended by around 60 volunteers. This was our first in-person event since the Covid lockdowns. Attendees heard from the Pensions Ombudsman, TPO staff, and a volunteer who gave a presentation about their approach to casework.
- ▶ hosted a webinar during Pro-Bono week (6 - 10 November) to encourage pensions lawyers to consider volunteering for TPO as part of their pro bono work. We would like to thank the volunteers who were on the panel to describe their experiences as TPO volunteers and take questions.
- ▶ delivered introductory training for our new volunteers and topic-based sessions for all volunteers
- ▶ sent out regular newsletters and issued updated guidance on information and guidance requirements in respect of the duties of employers, scheme managers and trustees.
- ▶ recruited 14 new volunteers.

The cyber incident impacted our recruitment activity. It was also necessary to temporarily suspend volunteer access to our systems. This has resulted in the number of cases assigned and completed by volunteers being lower than in previous years.

Looking forward, we plan to strengthen our volunteer network; raise its profile in delivering informal dispute resolution to individuals navigating complex pension complaints; and support its continued contribution to our service.

Accountability Report

The Accountability Report details information relating to our corporate functions such as governance, risk, audit, sustainability and remuneration.



Corporate governance report

Directors' report

Leadership

This section details the composition of the management board.

Executive:

Pensions Ombudsman	Dominic Harris
Chief Operating Officer	Alex Robertson (29 June 2020 - 14 November 2023) Robert Loughlin (1 February 2024 - ongoing)
Legal Director	Claire Ryan
Deputy Chief Operating Officer* (Corporate Services)	Amy Barron (10 May 2023 - ongoing)
Deputy Chief Operating Officer (Casework)*	Andrew Burnett (10 May 2023 - to 5 July 2023) Jennifer Ryans (25 September 2023 - ongoing)

**Roles added to the Executive on the 10 May 2023*

The Executive is responsible for the strategic leadership of TPO. It is the principal mechanism for directing the day-to-day business and decision making within TPO, ensuring action plans are in place for delivering against the Annual Report and Corporate Plan, and implementing strategies set by the Corporate Board.

It meets monthly and all meetings were quorate in 2023/24.

Corporate Board:

Chair - Caroline Rookes (until 15 October 2023)
 Interim Chair - Anthony Arter (1 January 2024 - until 31 December 2024)
 Non-Executive Director (NED) - Emir Feisal
 NED - Myfanwy Barrett
 NED - Robert Branagh
 Pensions Ombudsman - Dominic Harris
 Chief Operating Officer - Alex Robertson (until 14 November 2023)
 Robert Loughlin (1 February 2024 - ongoing)
 Legal Director - Claire Ryan

The Board convenes on a quarterly basis. All meetings were quorate in 2023/24.

The Corporate Board's role and purpose is to:

- ▶ take decisions in line with the framework within which public bodies must operate.
- ▶ establish the vision, mission and values of TPO, determining how these will be promoted within the organisation.
- ▶ set the strategic direction of TPO to maximise value for its customers, selecting strategies to be pursued, and receiving updates and assurance on the implementation by the Executive.
- ▶ hold the Executive to account and provide support and challenge as appropriate.
- ▶ determine the governance arrangements for TPO, as recommended by the Executive.
- ▶ ensure the Executive provides a clear organisational approach to equality, diversity and inclusion in line with TPO's values.
- ▶ hold the Executive to account in ensuring appropriate arrangements and resources are in place to monitor and achieve the organisation's equality, diversity and inclusion plans and targets.

Register of interests

The register of disclosable interests for the Corporate Board, Audit and Risk Committee members and the Executive is regularly reviewed and published on our website – (pensions-ombudsman.org.uk/publication/register-interests-202324). Where potential conflicts are identified, robust procedures have been put in place.

Personal Data Related Incidents

As described throughout the report there was one personal data related incident during 2023/24 requiring formal reporting to the Information Commissioner's Office due to the cyber incident.

During the investigation we worked with relevant agencies such as the National Cyber Security Centre, DWP, and cyber experts to put in place appropriate containment, monitoring and security solutions. We notified individuals whom we considered required notification in line with our regulatory obligations.

Statement of Accounting Officer's responsibilities

Under Section 145(8) of the Pension Schemes Act 1993 and Section 212A(1) of the Pensions Act 2004, the Pensions Ombudsman and Pension Protection Fund Ombudsman are required to prepare a statement of accounts in respect of each financial year. The Secretary of State for Work and Pensions (with the consent of HM Treasury) has directed the Pensions Ombudsman and Pension Protection Fund Ombudsman to prepare the statement of accounts in the form and on the basis set out in the Accounts Direction. The accounts are prepared on an accruals basis and must give a fair view of the state of affairs of The Pensions Ombudsman and The Pension Protection Fund Ombudsman and of its income and expenditure, Statement of financial position and cash flows for the financial year.

In preparing the accounts, the Accounting Officer is required to comply with the requirements of the *Government Financial Reporting Manual* and in particular to:

- ▶ observe the Accounts Direction issued by the Secretary of State for Work and Pensions, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis
- ▶ make judgments and estimates on a reasonable basis
- ▶ state whether applicable accounting standards, as set out in the Government Financial Reporting Manual, have been followed, and disclose and explain any material departures in the accounts
- ▶ prepare the accounts on a going-concern basis
- ▶ confirm that the Annual Report and Accounts as a whole is fair, balanced and understandable and take personal responsibility for the Annual Report and Accounts and the judgments required for determining that it is fair, balanced and understandable

The Accounting Officer of the DWP has designated the Pensions Ombudsman as Accounting Officer of TPO. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding TPO and PPF Ombudsman's assets, are set out in the non-departmental public bodies Accounting Officers' Memorandum and in *Managing Public Money* issued by HM Treasury.

So far as the Pensions Ombudsman is aware, there is no relevant audit information of which the auditors are unaware, and the Pensions Ombudsman has taken all the steps that he ought to have taken to make him aware of any relevant audit information and to establish that the auditors are aware of that information.

The Pensions Ombudsman confirms that the Annual Report and Accounts as a whole is fair, balanced and understandable and takes personal responsibility for the Annual Report and Accounts and the judgments required for determining that it is fair, balanced and understandable.

Governance statement

We are committed to maintaining the highest standards of governance. This statement sets out our governance and risk management controls in place throughout 2023/24 and up until the Annual Report and Accounts are formally signed off by the Audit and Risk Committee in July 2024.

The statutory role of the Pensions Ombudsman is primarily determined by Part X of the Pension Schemes Act 1993 and Part X of the Pension Schemes (Northern Ireland) Act 1993.

The statutory role of the Pension Protection Fund Ombudsman is primarily determined by sections 209 to 218 of the Pensions Act 2004.

The Pensions Ombudsman and Pension Protection Fund Ombudsman are statutory commissioners appointed by the Secretary of State for Work and Pensions and not corporate bodies.

We are not wholly bound by HM Treasury's Corporate Governance Code, but we adhere to the principles and best practice of corporate governance, as set out in our Framework Agreement with DWP.

There were no Ministerial Directions affecting TPO within the reporting period.

Framework Agreement with DWP

TPO is subject to the '[Framework Agreement](#)' between TPO and DWP (effective from 27 April 2020). The Framework Agreement is due to be reviewed in 2024/25. DWP continues to hold quarterly accountability meetings where TPO provides assurance on finance, performance and risk.

Public Bodies Review (formerly Tailored Review)

As a non-departmental public body, TPO is subject to reviews, usually once in the lifetime of a Parliament. DWP last conducted a [Tailored Review](#) in 2019. Tailored Reviews have been replaced by Public Bodies Reviews and TPO is preparing for such a review to take place in 2024/25.

Risks and mitigation

TPO's approach to risk continues to develop. Building on the introduction of a balanced scorecard, the Strategic Risk Register has been significantly updated to capture all current and/or relevant strategic risks. Definitions for determining risk likelihood and impact are reviewed at least quarterly to ensure consistent application.

The Audit and Risk Committee (ARC) provides assurance to the Board and Accounting Officer by exercising oversight of the appropriateness and effectiveness of TPO's risk management, risk governance, oversight of the Annual Report and Accounts, and planned internal and external audit activity.

Chair - Myfanwy Barrett
NED - Emir Feisal

Attendees

The Pensions Ombudsman
Chief Operating Officer
Deputy Chief Operating Officer (Corporate Services)
DWP partnership team nominee
Representative from National Audit Office
Representative from Government Internal Audit Agency

At each ARC meeting, there is a standing agenda item for a deep dive of an identified risk of concern. In 2023/24 there were deep dives completed on Legal challenge and casework outputs risks.

TPO's risk appetite has been reviewed and agreed as part of the budget planning. Each TPO strategic goal has a risk appetite attached to it. During the year, collaborative work has commenced with the DWP Risk Directorate to review and refresh TPO's risk management.

Strategic risks and the risk environment are reported into the Executive, Corporate Board and ARC.

The table below outlines the top three strategic risks over 2023/24, together with mitigation action taken.

Strategic risk	Mitigation	Score
<p>Digital capacity</p> <p>Insufficient IT investment limits ability to drive efficiencies in organisational activity Significant disruption to our IT Services</p>	<ul style="list-style-type: none"> • Closer working with DWP Digital and Security Colleagues and the National Cyber Security Centre • Review and relaunch of Change Board to monitor capacity and maximise project delivery 	<p>Initial risk score</p> <p>20</p> <p>Likelihood: Very high Impact: High</p>
	<ul style="list-style-type: none"> • Build Digital Data and Technology Team and increase knowledge and expertise across the organisation • Engagement with other Ombudsman services e.g. Financial Ombudsman Service - to identify examples of good practice/ IT knowledge sharing 	<p>Score after mitigation</p> <p>16</p> <p>Likelihood: High Impact: High</p>
	<ul style="list-style-type: none"> • Comprehensive business continuity and recovery plans in place • Attendance at DWP IT security forums • Increased oversight of IT systems • Funding submissions to DWP include IT requirements 	<p>Target Score</p> <p>9</p> <p>Likelihood: Moderate Impact: Moderate</p>

Strategic risk	Mitigation	Score
<p>Insufficient resources</p> <p>Failure to secure long term sustainable funding</p> <p>Failure to recruit and retain sufficient staff to deliver our service at current levels and effectively deliver change</p>	<ul style="list-style-type: none"> Review funding models as part of the Public Bodies Review Continue to lobby for demand led funding Preparation of a comprehensive Spending Review Business Case Major cross-organisational recruitment drive in Q1 successful Maximise opportunities for staff development and progression within the organisation Staff offered a variety of L&D opportunities New People Strategy had both L&D and Recruitment and Retention strands to ensure staff felt invested in. Working with peers to learn and share best HR practice across sector 	<p>Initial risk score</p> <p>20</p> <p>Likelihood: High Impact: Critical</p>
		<p>Score after mitigation</p> <p>16</p> <p>Likelihood: High Impact: High</p>
		<p>Target Score</p> <p>12</p> <p>Likelihood: High Impact: Moderate</p>

Strategic risk	Mitigation	Score
<p>Casework Delivery</p> <p>Casework output does not continue to increase as expected and/or decreases</p>	<ul style="list-style-type: none"> • ‘Root and branch’ Operating Model review covering the end-to-end casework process to identify any potential efficiencies 	<p>Initial risk score</p> <p>20</p> <p>Likelihood: Very high Impact: Critical</p>
	<ul style="list-style-type: none"> • Developing expertise amongst staff • Complex/High Priority Case Review and older case review meetings • Intranet to bring all casework guidance and policies together 	<p>Score after mitigation</p> <p>12</p> <p>Likelihood: Medium Impact: High</p>
	<ul style="list-style-type: none"> • New cloud-based file sharing to support knowledge sharing and working together • Attracting new volunteers 	<p>Target Score</p> <p>6</p> <p>Likelihood: Medium Impact: Low</p>

The system of control is designed to manage risk to a reasonable level to achieve policies, aims and objectives. It is based on an ongoing process designed to identify and prioritise risks. It also allows us to evaluate the likelihood of those risks being realised, the impact should they occur and to manage them efficiently, effectively, and economically. It is in accordance with HM Treasury guidance.

Taking into consideration the size and relatively straightforward functions of our organisation, we manage risks proportionately to ensure value is added to our objectives. We manage risks that fulfil our functions effectively and efficiently to maintain public confidence.

We continually carry out robust assessments of the principal risks facing TPO, including those that would threaten our business model, future performance, solvency or liquidity.

The effectiveness of the systems that generate the financial and performance data contained within the report is evidenced through internal and external audit results.

Our approach includes:

- ▶ identifying key risks to the achievement of strategic and/or business delivery, aims, objectives and targets being identified and assigned to named individuals as well as the causes and consequences of those risks identified
- ▶ applying a consistent scoring system for the assessment of risks on the basis of likelihood and impact. We determine appropriate controls and activities to mitigate the risks identified, having regard to the amount of risk deemed to be tolerable and justifiable
- ▶ regular monitoring and updating of risk information to ensure new and emerging risks are captured
- ▶ ongoing deployment of risk appetite and risk target scoring
- ▶ deep dives of risks presented to ARC

I am confident that the quality of the data used by the Executive and Corporate Board is reliable.

Information security

TPO has a designated Data Protection Officer (DPO), supported by an Information Governance Manager, overseeing our responsibilities under the Data Protection Act 2018 and HMG Security Framework, under the direction of the Deputy Chief Operating Officer (Corporate Services) who acts as Senior Information and Risk Officer (SIRO). There is a monthly Information Governance meeting attended by the SIRO, DPO and Information Governance Manager, complemented with immediate reporting of any potential data breaches in the interim.

TPO has completed all recommendations made by the Government Internal Audit Agency (GIAA) Assurance Audit in autumn 2022 and continues to work with Senior Information Asset Owners on ongoing compliance. We have a GIAA Information Management audit scheduled for 24/25.

Whistleblowing policy

It is important that our staff know what to do and how to 'blow the whistle' if they have any concerns about issues such as breaches of the law, misconduct, health and safety issues, or financial malpractice.

The Executive and the ARC are committed to maintaining high ethical standards and taking concerns seriously. The policy encourages employees to speak up about genuine concerns, and it describes how those concerns will be handled, and where employees can go if they are not satisfied with the action taken.

We encourage staff to speak up about genuine concerns they have in relation to wrongdoing in the workplace. This includes any criminal activity, a breach of a legal obligation (including negligence, breach of contract, or breach of administrative or other law), miscarriage of justice, danger or damage to health and safety or the environment, and the cover up of any of these wrongdoings in the workplace. We are committed to ensuring that any staff concerns about such matters will be taken seriously and properly investigated. The reporting of wrongdoing under this policy may be covered by the law concerning protected disclosures of information. The policy has therefore been written with reference to the Public Interest Disclosure Act 1998, which offers protection to those who 'blow the whistle' in certain circumstances.

Review of effectiveness

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. I have also completed the Managing Public Money training for Accounting Officers.

I am satisfied that the arrangements described above are fit for purpose and effective, having themselves been subject to appropriate review during the year.

My review of the effectiveness of our internal controls is informed by regular progress reports throughout the year from the GIAA, together with their Annual Opinion Report and the National Audit Office Management Letter.

The ARC assesses and provides guidance concerning the effectiveness of internal control and continuous improvement plans.

The GIAA carried out three internal audit reviews in 2023/24.

- ▶ Recruitment – we received a Substantial assurance and all recommendations have been implemented.
- ▶ Quality Assurance – we received a Moderate rating with one area of improvement recommended. This has been accepted and will be incorporated in the Operating Model review.
- ▶ Volunteers – we received a Substantial assurance and all recommendations have been implemented.

Based on the opinions from the above three reviews and GIAA's observation of other related TPO or third line activity, the overall governance, risk management and control arrangements throughout the year have provided a **MODERATE** assurance. The definition of a Moderate opinion is that 'there are some improvements required to enhance the adequacy and effectiveness of the framework of governance, risk management and control'. Whilst this opinion is unchanged from recent years, GIAA is satisfied that good progress continues to be made.



Dominic Harris

Pensions Ombudsman

Pension Protection Fund Ombudsman

15 October 2024

Environment performance review

Since 2021/22, TPO must meet reporting requirements in relation to the Government Greening Commitment (GGC). As a small organisation and as a sub tenant within a Government Property Agency (GPA) hub there are limitations to our ability to report granular data on our progress, despite our commitment to sustainability.

TPO offices are situated within an energy efficient GPA hub based at South Colonnade, Canary Wharf. It houses several public and arms-length bodies. The overall responsibility for energy consumption across the building falls to GPA which employs a dedicated manager responsible for the energy management and reduction.

There is a Government Property Sustainability Strategy¹¹ in place and GPA has a key strategic objective to contribute to the achievement of Net Zero carbon by 2050 including contributing to meeting the Government commitment to a 50% reduction in carbon emissions across the Public Estate by 2032. To support this objective GPA has established a Net Zero Programme for the whole Government Office Portfolio.

TPO remains committed to ensuring it operates in a sustainable way. A major hinderance to data collection is TPO being a tenant within a GPA hub. 2023/24 saw a change in the facilities management contract and has resulted in a reduction in the level of sustainability data being shared with tenants. Presently,

¹¹ [Government Property Function, Government Property Sustainability Strategy 2022-2030](#)

there are also no sub-meters for tenants, although this is an area that we are informed is being explored. This means for energy consumption calculations are merely a proportion of overall energy costs reflecting the 1.2% share of the building. Although our headcount increased significantly in recent years, we have not increased our overall space in the building. Occupancy in the building has continued to rise as tenants utilise their office space on a more regular basis.

TPO representatives regularly attend the 10 South Colonnade Sustainability monthly meetings where GPA regularly shares emission data. Table 1 below provides a summary which includes an overview of the energy use for TPO in 2023/24. This is calculated using the percentage floor area apportioned to TPO.

GPA has achieved substantial efficiencies since reporting started in 2019/20 through greater commitment of tenants to sustainability and more accurate reporting.

TPO has continued to promote sustainability to staff and especially its aim to minimise printing wherever possible. Paper consumption is reported quarterly to DWP and averaged 40 reams a year (2022/23 160 reams).

TPO does not own or lease vehicles. Staff have not travelled overseas. Where possible staff are encouraged to use public transport for external events and in total the expenditure on travel was £1219.35 (2022/23: £920) for the year. This rise reflects a renewed commitment to engaging with external stakeholders across the pensions sector.

We recycle all food waste, paper and cardboard, cans and toner and only use environmentally friendly cleaning products. We use recyclable stationery where possible. We have been operating hybrid working arrangements since 2018 which reduces CO2 emissions and will continue to encourage the use of virtual meetings and other good working practices. To encourage safe and sustainable travel to the office by staff, we continue to offer staff both a cycle to work and electric car scheme, although uptake is limited.

We reuse IT equipment by wiping and rebuilding wherever possible when staff leave, and donate cleaned hardware to charities when products no longer meet TPO standards.

TPO does not undertake any construction or building activities.

Greenhouse gas emissions

Greenhouse gas emissions	2022/23	2023/24
Scope 1 - Gas (tonnes CO2E)		
Gas	0.53	0.70
Scope 2 - Electricity (tonnes CO2E)		
Electricity - renewable	27.39	25.53
Electricity - brown	0	0
Electricity - CHP	0	0
Scope 3 - Water and waste (tonnes CO2E)		
Water	0.12	0.10
Recycled waste	0.01	0.01
General waste (incinerated)	0.01	0.01
General waste (landfill)	0	0
Scope 3 - Business travel (measurement expenses)		
Private vehicle	£89.00	£144.09
Car hire	£0.00	£0.00
Taxis	£0.00	£6.00
Air	£0.00	£120.08
Rail	£831.00	£949.18
Total business travel	£920.00	£1219.35
Paper	160 reams	40 reams

Remuneration and staff report

We set out here our remuneration policy for the Pensions Ombudsman, Deputy Pensions Ombudsman, Executive and Corporate Board. This is fundamental to how we demonstrate transparency and accountability.

Pensions Ombudsman remuneration policy

In accordance with Sections 145 and 145A of the Pension Schemes Act 1993, the current and future remuneration of the Pensions Ombudsman and the Deputy Pensions Ombudsman is determined by the Secretary of State for Work and Pensions.

The current and future remuneration of the Pension Protection Fund Ombudsman and Deputy Pension Protection Fund Ombudsman is determined by the Secretary of State in accordance with Sections 209(4) and 210(6) of the Pensions Act 2004.

The Chief Operating Officer’s and Legal Director’s salary ranges are determined by TPO pay scales.

Appointment of Non-Executive Directors

Caroline Rookes was appointed as permanent Chair by the Secretary of State. The appointment took effect from 1 December 2020 for a period of five years. Sadly, Caroline passed away in September 2023. For continuity, The Minister appointed Anthony Arter to step in as Interim Chair. The DWP Public Appointments Team have commenced recruitment for a new Chair. The Chair’s remuneration is determined by the Secretary of State for Work and Pensions and is non-pensionable. The remuneration for the three NEDs, who started on 1 May 2021, are also determined by the Secretary of State for Work and Pensions and are non-pensionable.

Pensions Ombudsman service contracts

The Pensions Ombudsman and Deputy Pensions Ombudsman are appointed by the Secretary of State. The length of service contracts is determined by the Secretary of State for Work and Pensions.

Dominic Harris was appointed as Pensions Ombudsman and Pension Protection Fund Ombudsman for five years on 16 January 2023.

Name	Date of appointment	Date of expiry	Unexpired term as of 31/03/24	Notice period
Dominic Harris	16 January 2023	15 January 2028	3 years 9 months	3 months from employee

The Secretary of State appointed Anthony Arter as Interim Deputy Pensions Ombudsman and Deputy Pension Protection Fund Ombudsman on 16 January 2023 for an interim period of one year to ensure continuity, deal with any conflicts of interest arising in relation to the new Pensions Ombudsman and provide an opportunity to review the need for a Deputy Pensions Ombudsman in the context of rising demand levels. This appointment has now been extended until 15 October 2024. Recruitment for a new Deputy Pensions Ombudsman is now underway.

Name	Date of appointment	Unexpired term as of 31/03/24	Notice period
Anthony Arter	16 January 2023	9 months	3 months from employee

Salary and pension entitlements

The following sections provide details of the remuneration and pension interests of the Pensions Ombudsman, the Executive and Corporate Board.

Accrued pension benefits for directors are not included in this table for 2023/24 due to an exceptional delay in the calculation of these figures following the application of the public service pensions remedy¹²

CETV figures are calculated using the guidance on discount rates for calculating unfunded public service pension contribution rates that was extant at 31 March 2023. HM Treasury published updated guidance on 27 April 2023; this guidance will be used in the calculation of 2023-24 CETV figures.

The information in this table is subject to audit.

Single total figure of remuneration										
Officials	Salary (£'000)		Bonus payments (£'000)		Benefits in kind (to nearest £100)		Pension benefits (to nearest £'000) ^a		Total (£'000)	
	2023/24	2022/23	2023/24	2022/23	2023/24	2022/23	2023/24	2022/23	2023/24	2022/23
Caroline Rookes ^b	10-15 ^e 20-25 ^f	20-25	0	0	0	0	0	0	10-15	20-25
Mark Ardrone ^c	0	0-5 ^e 5-10 ^f	0	0	0	0	0	0	0	0-5
Myfanwy Barrett	5-10 ^d	5-10 ^d	0	0	0	0	0	0	5-10	5-10
Robert Branagh	5-10 ^d	5-10 ^d	0	0	0	0	0	0	5-10	5-10
Khan Emir Feisal	5-10 ^d	5-10 ^d	0	0	0	0	0	0	5-10	5-10
Anthony Arter ^h	0	115-120 ^e 145-150 ^f	0	0	0	0	0	0	0	115-120
Anthony Arter ⁱ	5-10 ^e 20-25 ^f	0	0	0	0	0	0	0	5-10	0
Dominic Harris	155-160	30-35 ^e 145-150 ^f	0	0	0	0		12	155-160	35-40
Alex Robertson ^j	65-70 ^e 110-115 ^f	100-105	0	0-5	0	0		12	65-70	140-145
Claire Ryan	90-95 ^e 100-105 ^g	85-90 ^e 95-100 ^g	0	0-5	0	0		-1 ^l	90-95	115-120

¹² www.gov.uk/government/collections/how-the-public-service-pension-remedy-affects-your-pension

Single total figure of remuneration										continued	
Officials	Salary (£'000)		Bonus payments (£'000)		Benefits in kind (to nearest £100)		Pension benefits (to nearest £'000) ^a		Total (£'000)		
	2023/24	2022/23	2023/24	2022/23	2023/24	2022/23	2023/24	2022/23	2023/24	2022/23	
Robert Loughlin ^k	15-20 ^e 110-115 ^f	0	0	0	0	0		0	15-20	0	

- a Blank cells in this column are awaiting figures
- b Period of service finished in 15/10/2023
- c Leaving date 30/04/2023
- d Annual remuneration
- e Actual salary
- f Annual salary
- g Full time equivalent salary
- h As PO only. DPO role is not a part of the Executive
- i As Interim Chair from 01/01/2024
- j Leaving date 14/11/2023
- k Start date 29/01/2024
- l Negative pension benefit figure due to increase in inflation

The value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) plus (the real increase in any lump sum) less (the contributions made by the individual). The real increases exclude increases due to inflation or any increases or decreases due to a transfer of pension rights.

There have been no off-payroll engagements of members of the Corporate Board or the Executive.

Bonuses

Bonuses are based on performance levels attained and are made as part of the performance review process. The Pensions Ombudsman and Deputy Pensions Ombudsman are not entitled to receive a bonus. Bonuses relate to the performance in the previous year. The bonuses paid in 2023/24 relate to performance in 2022/23.

Pay multiples

The information in this section is subject to audit.

	2023/24 (£'000)	2022/23 (£'000)
Highest paid office holder's total remuneration	155-160	145-150
Average salary and allowances for employees as a whole	47.54	43.79
Average performance pay and bonuses	1.45	0.30
25th percentile pay ratio	4.4:1	4.6:1
Median pay ratio	3.6:1	3.7:1
75th percentile pay ratio	3.0:1	3.0:1

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid office holder in their organisation and the lower quartile, median and upper quartile of the organisation's workforce.

The banded remuneration of the highest-paid office holder in TPO in the financial year 2023/24 was £155-160k (2022/23: £145-150k). The percentage change from the previous financial year is 6.8%. This was 3.6 times (2022/23: 3.7 times) the median remuneration of the workforce which was £44,213 (2022/23: £40,236). The average percentage change in salary and allowances from the previous financial year in respect of the employees taken as a whole was 8.6%. There was a small decrease in the 25th percentile and median pay ratios due to an additional one-off fixed payment for cost of living distributed to all staff excluding directors. The average percentage change in performance pay and bonuses from the previous financial year in respect of the employees taken as a whole was 384%. The median pay ratio is consistent with the pay, reward and progression policies for employees taken as a whole.

In 2023/24 no employees (2022/23: none) received remuneration in excess of the highest-paid office holder. Remuneration bands ranged from £20-25k to £155-160k (2022/23: £25-30k to £145-150k).

Percentage change from 2022/23	Salary and allowance	Performance pay and bonus payable
Highest paid office holder	6.8%	0%
All employees	8.6%	384%

	2023/24 (£)	2023/24 (£)
	Total pay and benefits	Salary component
25th percentile	36,031	34,081
50th percentile	44,213	42,139
75th percentile	53,199	51,121

Total remuneration includes salary, non-consolidated performance-related pay and benefits in kind. It does not include severance payments, employer pension contributions and the cash equivalent transfer value of pensions.

Pension benefits - MyCSP

The information in this table is subject to audit.

Single total figure of remuneration					
	Accrued pension at age 65 as at 31/03/24 (£'000)	Real increase in pension at age 65 (£'000)	CETV at 31/03/24 (£'000)	CETV at 31/03/23 (£'000)	Real increase in CETV (£'000)
Dominic Harris				8	
Claire Ryan				498	
Alex Robertson				403	
Robert Loughlin					

Accrued pension benefits for directors are not included in this table for 2023/24 due to an exceptional delay in the calculation of these figures following the application of the public service pensions remedy¹³.

Cash equivalent transfer values (CETV)

A CETV is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies.

The figures include the value of any pension benefit in another scheme or arrangement which the member has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their buying additional pension benefits at their own cost. CETV figures are calculated using the guidance on discount rates for calculating unfunded public service pension contribution rates that was extant at 31 March 2024. HM Treasury published updated guidance on 27 April 2023; this guidance will be used in the calculation of 2024/25 CETV figures.

Real increase in CETV

This reflects the increase in CETV that is funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

¹³ www.gov.uk/government/collections/how-the-public-service-pension-remedy-affects-your-pension

Civil Service pensions

Pension benefits are provided through the Civil Service pension arrangements. From 1 April 2015 a new pension scheme for civil servants was introduced – the Civil Servants and Others Pension Scheme or alpha, which provides benefits on a career average basis with a normal pension age equal to the member's State Pension Age (or 65 if higher). From that date all newly appointed civil servants and the majority of those already in service joined alpha. Prior to that date, civil servants participated in the Principal Civil Service Pension Scheme (PCSPS). The PCSPS has four sections: three providing benefits on a final salary basis (classic, premium or classic plus) with a normal pension age of 60; and one providing benefits on a whole career basis (nuvos) with a normal pension age of 65.

These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under classic, premium, classic plus, nuvos and alpha are increased annually in line with Pensions Increase legislation. Existing members of the PCSPS who were within 10 years of their normal pension age on 1 April 2012 remained in the PCSPS after 1 April 2015. Those who were between 10 years and 13 years and five months from their normal pension age on 1 April 2012 switched into alpha sometime between 1 June 2015 and 1 February 2022. Because the Government plans to remove discrimination identified by the courts in the way that the 2015 pension reforms were introduced for some members, eligible members with relevant service between 1 April 2015 and 31 March 2022 may be entitled to different pension benefits in relation to that period (and this may affect the CETVs shown in this report – see above). All members who switch to alpha have their PCSPS benefits 'banked', with those with earlier benefits in one of the final salary sections of the PCSPS having those benefits based on their final salary when they leave alpha. (The pension figures quoted for officials show pension earned in PCSPS or alpha – as appropriate. Where the official has benefits in both the PCSPS and alpha the figure quoted is the combined value of their benefits in the two schemes.) Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a defined contribution (money purchase) pension with an employer contribution (partnership pension account).

Employee contributions are salary-related and range between 4.6% and 8.05% for members of classic, premium, classic plus, nuvos and alpha. Benefits in classic accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years initial pension is payable on retirement. For premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service.

Unlike classic, there is no automatic lump sum. Classic plus is essentially a hybrid with benefits for service before 1 October 2002 calculated broadly as per classic and benefits for service from October 2002 worked out as in premium. In nuvos a member builds up a pension based on their pensionable earnings during their

period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is uprated in line with Pensions Increase legislation. Benefits in alpha build up in a similar way to nuvos, except that the accrual rate is 2.32%. In all cases members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.

The partnership pension account is an occupational defined contribution pension arrangement which is part of the Legal & General Mastertrust. The employer makes a basic contribution of between 8% and 14.75% (depending on the age of the member). The employee does not have to contribute, but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.5% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over pension age. Pension age is 60 for members of classic, premium and classic plus, 65 for members of nuvos, and the higher of 65 or State Pension Age for members of alpha. (The pension figures quoted for officials show pension earned in PCSPS or alpha – as appropriate. Where the official has benefits in both the PCSPS and alpha the figure quoted is the combined value of their benefits in the two schemes, but note that part of that pension may be payable from different ages).

Further details about the Civil Service pension arrangements can be found at the website www.civilservicepensionscheme.org.uk.

Further staff cost disclosures are included in the notes to the accounts in note 2. The financial disclosures within the remuneration report are subject to audit.

Pension arrangements

For 2023/24, employers' contributions of £1,803,012 were payable to the PCSPS (2022/23: £1,453,094) at one of four rates in the range 26.6% to 30.3% of pensionable earnings, based on salary bands.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions of £55,603 were paid to one or more of the panel of three appointed stakeholder pension providers. Employer contributions are age-related and ranged from 8% to 14.75%.

Employers also match employee contributions up to 3% of pensionable earnings. In addition, employer contributions of £2,091 (0.5% of pensionable pay) were payable to the PCSPS to cover the cost of the future provision of lump sum benefits on death in service or ill health retirement of these employees.

Staff report

The holder of the posts of Pensions Ombudsman/Pension Protection Fund Ombudsman and Deputy Pensions Ombudsman/Pension Protection Fund Ombudsman are statutory commissioners. They, along with Non-Executive Directors, are excluded from the figures below.

The information in this table is subject to audit.

Staff numbers at year end	2023/24	2022/23	2021/22	2020/21
Full time equivalent (FTE)	157.44	141.11	115.7	108.4

Staff costs at year end	2023/24	2022/23	2021/22	2020/21
Staff costs	£10,201,337	£8,728,438	£6,446,997	£6,701,964

In addition, we incurred costs of £0 for agency staff (2022/23: £95,482). A breakdown of staff costs between employees with an employment contract with TPO and agency staff is contained in Note 2 of the accounts on page 101.

There are no senior civil servants employed by TPO. There was no contingent labour in 2023/24 (2022/23: nil).

Exit packages

The information in this table is subject to audit.

Exit package cost band	Number of exit packages by cost band 23/24	Number of exit packages by cost band 22/23
<£10,000	0	1
£10,000-£25,000	0	0
£25,000-£50,000	0	1
£50,000-£100,000	0	2
Total resource cost/£'000	0	155

Pay

We are bound to follow Cabinet Office pay remit guidance for the public sector, so the maximum consolidated increase in total payroll allowed was 5%. For non-consolidated awards we were able to use up to an equivalent percentage to the performance pot from the year before.

To be eligible for an award in 2023/24 staff needed to have been in post on 31 March 2023.

Consultants engaged on the objectives of the entity

The table below shows all off-payroll engagements as at 31 March 2024, for more than £245 per day and lasting longer than six months:

Number of existing engagements as at 31 March 2024		0
of which, the number that have existed for:		
less than one year at time of reporting		0
between one and two years at time of reporting		0
between two and three years at time of reporting		0
between three and four years at time of reporting		0
four or more years at time of reporting		0

The table below shows all new off-payroll engagements, or those that reached six months in duration, between 1 April 2023 and 31 March 2024, for more than £245 per day and lasting longer than six months:

All highly paid off-payroll workers engaged at any point during the year ended 31 March 2024 earning £245 per day or greater		1
Number of these engagements to which the off-payroll legislation does not apply		0
Number of these engagements to which the off-payroll legislation does apply and which were assessed as within the scope of IR35		0
Number of engagements to which the off-payroll legislation does apply and which were assessed as not within scope of IR35		1
Number of engagements that were reassessed for consistency/assurance purposes during the year		0
Number of these engagements that saw a change to IR35 status following the assurance review		0

The total consultancy spend for the year was £26,400 (2022/23: £7,300). Consultancy spend includes fees paid to our payroll provider and other sundry amounts.

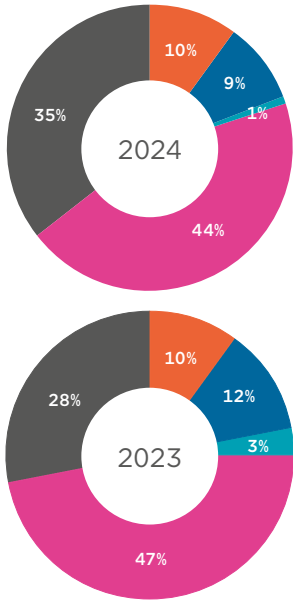
Gender of our staff

	As at 31/03/24		As at 31/03/23		As at 31/03/22	
	Male	Female	Male	Female	Male	Female
Chair	1	0	0	1	0	1
Ombudsmen	1	0	2	0	1	0
Directors incl. COO	1	1	1	1	1	1
Deputy COO	0	2	1	1	1	1
Managers*	13	14	12	11	14	10
Other employees	66	62	56	60	42	49
Total	82	79	72	74	59	62

* Managers are classified as those below Deputy COO level who have direct line management of others.

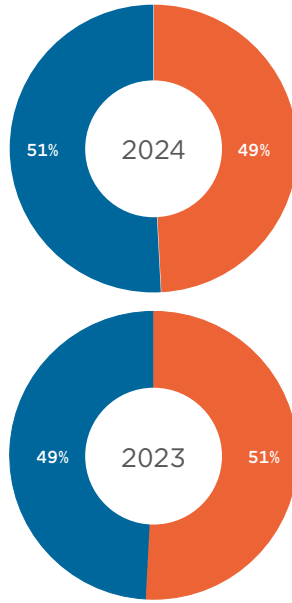
Diversity of our staff

Ethnicity



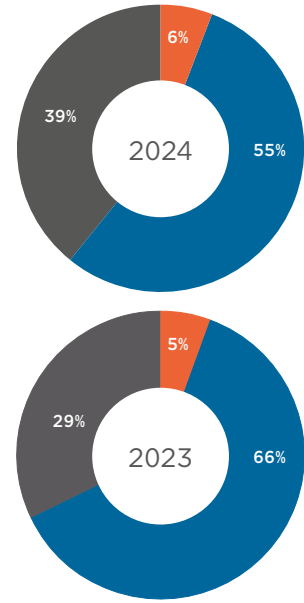
- Asian
- Black
- Mixed ethnicity
- White
- Prefer not to say/undeclared

Gender



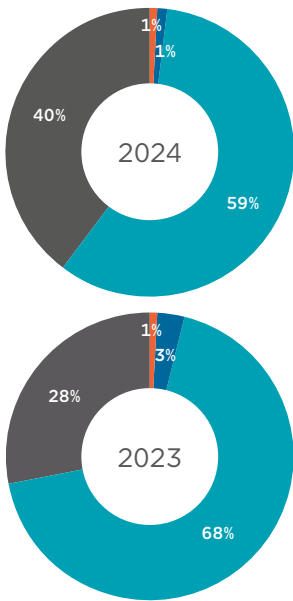
- Female
- Male

Disabled



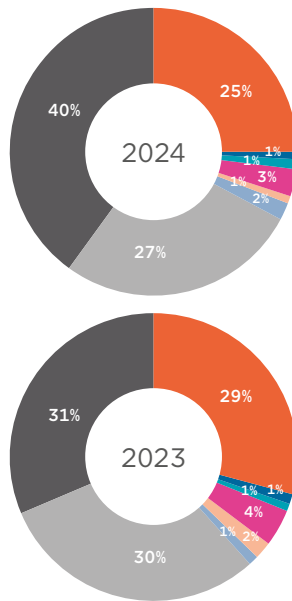
- Yes
- No
- Prefer not to say/undeclared

Orientation



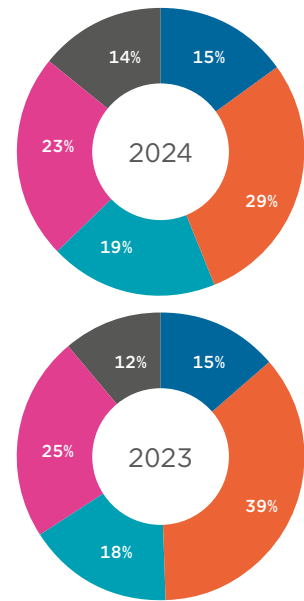
- Bisexual
- Gay/lesbian/other
- Heterosexual/straight
- Prefer not to say/undeclared

Religion



- Christian
- Hindu
- Jain
- Muslim
- Other religions
- Sikh
- None
- Prefer not to say / undeclared

Age profile



- 20-29
- 30-39
- 40-49
- 50-59
- 60+

Equality, Diversity and Inclusion is central to all our HR policies and processes. Our HR policies are fully inclusive of all staff regardless of age, working pattern, disability or long-term health conditions, sex, sexual orientation, pregnancy and maternity, race, religion or belief, gender identity, expression or reassignment, or relationship status; marriage (including equal/same sex marriage) and civil partnership.

Staff policies for disabled persons

We give full and fair consideration to applications for employment, both internal and external, made by disabled persons, having regard to their particular aptitudes and abilities.

All recruitment is carried out using fair and open competition, and selection at all stages is fair, objective and based on merit. In all recruitment exercises, we take into account the legal requirement to make reasonable adjustments for applicants so they can overcome the practical effects of a disability.

We adhere to the Guaranteed Interview Scheme whereby applicants with a disability only need to meet the minimum qualifying criteria at the application and selection testing stages of the recruitment process and are then automatically invited to the final stage. We are accredited as a member of the Disability Confident scheme.

Managers always ensure we proactively consider adjustments at all stages of a staff member's employment whether they declare a disability when they join, disclose a disability during their employment or become disabled while working.

Managers will also consider whether they need advice from the occupational health service on any underlying health conditions or disabilities. This will be taken into account in considering reasonable adjustments to the job, working environment and working patterns, including attendance. These are kept under review.

Managers will agree realistic objectives with staff members taking account of a person's experience, working pattern and any reasonable adjustments made for a disability.

We support the learning and development of our staff in accordance with our Aims and Values. As part of our appraisal system, staff agree their learning and training needs for the year with their managers and we encourage five learning opportunities each year, taking into account their particular aptitudes and abilities.

Sickness

The average absence for 2023/24 per employee was: 6.02 days (2022/23: 4.68 days)

The average absence per FTE in 2023/24 was 4.66 days (2022/23: 4.87 days)

Turnover

Turnover for the year amongst permanent staff: 14.65% of headcount, 14.41% of FTE (2022/23: 20.94% of headcount, 20.71% of FTE).

Other

There have been no issues relating to social matters, respect for human rights, anti-corruption, anti-bribery or health and safety matters and therefore there is nothing to disclose. TPO has a trade union recognition agreement with the Public and Commercial Services Union (PCS). There have been no formal consultations with staff during 2023/24.

Equality, Diversity and Inclusion (EDI)

Our Equality, Diversity and Inclusion (EDI) group continued to develop and provide a forum for staff to raise and discuss EDI issues affecting them. Collaborative working across groups, teams and grades helped us to address the issues and make progress against our objectives.

In 2023, we refreshed the terms of reference for the EDI group to encourage involvement across the organisation and embed the work and ideas of our four staff networks; the Black Staff Network, the Women's Staff Network, the British Asian Staff Network, and the Parents' and Carers' Staff Network. We also work closely with the Cultivating Communities group.

We continue to be supported by an Executive member as sponsor. A further recruitment drive has increased the number of staff in the EDI group and they have brought with them new ideas. We supported EDI events throughout the year, both in the office and remotely, including National Inclusion Week, South Asian Heritage Month, Black History Month and International Women's Day. We also promoted training to all staff, for example allyship training, and championed targeted training for groups that thought they would benefit from it.

Parliamentary accountability and audit report

The Parliamentary accountability and audit report outlines the statutory framework that TPO operates within and includes key documents demonstrating our accountability to Parliament in relation to this Annual Report and accounts. It comprises of:

- ▶ Accounting and audit
- ▶ Government Functional Standards
- ▶ Provision for liabilities
- ▶ Contingent liabilities
- ▶ Remote contingent liabilities
- ▶ Regularity of expenditure
- ▶ Fees and charges
- ▶ Sustainability

The Pensions Ombudsman is a statutory commissioner appointed by the Secretary of State for Work and Pensions under section 145 of the Pension Schemes Act 1993. The jurisdiction and powers of the Pensions Ombudsman are derived from Part X of the Pension Schemes Act 1993 and regulations thereunder.

The Ombudsman for the Board of the Pension Protection Fund (the Pension Protection Fund Ombudsman) is a statutory commissioner appointed by the Secretary of State for Work and Pensions under section 209 of the Pensions Act 2004. The jurisdiction and powers of the Pension Protection Fund Ombudsman are contained in sections 209 to 218 of the Pensions Act 2004 and regulations thereunder.

The respective legislation also provides for the appointment, by the Secretary of State for Work and Pensions, of one or more Deputy Pensions Ombudsmen and one or more Deputy Pension Protection Fund Ombudsmen.

At present the postholder of Pensions Ombudsman also holds the post of Pension Protection Fund Ombudsman. Similarly, the Deputy Pensions Ombudsman also holds the post of Deputy Pension Protection Fund Ombudsman.

Other interests

The Pensions Ombudsman had no significant external interests that conflicted with his management responsibilities.

Accounting and audit

The accounts have been prepared under a direction issued by the Secretary of State for Work and Pensions in accordance with section 145(8)-(10) of the Pension Schemes Act 1993 and section 212A of the Pensions Act 2004 as inserted by the Government Resources and Accounts Act 2000 (Audit of Public Bodies) Order 2008.

Government Functional Standards

All Government Functional Standards applicable to TPO are reviewed annually. The most recent review took place in early 2024 and all applicable requirements have been met and three areas of further improvement have been identified.

Provisions for liabilities

TPO has been granted permission to participate and appeal the High Court judgment (in which we were not involved) to the Court of Appeal concerning CMG Trustees (competent court). TPO agreed to pay the trustees' costs for participating in the appeal in addition to our own costs. The total has been estimated at around £125,000. Details of the treatment of pension liabilities in the accounts can be found in the Remuneration report, in the accounting policies and Note 1. This is subject to audit.

Regularity of expenditure

There have been no individual losses or special payments over £300,000 in 2023/24 (2022/23: nil). Total losses and special payments do not exceed £300,000 in 2023/24 (2022/23: nil). This is subject to audit.

The auditors did not receive any remuneration for non-audit work.

Fees and charges

There were no fees or charges during the year (subject to audit).

Further Parliamentary accountability disclosures

None to report for 2023/24.

So far as the Pensions Ombudsman is aware, there is no relevant audit information of which the auditors are unaware, and the Pensions Ombudsman has taken all the steps that he ought to have taken to make him aware of any relevant audit information and to establish that the auditors are aware of that information.

The Pensions Ombudsman confirms that the Annual Report and Accounts as a whole is fair, balanced and understandable. The Pensions Ombudsman also takes personal responsibility for the Annual Report and Accounts and the judgments required for determining that it is fair, balanced and understandable.



Dominic Harris

Pensions Ombudsman
Pension Protection Fund Ombudsman

15 October 2024

The Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament

Opinion on financial statements

I certify that I have audited the financial statements of the Pensions Ombudsman and Pension Protection Fund Ombudsman for the year ended 31 March 2024 under the Pensions Schemes Act 1993 and the Pensions Act 2004.

The financial statements comprise the Pensions Ombudsman and Pension Protection Fund Ombudsman's

- ▶ Statement of Financial Position as at 31 March 2024;
- ▶ Statement of Comprehensive Net Expenditure, Statement of Cash Flows and Statement of Changes in Taxpayers' Equity for the year then ended; and
- ▶ the related notes including the significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and UK adopted International Accounting Standards.

In my opinion, the financial statements:

- ▶ give a true and fair view of the state of the Pensions Ombudsman and Pension Protection Fund Ombudsman's affairs as at 31 March 2024 and its total operating expenditure for the year then ended; and
- ▶ have been properly prepared in accordance with the Pensions Schemes Act 1993, the Pensions Act 2004 and Secretary of State directions issued thereunder.

Opinion on regularity

In my opinion, in all material respects, the income and expenditure recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Basis for opinions

I conducted my audit in accordance with International Standards on Auditing (UK) (ISAs UK), applicable law and Practice Note 10 *Audit of Financial Statements and Regularity of Public Sector Bodies in the United Kingdom (2022)*. My responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of my certificate.

Those standards require me and my staff to comply with the Financial Reporting Council's *Revised Ethical Standard 2019*. I am independent of the Pensions Ombudsman and Pension Protection Fund Ombudsman in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern

In auditing the financial statements, I have concluded that the Pensions Ombudsman and Pension Protection Fund Ombudsman's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Pensions Ombudsman and Pension Protection Fund Ombudsman's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the Accounting Officer with respect to going concern are described in the relevant sections of this certificate.

The going concern basis of accounting for the Pensions Ombudsman and Pension Protection Fund Ombudsman is adopted in consideration of the requirements set out in HM Treasury's Government Financial Reporting Manual, which requires entities to adopt the going concern basis of accounting in the preparation of the financial statements where it is anticipated that the services which they provide will continue into the future.

Other Information

The other information comprises information included in the Annual Report but does not include the financial statements and my auditor's certificate thereon. The Accounting Officer is responsible for the other information.

My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my certificate, I do not express any form of assurance conclusion thereon.

My responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Opinion on other matters

In my opinion the part of the Remuneration and Staff Report to be audited has been properly prepared in accordance with Secretary of State directions issued under the Pension Schemes Act 1993 and the Pensions Act 2004.

In my opinion, based on the work undertaken in the course of the audit:

- ▶ the parts of the Accountability Report subject to audit have been properly prepared in accordance with Secretary of State directions made under the Pension Schemes Act 1993 and the Pensions Act 2004; and
- ▶ the information given in the Performance and Accountability Reports for the financial year for which the financial statements are prepared is consistent with the financial statements and is in accordance with the applicable legal requirements.

Matters on which I report by exception

In the light of the knowledge and understanding of the Pensions Ombudsman and Pension Protection Fund Ombudsman and its environment obtained in the course of the audit, I have not identified material misstatements in the Performance and Accountability Reports.

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- ▶ adequate accounting records have not been kept by the Pensions Ombudsman and Pension Protection Fund Ombudsman or returns adequate for my audit have not been received from branches not visited by my staff; or
- ▶ I have not received all of the information and explanations I require for my audit; or
- ▶ the financial statements and the parts of the Accountability Report subject to audit are not in agreement with the accounting records and returns; or

- ▶ certain disclosures of remuneration specified by HM Treasury's Government Financial Reporting Manual have not been made or parts of the Remuneration and Staff Report to be audited is not in agreement with the accounting records and returns; or
- ▶ the Governance Statement does not reflect compliance with HM Treasury's guidance.

Responsibilities of the Accounting Officer for the financial statements

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Accounting Officer is responsible for:

- ▶ maintaining proper accounting records;
- ▶ providing the C&AG with access to all information of which management is aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
- ▶ providing the C&AG with additional information and explanations needed for his audit;
- ▶ providing the C&AG with unrestricted access to persons within the Pensions Ombudsman and Pension Protection Fund Ombudsman from whom the auditor determines it necessary to obtain audit evidence;
- ▶ ensuring such internal controls are in place as deemed necessary to enable the preparation of financial statements to be free from material misstatement, whether due to fraud or error;
- ▶ preparing financial statements which give a true and fair view in accordance with Secretary of State directions issued under the Pension Schemes Act 1993 and the Pensions Act 2004.
- ▶ preparing the annual report, which includes the Remuneration and Staff Report, in accordance with Secretary of State directions issued under the Pension Schemes Act 1993 and the Pensions Act 2004; and
- ▶ assessing the Pensions Ombudsman and Pension Protection Fund Ombudsman's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Accounting Officer anticipates that the services provided by the Pensions Ombudsman and Pension Protection Fund Ombudsman will not continue to be provided in the future.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit, certify and report on the financial statements in accordance with the Pension Schemes Act 1993 and the Pensions Act 2004.

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a certificate that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was considered capable of detecting non-compliance with laws and regulations including fraud

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulations, including fraud. The extent to which my procedures are capable of detecting non-compliance with laws and regulations, including fraud is detailed below.

Identifying and assessing potential risks related to non-compliance with laws and regulations, including fraud

In identifying and assessing risks of material misstatement in respect of non-compliance with laws and regulations, including fraud, I:

- ▶ considered the nature of the sector, control environment and operational performance including the design of the Pensions Ombudsman and Pension Protection Fund Ombudsman's accounting policies.
- ▶ inquired of management, the Pensions Ombudsman and Pension Protection Fund Ombudsman's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the Pensions Ombudsman and Pension Protection Fund Ombudsman's policies and procedures on:
 - identifying, evaluating and complying with laws and regulations;
 - detecting and responding to the risks of fraud; and
 - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the Pensions Ombudsman and Pension Protection Fund Ombudsman's controls relating to the Pensions Ombudsman and Pension Protection Fund Ombudsman's compliance with the Pension Schemes Act 1993 and the Pensions Act 2004 and Managing Public Money.

- ▶ inquired of management, Pensions Ombudsman and Pension Protection Fund Ombudsman's head of internal audit and those charged with governance whether:
 - they were aware of any instances of non-compliance with laws and regulations;
 - they had knowledge of any actual, suspected, or alleged fraud;
- ▶ discussed with the engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, I considered the opportunities and incentives that may exist within the Pensions Ombudsman and Pension Protection Fund Ombudsman for fraud and identified the greatest potential for fraud in the following areas: posting of unusual journals, complex transactions and bias in management estimates. In common with all audits under ISAs (UK), I am required to perform specific procedures to respond to the risk of management override.

I obtained an understanding of the Pensions Ombudsman and Pension Protection Fund Ombudsman's framework of authority and other legal and regulatory frameworks in which the Pensions Ombudsman and Pension Protection Fund Ombudsman operate. I focused on those laws and regulations that had a direct effect on material amounts and disclosures in the financial statements or that had a fundamental effect on the operations of the Pensions Ombudsman and Pension Protection Fund Ombudsman. The key laws and regulations I considered in this context included Pension Schemes Act 1993 and the Pensions Act 2004, Managing Public Money, employment law and pensions legislation.

Audit response to identified risk

To respond to the identified risks resulting from the above procedures:

- ▶ I reviewed the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described above as having direct effect on the financial statements;
- ▶ I enquired of management and the Audit and Risk Committee and legal counsel concerning actual and potential litigation and claims;
- ▶ I reviewed minutes of meetings of those charged with governance and the Board and internal audit reports; and

- ▶ I addressed the risk of fraud through management override of controls by testing the appropriateness of journal entries and other adjustments; assessing whether the judgements on estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

I communicated relevant identified laws and regulations and potential risks of fraud to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of my certificate.

Other auditor's responsibilities

I am required to obtain sufficient appropriate audit evidence to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control I identify during my audit.

Report

I have no observations to make on these financial statements.

Gareth Davies
Comptroller and Auditor General

18 October 2024

National Audit Office
157-197 Buckingham Palace Road
Victoria
London
SW1W 9SP

Accounts



Statement of comprehensive net expenditure

For the year ended 31 March 2024

	Note	For the year ended 31 March 2024 £	For the year ended 31 March 2023 £
Expenditure			
Staff costs	2	(10,201,337)	(8,823,920)
Rent and rates	3	(418,756)	(308,770)
Computer expenses	3	(1,043,791)	(592,986)
Finance costs	3	(19,877)	(21,876)
Depreciation – right of use asset	3	(297,337)	(297,332)
Other expenditure	3	(4,841,152)	(778,570)
Total operating expenditure		(16,822,250)	(10,823,453)
Total comprehensive expenditure		(16,822,250)	(10,823,453)

The notes on pages 94-109 form part of these accounts.

Statement of financial position

As at 31 March 2024

	Note	As at 31 March 2024 £	As at 31 March 2023 £
Non-current assets			
Property, plant and equipment	4	209,761	255,947
Right of use assets	5	2,453,023	2,750,360
Intangible assets	6	733,700	170,441
Trade and other receivables	7	-	-
Total non-current assets		3,396,484	3,176,748
Current assets			
Trade and other receivables	7	95,326	90,686
Cash and cash equivalents	8	874,360	225,799
Total current assets		969,686	316,485
Total assets		4,366,170	3,493,233
Current liabilities			
Trade and other payables	9	715,302	323,979
Lease liability	5b	224,671	230,407
Total current liabilities		939,973	554,386
Non-current liabilities			
Provision for charges and liabilities	13	278,300	241,824
Lease liability	5	1,694,028	1,900,904
Total non-current liabilities		1,972,328	2,142,728
Assets less liabilities		1,453,869	796,119
Capital and reserves			
General reserve	10	1,453,869	796,119

The financial statements on pages 90-94 were approved on [insert date] and signed by:



Dominic Harris

Pensions Ombudsman

Pension Protection Fund Ombudsman

15 October 2024

The notes on pages 94-109 form part of these accounts.

Statement of cash flows

Year ended 31 March 2024

	Note	2023/24 £	£	2022/23 £	£
Cash flows from operating activities					
Total operating expenditure		(16,822,250)		(10,823,453)	
Depreciation	4	71,456		94,916	
Amortisation	6	112,811		98,097	
Depreciation - right of use asset	5a	297,337		297,332	
Disposal of fixed assets	4	-		13,081	
Disposal of intangible assets	6	-		-	
Provision for charges and liabilities	13	36,476		58,298	
(Increase)/decrease in receivables	7	(4,640)		(7,077)	
(Decrease)/increase in payables	9	391,323		54,760	
Net cash outflow from operating activities			(15,917,487)		(10,214,046)
Cash flows from investing activities					
Purchase of non-current assets		(701,340)		(107,649)	
Net cash outflow from investing activities			(701,340)		(107,649)
Cash flows from financing activities					
Grants from sponsor department		17,480,000		10,627,000	
Payments for lease liability		(212,612)		(207,657)	
Interest on lease liability		0		(21,194)	
Short term lease payments		0		(1,556)	
Net financing			17,267,389		10,396,593
Net increase/(decrease) in cash and cash equivalents in the period			648,561		74,898
Cash and cash equivalents at the beginning of the period			225,799		150,901
Cash and cash equivalents at the end of the period			874,360		225,799

The notes on pages 94-109 form part of these accounts.

Statement of changes in taxpayers' equity

Year ended 31 March 2024

	General reserve £
Balance at 31 March 2022	992,572
Comprehensive net expenditure for the year	(10,823,453)
Grants from sponsoring department	10,627,000
Balance at 31 March 2023	796,119
Comprehensive net expenditure for the year	(16,822,250)
Grants from sponsoring department	17,480,000
Balance at 31 March 2024	1,453,869

The notes on pages 94-109 form part of these accounts.

Notes to the accounts

Year ended 31 March 2024

1. Accounting policies

1.1. Basis of accounting

These financial statements have been prepared in accordance with the 2023/24 *Government Financial Reporting Manual (FReM)* issued by HM Treasury. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the Pensions Ombudsman for the purpose of giving a true and fair view has been selected. The particular policies adopted by the Pensions Ombudsman are described below. They have been applied consistently in dealing with items that are considered material to the accounts. These accounts have been prepared under a direction issued by the Secretary of State for Work and Pensions (with the consent of HM Treasury) under section 145(8) of the Pension Schemes Act 1993 and Section 212A of the Pensions Act 2004.

International Financial Reporting Standards Amendments and Interpretations effective in 2023/24

No Amendments or Interpretations that have been issued but are not yet effective, and that are available for early adoption, have been applied by the Pensions Ombudsman in these financial statements.

Certain new standards, amendments and interpretations to existing standards have been published that are mandatory for The Pensions Ombudsman's accounting periods beginning on or after 1 April 2022 or later periods and which The Pensions Ombudsman has decided not to adopt early.

TPO has adopted IFRS 16 with effect from 1 April 2022.

IFRS 17 Insurance Contracts (effective from 1 April 2023). The International Accounting Standards Board (IASB) has issued IFRS 17 (Insurance Contracts) which replaces IFRS 4 (Insurance Contracts). It has been effective since 1 January 2023, following IASB decisions to defer the effective date.

Notes to the accounts

Year ended 31 March 2024

1. Accounting policies (*continued*)

An insurance contract is a contract under which one party (the issuer) accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder.

Insurance risk is the risk the entity accepts from the policyholder. This means the entity must accept, from the policyholder, a risk to which the policyholder was already exposed. Any new risk created by a contract for the entity or the policyholder is not insurance risk. On this basis we expect there to be no impact as TPO does not have insurance contracts where we accept risk to which the policyholder was already exposed.

1.2. Going concern

Future financing of the Ombudsman will be met by grant-in aid from the Department for Work and Pensions, as the Ombudsman's sponsoring department. It has accordingly been considered appropriate to adopt the going concern basis for the preparation of these financial statements. Following Cabinet Office spending review exercise, the Department for Work and Pensions have agreed funding for 2024/25.

1.3. Grant-in-aid

Grant-in-aid received is used to finance activities that support the statutory and other objectives of the entity. Grant-in-aid is credited to the General Reserve, treated as financing. This is because Grant-in-aid is regarded as contributions from a controlling party. Grant-in-aid is accounted for on a cash basis.

1.4. Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand.

1.5. Other income and expenditure

Other income and expenditure is recognised on an accruals basis.

1.6. VAT

The Ombudsman was not registered for VAT during the financial year 2023/24. All costs are inclusive of VAT.

Notes to the accounts

Year ended 31 March 2024

1. Accounting policies (*continued*)

1.7. Property, plant and equipment

Property, plant and equipment are accounted for on a depreciated historic cost basis as a proxy for fair value where assets have a short useful life or are of relatively low value. This applies to most IT hardware and furniture and fittings.

Non-current assets are capitalised where they have an expected useful life of more than one year and where the original cost of the item exceeds the Ombudsman's capitalisation threshold of £500 for each individual item.

1.8. Depreciation

Depreciation is calculated so as to write off the carrying value of an asset, less its estimated residual value, over the useful economic life of that asset. Depreciation is calculated from the date an asset is brought into use until the date it is either been fully depreciated or disposed. Depreciate rates are as follows:

- Hardware – Straight line over 5 years
- Office furniture – Straight line over 5 years

1.9. Intangible assets

Whether we acquire intangible assets externally or generate them internally, we measure them initially at cost, with subsequent measurement at fair value. Where an active market exists for the asset, it is carried at a revalued amount based on market value at the end of the reporting period. Where no active market exists, we revalue assets using appropriate indices to indicate depreciated replacement costs as an alternative for fair value. Revaluation for the year ended 31 March 2024 was not material and consequently a revaluation has not been recognised.

Non-current assets are capitalised where they have an expected useful life of more than one year and where the original cost of the item exceeds the Ombudsman's capitalisation threshold of £500 for each individual item.

Amortisation

Amortisation is calculated so as to write off the carrying value of an asset, less its estimated residual value, over the useful economic life of that asset. Amortisation is calculated from the date an asset is available for use until the date it is either been fully amortised or disposed of. Amortisation rates are as follows:

- Intangible assets - Straight line over 5 years

Notes to the accounts

Year ended 31 March 2024

1. Accounting policies (*continued*)

1.10. Leases

TPO accounts for leases under IFRS 16 (Leases) which sets out the principles for the recognition, measurement, presentation and disclosure of leases. The objective is to ensure that leases and lessors provide relevant information in a manner that faithfully represents those transaction. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an entity.

IFRS 16 (Leases) requires recognition of all qualifying leases on the balance sheet. The result is the recognition of a right to use asset, measured at the present value of future lease payments, with a matching lease liability.

For leases previously treated as operating leases, the right of use assets have been measured at the present value of the remaining lease payments, adjusted for any prepayment or accrual balances in respect of the lease payments. TPO has taken advantage of the exemption for low value leases.

TPO does not have any onerous leases.

IFRS 16 (Leases) defines a lease as a contract that ‘conveys the right to control the use of an identified asset for a period of time in exchange for consideration.’ This definition applies both to lessees and lessors, therefore, in order to contain a lease, a contract must:

- Depend on the use of an identified asset and
- Provide the customer with the right to control the use of that identified asset.

IFRS 16 defines the lease term as the non-cancellable period for which a lessee has the right to use an underlying asset, together with both i) periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option; and ii) periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option.

Notes to the accounts

Year ended 31 March 2024

1. Accounting policies (*continued*)

Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease, or if that cannot be readily determined, the rate provided by HMT. The HMT discount rates were 0.95% for leases entered into prior to 31 December 2022, 3.51% for leases entered into prior to 31 December 2023 or 4.72% after 1 January 2024.

The lease payment is measured at amortised cost using the effective interest method. It is re-measured when there is a change in future lease payments arising from a change in the index or rate, if there is a change in TPO's estimates of the amount expected to be payable under a residual value guaranteed, or if TPO changes its assessment of whether it will exercise a purchase, extension or termination option.

Lease payments included in the measurement of the lease liability comprise the following:

- Fixed payments, including in-substance fixed payments
- Variable lease payments that depend on an index or a rate, initially measured using the index rate as at the commencement date
- Amounts expected to be payable under a residual value guarantee
- The exercise price under a purchase option that TP is reasonably certain to exercise, lease payments in an optional renewal period if TPO is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless TPO is reasonably certain not to terminate early.

When the lease liability is re-measured, a corresponding adjustment is made to the right of use asset or recorded in the SoCNE if the carrying amount of the right of use asset is zero.

Right of use asset

The right of use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for initial direct costs, prepayments or incentives, and cost related to restoration at the end of a lease.

The right of use assets are subsequently measured at either fair value or current value in existing use in line with property, plant, and equipment

Notes to the accounts

Year ended 31 March 2024

1. Accounting policies (*continued*)

assets. The cost measurement model in IFRS 16 is used as an appropriate proxy for current value in existing use of fair value for this lease (consistent with the principles for subsequent measurement of property, plant, and equipment).

The right of use asset is depreciated using the straight-line method from the commencement date to the end of the lease term.

On transition to IFRS 16 TPO recognised £2.4m of right of use assets and £2.4m of lease liabilities.

When measuring the lease liability, TPO elected to discount lease payments using the HMT discount rates (0.95% 2022, 3.51% 2023).

1.11. Pension arrangements

The Principal Civil Service Pension Scheme (PCSPS) and the Civil Servant and Other Pension Scheme (CSOPS) – known as “alpha” – are unfunded multi-employer defined benefit schemes but The Pensions Ombudsman is unable to identify its share of the underlying assets and liabilities. The Ombudsman recognises the expected cost of providing pensions on a systematic and rational basis over the period during which it benefits from employers’ service by payment to the PCSPS of amounts calculated on an accruing basis. Employer contributions for the financial year to 31 March 2024 were £1,859,000. Liability for the payment of future benefits is a charge on the PCSPS.

The scheme actuary valued the PCSPS as at 31 March 2020. You can find details in the resource accounts of the Cabinet Office: Civil Superannuation.

The Scheme Actuary reviews employer contributions usually every four years following a full scheme valuation. The contribution rates are set to meet the cost of the benefits accruing during 2023-24 to be paid when the member retires and not the benefits paid during this period to existing pensioners.

1.12. Financial instruments

The Pensions Ombudsman determines the classification of financial assets and liabilities at initial recognition. They are derecognised when the right to receive cash flows has expired or when it transfers the financial asset and the transfer qualifies for derecognition.

It is, and has been, the Pension’s Ombudsman policy that no trading in financial instruments is undertaken.

Notes to the accounts

Year ended 31 March 2024

1. Accounting policies (*continued*)

The Ombudsman does not face the degree of exposure to financial risk that commercial businesses do. In addition, financial assets and liabilities generated by day-to-day operational activities are not held in order to change the risks facing the Pensions Ombudsman in undertaking its activities. The Ombudsman relies upon the Department for Work and Pensions for its cash requirements, having no power itself to borrow or invest surplus funds and the Ombudsman's main financial assets and liabilities have either a nil or a fixed rate of interest related to the cost of capital (currently 3.5%).

The short-term liquidity and interest rate risks are therefore slight. Therefore, the liquidity, interest rate and foreign currency risks facing the Ombudsman are not significant.

The Pensions Ombudsman assesses at each Statement of Financial Position date whether there is objective evidence that financial assets are impaired as a result of one or more loss events that occurred after the initial recognition of the asset and prior to the Statement of Financial Position date and whether such events have had an impact on the estimated future cash flows of the financial instrument and can be reliably estimated.

Interest determined, impairment losses and translation differences on monetary items are recognised in the Statement of Comprehensive Net Expenditure.

The fair values of the Ombudsman's financial assets and liabilities for both the current and comparative year do not differ materially from their carrying values.

1.13. Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts in the financial statements. We consider there to be no areas of critical judgement used in applying the accounting policies.

There are no significant sources of estimation uncertainty.

1.14. Operating Segments

The Pensions Ombudsman only reports one operating segment to management for the entire organisation. As such there is no additional analysis requiring disclosure in the accounts.

Notes to the accounts

Year ended 31 March 2024

1. Accounting policies (continued)

1.15. Pension Protection Fund (PPF) Ombudsman element of costs

PPF Ombudsman activity continues to be of relatively limited scale. An informal time recording arrangement is in place to support the split of costs. During the year ending 31 March 2024, 8 PPF Ombudsman cases (2022/23: 10 cases) and 578 TPO cases (2022/23: 774 cases) were closed. Approximately 1.4% (2022/23: 1.3%) of expenditure and total net liabilities (corresponding to £325,511 for the year ended 31 March 2024) is deemed attributable to the PPF Ombudsman (2022/23: £129,881).

No further analysis of costs is made between PPF Ombudsman and TPO cases and these costs are not separately reported to management. Therefore, the Ombudsman is considered to only have one operating segment and as such there is no additional segmental analysis requiring disclosure in the accounts.

2. Staff costs

			Year ended 31 March 2024	Year ended 31 March 2023
	Permanently employed staff £	Temporary staff costs £	Total £	Total £
Wages and salaries	7,516,222	-	7,516,222	6,578,293
Social security costs	826,500	-	826,500	728,840
Other pension costs	1,858,615	-	1,858,615	1,516,787
	10,201,337	-	10,201,337	8,823,920

The average number of staff employed during the year was 168 (2022/23: 152). Compensation of £0 on early retirement or for loss of office was paid during the year (2022/23: £154,681).

We have presented the full staff and related expenditure disclosure in the remuneration and staff report on page 66.

Notes to the accounts

Year ended 31 March 2024

3. Other expenditure

	Note	Year ended 31 March 2024 £	Year ended 31 March 2023 £
Rent and rates		418,756	308,770
Computer expenses		1,043,791	592,985
Legal and professional fees		4,052,878	43,223
Subscriptions		112,444	121,401
Staff recruitment		101,502	105,295
Printing, stationery and postage		18,018	11,206
Auditors' remuneration		62,000	45,000
Internal audit fees		43,944	32,402
Sundry expenses		76,670	70,472
Staff training		65,050	34,754
Accountancy fees		26,400	19,680
Travel and subsistence		31,578	4,817
Hire of equipment		4,566	10,887
Telephone		19,757	10,740
Business continuity		2,766	2,295
Insurance		2,836	2,005
IFRS 16 interest		19,100	21,194
Bank charges		777	682
Non-cash items			
Amortisation	6	112,811	98,097
Depreciation	4	71,456	94,916
ROU asset depreciation	5	297,337	297,332
Loss on disposal	4	-	13,081
Increase/(decrease) in provision for liabilities	13	36,476	58,298
		6,620,913	1,999,533

Payroll services are provided by MacIntyre Hudson at a cost of £26,400 (2022-23: £20,400). The National Audit Office, who perform our statutory audit, did not conduct any non-audit services nor receive remuneration for such services (2022-23: £Nil). A significant proportion of the increase in non-staff costs is due to the cyber incident.

Notes to the accounts

Year ended 31 March 2024

4. Property, plant and equipment

	Hardware £	Office furniture £	Total £
2023-24			
Valuation			
At 1 April 2023	325,350	48,263	373,613
Additions	25,271	-	25,271
At 31 March 2024	350,621	48,263	398,884
Depreciation			
At 1 April 2023	92,300	25,367	117,667
Charge for the year	61,967	9,489	71,456
At 31 March 2024	154,267	34,856	189,123
Carrying amount			
At 31 March 2024	196,354	13,407	209,761
At 31 March 2023	233,050	22,896	255,946
2022-23			
Valuation			
At 1 April 2022	416,078	48,263	464,341
Additions	71,229	-	71,229
Disposals	(161,957)		(161,957)
At 31 March 2023	325,350	48,263	373,613
Depreciation			
At 1 April 2022	155,912	15,715	171,627
Charge for the year	85,264	9,652	94,916
Depreciation on disposals	(148,876)		(148,876)
At 31 March 2023	92,300	25,367	117,667
Carrying amount			
At 31 March 2023	233,050	22,896	255,946
At 31 March 2022	260,165	32,549	292,714

Notes to the accounts

Year ended 31 March 2024

5a. Right of use asset

	Right of use asset £	Total £
2023-24		
Valuation		
At 1 April 2023	3,047,692	3,047,692
Additions	-	-
At 31 March 2024	3,047,692	3,047,692
Depreciation		
At 1 April 2023	297,332	297,332
Charge for the year	297,337	297,337
At 31 March 2024	594,669	594,669
Carrying amount		
At 31 March 2024	2,453,023	2,453,023
At 31 March 2023	2,750,360	2,750,360

5b. Lease liability

Lease liability, measured at the present value of future lease payments relating to the offices at 10 South Colonnade are shown below.

	31 March 2024 £	31 March 2023 £
Not later than one year	224,671	230,407
Later than one year and not later than five years	920,232	921,650
Later than five years	773,796	979,254
Present value of obligations	1,918,699	2,131,311

Notes to the accounts

Year ended 31 March 2024

6. Intangible assets

	Information Technology £	Total £
2023-24		
Valuation		
At 1 April 2023	529,647	529,647
Additions	676,070	676,070
Disposal	(198,596)	(198,596)
At 31 March 2024	1,007,121	1,007,121
Amortisation		
At 1 April 2023	359,206	359,206
Charge for the year	112,811	112,811
Amortisation on disposals	(198,596)	(198,596)
At 31 March 2024	273,421	273,421
Carrying amount		
At 31 March 2024	733,700	733,700
At 31 March 2023	170,441	170,441
2022-23		
Valuation		
At 1 April 2022	493,227	493,227
Additions	36,420	36,420
At 31 March 2023	529,647	529,647
Amortisation		
At 1 April 2022	261,108	261,108
Charge for the year	98,098	98,098
At 31 March 2023	359,206	359,206
Carrying amount		
At 31 March 2023	170,441	170,441

Additions to intangible assets include £647,963 due to development of our IT environment.

Notes to the accounts

Year ended 31 March 2024

7. Trade and other receivables

	31 March 2024 £	31 March 2023 £
Due after more than one year		
Lease premium	-	0
	-	0*
Due within one year		
Staff loans	1,248	2,429
Prepayments	94,078	88,257
	95,326	90,686*

A lease premium as at 31/03/2022 of £685,974 was recognised for advanced payments made to the landlord relating to the property occupied by TPO from March 2018. This is now part of the right-of-use asset recognised under IFRS 16 on the Statement of Financial Position.

* The note has been re-presented to state the totals correctly.

8. Cash and cash equivalents

	31 March 2024 £	31 March 2023 £
Balance brought forward	225,799	150,901
Net change in cash and cash equivalent balances	648,561	74,898
Balance carried forward	874,360	225,799

Notes to the accounts

Year ended 31 March 2024

9. Other payables

	31 March 2024 £	31 March 2023 £
Trade payables	174,128	71,335
Accruals	541,174	252,644
	715,302	323,979

10. General reserves

This reserve is used to record the accumulated grant-in-aid received and expenditure realised during the course of the year. The general reserve stood at £1,453,869 at 31/03/2024 (£796,119 at 31/03/2023).

Notes to the accounts

Year ended 31 March 2024

11. Other financial commitments

The future minimum payments under the TPO IT contract are given below, analysed according to the period in which the payments fall due:

Information Technology

	31 March 2024 £	31 March 2023 £
Not later than one year	239,911	337,157
Later than one year and not later than five years	-	239,911
Later than five years		-
	239,911	577,069

12. Related party transactions

TPO is a non-departmental public body of DWP. DWP is regarded as a related party.

DWP is the Sponsor Department for TPO and, as such, grant-in-aid is allocated by DWP. The amounts received are disclosed in the Statement of changes in taxpayers' equity. There are also immaterial non-grant-in-aid transactions with DWP.

In addition, TPO has had various transactions with other government departments and central government bodies. This includes material transactions (£694,400) with Cabinet Office (including the Government Property Agency) in respect of the lease arrangement for 10 South Colonnade, and immaterial transactions (£39,690) with the Government Internal Audit Agency (invoiced by HM Treasury). At the end of the period there were outstanding balances of £126,900 to the Government Property Agency and £39,690 to the Government Internal Audit Agency. All of these amounts were invoiced with normal terms and conditions of payment including 30 days credit.

No board member, key manager or other related parties has undertaken any material transactions with TPO during the year.

Details of remuneration for key management personnel can be found in the Remuneration and staff report within the Accountability report.

Notes to the accounts

Year ended 31 March 2024

13. Provisions for liabilities and charges

	31 March 2024 £	31 March 2023 £
Balance at 1 April 2023	241,824	183,526
Provided in year	136,476	-
Utilised in year	(98,342)	-
Change in discount rate	-	-
Provisions not required written back	(1,658)	(41,702)
Increase in provisions	-	-
Other provisions	-	100,000
Balance at 31 March 2024	278,300	241,824

TPO may at some point in the future incur costs related to internal repairs for the space occupied by TPO, common areas, and shared public and staff facilities, as is set out in the Memorandum of Terms of Occupation. These future costs have been quantified by the lessor (Government Property Agency) at £153,300. Outflow of this provision is expected at the end of the term of occupation on 23 June 2032. The provision has not been discounted. In addition, we have been granted permission to participate and appeal the High Court judgement on CMG Trustees (in which we were not involved) to the Court of Appeal. We have agreed to pay the trustees' cost for participating in the appeal (to facilitate it going forward). We will also have to pay our own costs. The costs have been estimated at £125,000.

14. Events after the reporting date

No material events have occurred since the reporting date that have an effect on the accounts or on the users of the financial statement.

The Accounting Officer authorised these financial statements for issue on the same date as the Certificate and Report of the Comptroller and Auditor General

Appendix: Casework in-depth case studies

This appendix contains case studies on some key Determinations made through the year. More case studies can be found on our website at pensions-ombudsman.org.uk/case-studies.



Lack of due diligence in relation to risky investments

Trustee due diligence – Upheld Determination – PO-25984

Summary

Mr N complained that Rowanmoor Group plc (**Rowanmoor**) and its subsidiary, Rowanmoor Trustees Limited (**RTL**), had failed to perform sufficient due diligence in their roles as Administrator and independent trustee of his small self-administered pension scheme (**SASS**). The complaint relates to Mr N's investment, made through the SASS, in a hotel suite being developed in Cape Verde, which he said was high risk and not suitable for him. He asked that Rowanmoor put him back into the position he would have been in had the investments never occurred.

The complaint was not upheld against the SSAS administrator, as it was not its responsibility to carry out the level of due diligence suggested by Mr N. However, the complaint was upheld against RTL as it did not fulfil its duties as a trustee of the Scheme.

As Mr N was also a member trustee in this case, the Pensions Ombudsman directed RTL to return 80% of the loss to the scheme, reflecting the co-trustees' shared responsibility. RTL was also directed to pay £1,000 for the serious distress and inconvenience Mr N suffered.

Background

As the independent trustee of the scheme, RTL (as well as Mr N who was sole member trustee) had legal and professional obligations that it needed to meet and therefore should have been fully involved in all investment decision making, fulfilling its duties and obligations under the rules. However, there was no evidence that this was the case – notwithstanding that a client agreement between Rowanmoor, RTL and Mr N made provision, for a fee, for RTL to provide professional trustee services for the scheme.

RTL appeared to have joined Mr N as member trustee in the transaction to invest in a fractional share of a newly established hotel suite development company, Dunas Beach. They entered into an Agreement for the Sale of Membership of a Company. Under the Agreement, RTL and the member trustee undertook to apply for membership of the Company, and to pay the purchase price of £62,500 for the fractional share of Dunas Beach. In return, RTL and the member trustee

were to receive within 14 days a copy of the certificate of membership in their favour and, on request, a copy of the Directors' warranty that legal title to the property had been transferred to the Company.

RTL did not provide TPO with copies of either the certificate of membership, or the Directors' warranty regarding the transfer of legal title to the property, and it therefore appeared that the member trustee and RTL agreed to the payment of £62,500 in exchange for an undertaking from a property development company in Cape Verde to procure an unrelated third-party organisation to provide evidence of their membership of the Company at a future date.

Membership of the Company would have had no value prior to the transfer of title of Dunas Beach to it, and yet not only did RTL permit the payment to be made without any checks being made, and without any corresponding asset transferring to Mr N's SSAS, it also appeared to have failed to obtain any evidence to confirm that Mr N and RTL had membership of the Company, or evidence that the Company held title to the relevant hotel suite. This was not the standard of behaviour expected of a professional trustee.

Outcome detail

The complaint was not upheld against Rowanmoor as Administrator, as it was not its responsibility to carry out the level of due diligence suggested by Mr N, and because it fulfilled the duties it did have in relation to the scheme adequately.

However, the complaint was upheld against RTL because it did not fulfil its duties as a trustee of the scheme. As a part of these duties, it failed in its responsibility to consider whether the investment in Dunas Beach was appropriate in the circumstances. A reasonable trustee, meeting its duty of care and exercising the powers of investment would not invest the vast majority of a member's fund in an opaque, illiquid and risky investment which is not covered by FSCS protections. The investment was not appropriate and thereby its actions caused the financial loss suffered by Mr N.

RTL was directed to pay into the scheme a sum which equated to approximately 80% of the loss in value of the Dunas Beach investment (reflecting Mr N's partial responsibilities as co-trustee). Any property-specific charges deducted by RTL or Rowanmoor in respect of the Dunas Beach investment were also to be reimbursed to the scheme. Finally, RTL was directed to pay Mr N £1,000 to reflect the significant distress and inconvenience suffered.

Return of surplus in the scheme to the employer

Other – Not upheld Determination – CAS-92093-N4D9

Summary

Mr S complained about the trustee's decision to return a surplus of approximately £12 million to the employer, Bristol Water plc (**Bristol Water**), on the winding-up of the Bristol Water Section (**the Section**) of the scheme.

The Ombudsman determined that the complaint should not be upheld against the Trustee as, in making the decision to return surplus to Bristol Water, it considered all relevant factors, acted within the rules and made a reasonable decision.

Background

In June 2018, the trustee wrote to all members of the Section informing them that it had entered into an agreement to insure the pension benefits with Aviva, through the purchase of a bulk annuity policy. The letter said that Aviva would take over direct responsibility for the administration and payment of the benefits and to achieve this, Aviva would issue individual insurance policies to members of the Section. The Section would then be wound up.

In July 2021, the trustee issued a further letter to confirm that it had formally triggered the winding up of the Section. The letter also explained that there would be surplus assets in the Section after all members' benefits had been secured in full and it was envisaged that some surplus would remain once any outstanding expenses had been met.

The letter said that under the scheme rules, the trustee may, in consultation with Bristol Water, use any such surplus to increase members' benefits if it considers it just and equitable to do so. Any remaining assets would then be paid to the employers.

The letter also confirmed the trustee's proposal to return any surplus assets, less tax, to Bristol Water once all the Section benefits had been secured in full for all members. They estimated that the value of assets remaining could be approximately £12 million.

Mr S objected to the proposed return of surplus to Bristol Water. He stated that: “All monies paid into the scheme were done so to benefit its members”. Consequently, he believed it was “morally indefensible to return any monies back to Bristol Water in order to boost its profits and ultimately to pay it out as dividends to its shareholders”.

In response, the trustee said that in formulating its proposal, it had carefully considered the Section’s history and the sources of the surplus in the Section. The surplus had arisen through a combination of different factors including changes in market conditions, investment performance and the contributions made to the Section. However, it was the trustee’s view that the significant additional contributions paid by Bristol Water in the mid-2000s, which allowed the Section to adopt an investment strategy with materially reduced risk thereby providing additional security to members, were a significant and clearly attributable factor in reaching a surplus position and this should be recognised in its subsequent allocation.

The trustee said it also took into account that all members’ benefits had been secured in full, with Aviva including any uplifts due following the exercise to remove inequalities in Guaranteed Minimum Pensions (GMPs) between men and women. In addition, where it had been identified that members had historically been paid higher benefits than due to them under the Section’s Rules, those higher payments had been allowed to continue and no reduction to such benefits had been made or overpayments sought from members.

Mr S disagreed that the surplus arose only due to Bristol water continuing to make contributions to reduce the section’s investment risks. He said that in addition to the money paid in by the company there was also profit made by the investments, monies paid in by the membership, increases in member contributions and money remaining when members passed away. Additionally, he contended that there were times when Bristol water took a pension holiday, however, members did not. Therefore, during these times it was only the employees that were funding the scheme.

In response to Mr S’s complaint and a high number of member queries, the trustee wrote to all section members providing further details of its decision to return the surplus to the employer. The trustee explained that over the period 2001 to 2016, Bristol water had contributed some £37 million in contributions, compared to some £7 million paid by the members of the section.

Mr S’s complaint was not upheld under the scheme’s IDRP. In its stage two response letter, the trustee explained its view that because Bristol Water had borne all of the downside risk for the duration of the operation of the section, and it had paid in a significantly greater proportion of the overall contributions since the inception of the section, it was fair and reasonable to return the surplus to it. On the other hand, members had not had to bear any downside risk and

have had their full entitlement secured, the value of which was considerably more than what they paid in as contributions.

Regarding the contribution holidays, the trustee said that it was correct that Bristol Water paid contributions at reduced levels for certain periods in the 1990's and early 2000's, however the laws at the time required overfunded schemes to reduce that overfunding and one way of doing that was to take a short contribution holiday. There were severe tax consequences if the surplus was not removed, which would have been very detrimental to the section.

The trustee acknowledged the increases in contribution levels by members of the section but said that this was a decision Bristol Water was entitled to make as part of its remuneration package with its employees. It was not the case that the increase in member contributions had funded any part of the section's deficit. The trustee set the deficit funding contribution requirements for the section and that these were wholly met by Bristol Water.

Outcome

The Pensions Ombudsman concluded that the trustee had followed the requirements of the scheme rules and interpreted these correctly. He was also satisfied that the trustee had taken into account all relevant matters and no irrelevant ones in reaching its decision.

The Ombudsman noted that members had historically been paid higher benefits than those due to them under the section's rules, that these payments had been allowed to continue and that no reduction to such benefits had been made. This demonstrated that the trustee had considered the members' position. The Ombudsman found that returning the section surplus to Bristol Water was not an unreasonable decision or one that was perverse to the extent that no other reasonable decision-maker could have made it.

Transfer due diligence under the Transfer Regulations (2021)

Transfer delays – Not upheld Determination – CAS-93568-HODO

Summary

Mr W complained that the trustee of the Western Power Distribution Fund (**the Fund**) did not correctly interpret the Occupational and Personal Pension Schemes (Conditions for Transfers) Regulations 2021 (**the Transfer Regulations**) and that his transfer request was unnecessarily delayed as it required him to seek a MoneyHelper safeguarding appointment.

In his Determination, the Pensions Ombudsman considered both the Transfer Regulations and TPR's guidance on dealing with transfer requests. He concluded that the Trustee had not acted unreasonably in determining that an amber flag was present in the transfer request, and that it triggered the need for a MoneyHelper appointment. He did not, therefore, find maladministration and the complaint was not upheld.

Background

Mr W requested a transfer from the Fund to a UK registered pension scheme (**the receiving scheme**) on 21 February 2022 and so the process came under the Transfer Regulations, which had come into force on 30 November 2021.

The Transfer Regulations only allow a transfer to proceed if one of two conditions are fulfilled. The first condition is met if the transfer is being made to schemes deemed to be "safe" – this did not apply to Mr W's transfer. The second condition requires the trustee to identify if any "red" or "amber" flags are present. The existence of a red flag blocks the transfer, while an amber flag means the member must have a free MoneyHelper safeguarding appointment before the transfer can go ahead.

The approach of the pensions industry in implementing aspects of the Transfer Regulations has been fragmented, with different views on how to apply them. In particular, one 'amber flag' relates to the receiving scheme containing overseas investments. However, most schemes contain overseas investments, and so would trigger the amber flag. Recognising this, TPR issued a statement that *"the specific concern here is not whether the investment is in, for example, a global equity fund but whether the investment is in assets or funds where there is a lax, or non-existent, regulatory environment or in jurisdictions which allow opaque*

corporate structures. After carrying out due diligence you may consider the transfer is at a low risk of a scam and, where your scheme rules allow, you may consider granting a discretionary transfer.”

This means that there has been little consistency in practice, with different approaches on the level of risk tolerated by trustees and scheme managers when applying them. Some lawyers and trustees took a cautious approach and, as a result, a number of schemes have identified an amber flag in most, if not all, cases where they consider an overseas investment is present. Others have taken an alternative risk-based approach.

As part of its due diligence, the trustee in this case requested further information from Mr W. The trustee received the further information from Mr W on 21 March 2022, including a completed questionnaire. In the questionnaire Mr W confirmed that he was aware of how or where his money would be used or invested and in response to the question “Do you know if your money will be invested overseas?” Mr W said “Global Funds Used”.

Based on Mr W’s answer, the trustee considered that an amber flag may be present and clarification on where Mr W’s funds would be invested was requested from Mr W’s financial adviser on 5 April 2022.

The financial adviser provided the trustee with information about the receiving scheme, which included various funds such as the “Global Targeted Value Fund” (GTVF) and “the Global Ultra Short Fixed Income Fund” (**GUSFIF**). The information provided to the trustee included the GTVF policy, which stated that it “primarily invests in shares of smaller companies from developed countries around the world”.

On 14 April 2022, the trustee notified Mr W that an amber flag was present and referred him to MoneyHelper for a safeguarding appointment. On the same day, the trustee advised the financial adviser by email that MoneyHelper appointments were available all day on 26 April 2022.

Mr W’s financial adviser disagreed that a MoneyHelper appointment was necessary and complained to the trustee that it had misunderstood the Transfer Regulations and was refusing to transfer the funds.

On receipt of this complaint, the trustee sought further legal advice on the interpretation of the Transfer Regulations and responded to the financial adviser confirming that a referral to MoneyHelper was required where overseas investments were included in the receiving scheme.

Mr W attended a MoneyHelper appointment on 13 May 2022, which was confirmed to the trustee on the same day. The trustee requested the disinvestment of Mr W’s funds on 18 May 2022, and confirmed with Mr W on 20

May 2022 that he wanted to disinvest. The funds were received from the trustee's investment manager on 27 May 2022. The transfer to the receiving scheme took place on 6 June 2022.

Outcome

The Pensions Ombudsman noted that the term "overseas investments" is not defined in the Transfer Regulations, although "overseas" is defined as "wholly or partly outside of the United Kingdom". Overseas investments are included in the receiving scheme where they are investments that scheme is already making with the pension savings of other members, regardless of whether the transferring member will be invested in any overseas investments.

The Ombudsman also noted that the decision on whether or not there are overseas investments in the receiving scheme is one for the trustees of the transferring scheme to make, and that it appeared that the wording of the Transfer Regulations and the intended practical application may not be aligned.

The Ombudsman concluded that the trustee did not act unreasonably in determining that an amber flag was present in Mr W's transfer request and so referring him to MoneyHelper for a safeguarding appointment did not cause unreasonable delay.

Recovery of overpayments

Overpayment – Partly upheld Determination – CAS-39869-Q8J7

Summary

Mr Y complained that the trustee of his final salary pension scheme, the AECOM Group Pension Scheme, had reduced the pension which he had been receiving since he retired in July 2011. The reduction – which the trustee put into effect from 1 November 2018 – was claimed by the trustee to be necessary because Mr Y had been overpaid his pension by some £16,000.

The Pensions Ombudsman determined that the complaint should be partly upheld as the trustee should not have commenced the recoupment of the overpayment without an order of a competent court.

This was the first Determination we issued after the Court of Appeal's judgment in *The Pensions Ombudsman v CMG Pension Trustees Limited* and another.

Background

Mr Y had been a member of the Knight Piesold (UK) Final Salary Pension Scheme (**the KP Scheme**). In 1991, Mr Y transferred his benefits from the KP Scheme to the Knight Piesold COMP Pension Scheme (**the COMP Scheme**). He later transferred his benefits back to the KP Scheme, at which point he moved to a new normal retirement age (NRA) of 65 (from 60).

In 2011 KMPG, who were then the administrators of the KP Scheme, sent Mr Y a retirement estimate based upon retirement at age 60. Despite the fact that NRA in the KP Scheme was now 65, the estimate did not show any early retirement factor being applied to any part of Mr Y's pension. Mr Y drew his benefits from the scheme opting to receive a full pension of £9,957.36.

Some time later, the trustee of the KP Scheme undertook a benefit verification exercise. This exercise revealed that incorrect pensions were being paid to a number of members, including Mr Y. In Mr Y's case, the trustee identified that he had received a higher pension than he was entitled to because an NRA of 60 instead of 65 had been used in the calculation of his benefits relating to the transfer from the COMP Scheme. The trustee initially assessed that Mr Y had been overpaid by around £17,000. This was later revised downwards to around £16,000.

In 2018, the administrator of the KP Scheme who, by then, was PS Administration Limited (**PSAL**), wrote to Mr Y to explain the error. PSAL said that it would begin to pay Mr Y his correct pension, and that the trustee was considering ways in which it could make it easier for Mr Y to repay the overpayment in case repayment in one instalment was not affordable for Mr Y.

In response to this, Mr Y wrote to PSAL and said that had he been aware that part of his pension was payable at 65, he would have continued working. Mr Y disputed the trustee's right to reduce his pension and said that he did not have the means to make repayment by instalments. The trustee responded that this would be dealt with under the scheme's IDRPs and that it would not reduce Mr Y's pension until this was complete.

In response to the complaint the trustee explained that benefits had to be paid in accordance with the KP Scheme's trust deed and rules. The trustee would be adjusting his future pension to the correct level from the following month and the overpayment would be recovered by means of withholding future increases to Mr Y's pension. If Mr Y contended that this arrangement would cause him financial hardship, he should provide the trustee with evidence of this.

In the meantime, the trustee and KPMG held negotiations relating to compensation for the historic errors in KPMG's calculations. The trustee informed Mr Y of these negotiations and explained that some of the money which KPMG was offering to pay to the KP Scheme could be used to reduce his overpayment. However, this was only the case if all affected members accepted KPMG's offer.

Mr Y did not accept KPMG's offer of compensation and the trustee agreed to revisit his complaint under the IDRPs. During the course of these communications, Mr Y referred his complaint to the Pensions Ombudsman.

Mr Y submitted that there must have been an agreed enhancement of his benefits so that the portion of his benefits with an NRA of 65 could be paid to him from age 60 without a reduction being applied. However, the Ombudsman found no evidence of any agreed enhancement.

In light of the available evidence, the Ombudsman found that, as a matter of law, the trustee acted correctly in seeking to recover the overpayment from Mr Y. He noted that the trustee was seeking to do so by means of the "self-help" remedy of equitable recoupment.

The Ombudsman also examined the defences that might be available to Mr Y in such cases. Broadly speaking, the Ombudsman noted the presence of a general equitable defence to recoupment. This defence involved considering whether, based on all the facts, it was fair for the trustee to recoup the monies overpaid to a member of a scheme due to a mistake not of the member's making.

In this case, the Ombudsman found on the balance of probabilities that Mr Y was aware that part of his benefits had an NRA of 65 and that Mr Y had made a request – which Mr Y knew had been refused – for an enhancement allowing early receipt of that part of his pension without reduction. In these circumstances, the Ombudsman concluded that Mr Y had had sufficient knowledge to appreciate that his pension benefits had been overstated and, accordingly, it was fair for the trustee to recoup the overpaid pension from Mr Y.

The Ombudsman was still left, however, with the question of whether the trustee had been correct to begin to recoup the overpayment whilst Mr Y was still disputing its right to do so. This question had been considered in a number of recent court decisions and was specifically addressed by the Court of Appeal in *The Pensions Ombudsman v CMG Pension Trustees Limited* and another (**CMG**).

In CMG, the Court of Appeal held that, under section 91(6) Pensions Act 1995, if a member disputed the amount of an overpayment, or the period over which a trustee proposed to recoup it, the trustee could not begin recoupment until it had obtained an order of a competent court. The Court of Appeal made clear that the Ombudsman was not a competent court for these purposes.

Outcome

The Pensions Ombudsman upheld Mr Y's complaint in part. In the absence of a valid legal defence, the overpayments made by the KP Scheme were recoverable from Mr Y. However, the trustee should not have commenced the recovery of the overpayments without an order of a competent court. Therefore, the Ombudsman found that the trustee had acted unlawfully under section 91 and in breach of trust by doing so.

The Ombudsman noted, however, that the trustee had acted in line with the legal advice they received. In the Ombudsman's view, this meant that while the recoupment in this case had been a breach of law, that breach did not amount to maladministration. However, the Ombudsman observed that, in light of the Court of Appeal's decision in CMG, recoupment of disputed overpayments in future cases, in the absence of an order of a competent court, is likely to amount to a breach of law and maladministration.

The Ombudsman directed that the monies recouped from Mr Y should be repaid to him, following which – and subject to the trustee satisfying the requirements of section 91(6) Pensions Act 1995 – the trustee would be permitted to recoup the overpayments by a specified reduction in the monthly amount of Mr Y's pension.

Incorrect calculation of PCLS

Calculation of benefits – Not upheld Determination – CAS-53961-Q2N6

Summary

Mrs Y complained about the way her benefits were commuted to provide her with a Pension Commencement Lump Sum (**PCLS**). Mrs Y asserted that she had suffered a financial loss because the element of her pension that is subject to guaranteed increases in payment was commuted first to provide the PCLS.

Although the Ombudsman found no maladministration or breach of law on the part of the administrator, the case highlights the importance of providing clear and detailed information to members about their benefits to avoid the risk of future complaints.

Background

Mrs Y was a member of the Monsanto Pension Plan. Mrs Y's benefits in the plan were made up of four different elements:

- the Guaranteed Minimum Pension (GMP) accrued before 6 April 1988 (the Pre 88 GMP)
- the GMP accrued on or after 6 April 1988 (the Post 88 GMP)
- benefits accrued before 6 April 1997 in excess of the GMP (the Pre 1997 benefits)
- benefits accrued from 6 April 1997 in excess of the GMP (the Post 1997 benefits).

In September 2018, Mrs Y requested a retirement pack from Capita, the plan's administrator at the time. The retirement pack was sent to Mrs Y and detailed the options she could choose at retirement. These were a full retirement pension (option 1) or a reduced retirement pension and the maximum PCLS (option 2). The notes included in the retirement pack explained how the PCLS was calculated and information concerning the increases applicable to Mrs Y's pension in payment. Mrs Y chose option 2 and returned the relevant paperwork to Capita.

Mrs Y's pension was put into payment in December 2018. In March 2019, Capita sent Mrs Y a pension increase letter, which informed Mrs Y of the elements of her pension in payment that were subject to annual increases. Mrs Y raised a complaint with Capita as she was disappointed to discover that her Post 1997 Benefits had been commuted first to provide the PCLS, but that this was not explained in the retirement pack she was sent by Capita.

In June 2019, Capita replied to Mrs Y's complaint. In summary, it said the commutation of her pension had been completed correctly in that the Post 1997 benefits had been commuted first. In her case, this element of her benefits had been exhausted.

In August 2019, Capita sent Mrs Y a further letter explaining the plan's order of commutation for a PCLS. The letter also explained that Mrs Y's PCLS was calculated by applying a factor which was based on the increases applicable to that element of pension. Although by commuting Post 1997 Benefits first, a higher proportion of Mrs Y's pension in payment did not receive an automatic increase, if the plan's order of commutation was to commute the Pre 1997 Benefits first, she would have needed to commute more annual benefit to receive the same PCLS. This would have meant that her annual pension would have been lower than it was.

Mrs Y's complaint was considered by an Adjudicator who noted that the plan Rules permit the plan actuary to decide how the PCLS should be calculated. Capita had to commute members' benefits in accordance with the actuary's instructions.

The Adjudicator also noted the trustee's confirmation that providing commutation from the Post 1997 Benefits in the first instance had been a long-standing practice. So, Mrs Y had not been treated any differently from other members of the plan. As a result, it was the Adjudicator's opinion that there had been no maladministration by Capita in this regard.

It was the Adjudicator's view that Mrs Y did not incur a financial loss as a result of Capita commuting her Post 1997 Benefits first. Instead, she had suffered a loss of expectation. This was because although Mrs Y would not receive any increases on her pension in payment in relation to her Post 1997 Benefits, had Capita not commuted her Post 1997 Benefits first, she would have had to give up more of her benefits to receive the same PCLS that she had received. She also received a higher annual pension than she would have received had Capita commuted her Pre 1997 Benefits first, to provide the PCLS. In addition, to date, Mrs Y had received higher benefits overall than she would have received had she not opted to take the PCLS.

Outcome

Mrs Y did not accept the Adjudicator's Opinion and the case was determined by the Pensions Ombudsman. In his conclusions the Pensions Ombudsman found that Capita provided Mrs Y with factually correct information. He considered that Capita could have provided more detailed information to Mrs Y, concerning how the commutation of her benefits to provide the PCLS would impact the different elements of her pension in payment. However, Capita's failure to do so did not amount to maladministration or amount to a breach of law.

The Ombudsman noted that the trustee had provided evidence that, to date, Mrs Y had not suffered a financial detriment because of the option she chose at retirement and that, based on its projections, Mrs Y would not potentially be in a better financial position until 2032 had she chosen not to receive a PCLS.

The Ombudsman said that he cannot make a finding for a speculative "loss" but that in any event he did not consider the trustee or Capita are responsible for any detriment that might arise in the future.

Pensions Dishonesty Unit – Trustee Dishonesty

Trustee Dishonesty – Upheld Determination – CAS-27569-XOVO and CAS-73885-Q6V9

Background

The Pensions Ombudsman received complaints from members that the trustees had failed to comply with statutory requirements, guidance from TPR and governance requirements. These concerns prompted an investigation to be instigated by TPO's Pensions Dishonesty Unit (**PDU**).

After considering the evidence and submissions from all parties, the Deputy Pensions Ombudsman found multiple breaches of trust and many acts of maladministration, which caused the loss of scheme funds and severely impacted scheme members' pensions. Mr Simon Williams, as sole trustee initially, and later as the director of the corporate trustee, was ordered to repay over £730,000 into the scheme.

Summary

The Focus Administration Pension Scheme was established in March 2013, with Mr Simon Williams, a FIDE Chess Grandmaster, as the sole trustee. Mr Williams was later, in August 2016, replaced as trustee by Focus Administration Limited (**Focus**), the scheme's sponsoring employer, of which Mr Williams was the sole Shareholder and Director. Brambles Administration Limited acted as the scheme's administrator.

Following the scheme's establishment, 11 members transferred a total of approximately £830,000 of pension benefits into the scheme. A number of the members were introduced to the scheme by a company called Pension Max, an unregulated company with underlying connections to some of the scheme's investments and which offered access to cash lump sums following the transfer.

Mr Williams subsequently invested the scheme funds without financial advice into companies that:

- had only been incorporated a short while before the investments were made
- had been trading at a loss
- and/or were companies in which one or more of Mr Williams' associates had an interest.

Many of the underlying property assets or development projects were geographically concentrated around Liverpool and Northern England and had connected Directors.

In November 2018, Punter Southall, now Vidett, was appointed as the scheme's independent trustee by The Pensions Regulator following concerns about Mr Williams' involvement in a separate pension scheme.

On receipt of two complaints from members of the scheme who were concerned about the security of their pensions and the lack of information from Brambles, the PDU undertook an extensive investigation into the scheme and Mr Williams' conduct.

The PDU's investigation established that the investments made by the scheme had, except for sums paid under certain personal guarantees, no current value. One of the investments involved the purchase of leases of office space in the building from Pension Max, several of the investee companies, and other companies associated with Mr Williams operated. This investment was structured on paper to result in a guaranteed capital gain payment for the member, but the investigation established that it was in fact a sophisticated pension liberation scheme involving back-to-back unregistered property transactions, with the capital gain payment being taken from the member's pension fund.

It was also noted that Mr Williams and others associated with the scheme had previously been involved with a separate alleged pension liberation scheme.

Outcome

In September 2023, the Deputy Pensions Ombudsman upheld the complaints, finding that Mr Williams and Focus had committed multiple breaches of trust and, alongside Brambles, many acts of maladministration, causing the loss of scheme funds and severely impacting scheme members' pensions. Of significance was the finding that Mr Williams was, after August 2016, personally liable as a dishonest accessory to the breaches of trust committed by Focus.

Mr Williams was directed to repay over £730,000 into the scheme, redressing the scheme's losses as a whole. Mr Williams and Brambles were also directed to pay each applicant £6,000 in recognition of the exceptional distress and inconvenience caused.

The enforcement of the Determination fell to Vidett as independent trustee. Vidett engaged with Mr Williams and, taking into account his ability to pay the directed redress, ultimately settled the Determination for £160,000. Vidett is now seeking compensation for the remaining balance through the Fraud Compensation Fund.



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