



Mistaken, Misheard, Misunderstood

Communication and DC Benefits

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Some General Thoughts

- Good communication is vital –DC, DB and Hybrid
- Delayed Communication can be Harmful
- “Box-ticking” is not good communication
- Literacy, vocabulary, understanding, can be issues for administrators
- Control of communication is essential – who is allowed to do it?





Further Thoughts

- Oral communication must be backed up in writing
- If face-to-face meeting promised, make sure it happens
- Record all essential details in writing – agreement in writing





Communication is a Perennial Problem

- 2004: “... the poor quality and lack of clarity and precision in many communications is all too obvious.”
- 2005: “.... additional investment in effective communication would greatly reduce the number of complaints.”





.....Which Means Every Year

- 2006: “A great many of the complaints we get arise from poor communication.”
- 2007: “It takes little more application to write something in clear English....”
- 2007: “Pensions are complicated but there is no need forcommunications to make them more difficult...”

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Examples from Life

- Projections not revised – expectations not realised
- DB scheme did not provide details to DC administrator – loss due to delay
 - AVC Administrator failed to communicate importance of information
 - Trustees did not tell member that her fund was in volatile assets
 - DB scheme also at fault for not replying to queries





More examples

- Delayed communication – failure to reply
 - May not cause financial loss, but does cause distress and loss of confidence
 - Mostly happens in DC cases as members monitoring their own benefits contact providers directly
 - Providers issuing communications through trustees should explain why





And More

- Oral communications need a paper trail – for everyone’s protection
- If a face-to-face meeting is promised, make sure it happens
 - Case: “Opt-out” option given; members advised not to act pending meeting; which didn’t happen. Deadline missed
- Explain quickly and answer all questions
 - Case: member doubts maturity value- eventually value proved correct –after 2½ years – reasonable questions were ignored

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Out of Date?

- Members keep old booklets
 - Big problem in “Target benefit” schemes
 - Essential that DC nature of scheme is explained
 - Did the communication include commitment to review target?
- Members are *given* old booklets
 - A number of complaints about refunds of contributions refused





Consent

- If something is being done without consent, tell them about it
 - DB winding-up, members transferred to DC scheme under S 48
- If something requires consent, make sure the member knows that





And Remember the Regulations

- “Basic information about the scheme”
- Members to be notified of alterations within four weeks
- That includes changes mandated by statute which overrides the rules





Money

- Many complaints now involve investment
- Members don't know what they are invested in
 - Misleading fund titles - or just imaginative?
 - Instructions by members – paper trail
 - DC assets invested in DB funds
- Members have confused understanding of trustee duties
- Communication is a two-way street

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Still on the Money

- Communication of charges often poor
- Charges on preserved benefits
- Will the SORP confer any real benefit, or just cost the member money?
 - Or create expectations that won't be met?

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Some Solutions from Life

- An Apology
 - We got it wrong
 - We miscalculated – Sorry
 - We said “Sorry” on time
 - We made a mistake – but you didn’t lose on account of that
 - “Sorry” means we are taking you seriously

