Deponent: RA
Number: 2
Party: Claimant
Signed: 17 1 07
Exhibit: RA 2

IN THE HIGH COURT OF JUSTICE Claim No. CO/4927 /2006

QUEEN'S BENCH DIVISION

ADMINISTRATIVE COURT

B E T W E E N :

R
(on the application of
(1) HENRY BRADLEY
(2) ROBIN DUNCAN
(3) ANDREW PARR
(4) THOMAS WAUGH)

Claimants

- and -

THE SECRETARY OF STATE FOR WORK AND PENSIONS

Defendant

- and -

THE PARILAMENTARY COMMISSIONER FOR ADMINISTRATION

Interested Party

SECOND WITNESS STATEMENT OF
Dr. ROS ALTMANN

I Dr. Ros Altmann of 9 Fairholme Close, London N3 3EE say as follows:-

Introduction

1. I remain involved in this case as an adviser to the four claimants, their lawyers and to the many other members of the Pensions Action Group who have suffered pension losses which remain unaddressed thanks to the Defendant's unwillingness to accept his officials acted maladministratively and to properly consider the recommendations of the Ombudsman that flow from that.

2. Much of the Defendant's witness statement evidence in this case is devoted to criticism of and commentary on points I made in my first witness statement, that of 14 September 2006. This calls for a short response and I shall give one below, supported by some further documents which are produced and shown to me in a bundle marked RA2. This also contains some further relevant leaflets produced by the Defendant which were not immediately to hand when my last witness statement was prepared. There are also matters to be updated and two minor corrections to be made in the light of those statements and developments that have occurred since my first statement was finalized. First, though, at paras 4 to 33 below, I need to say something in response about the fundamental themes of this case.

Injustice

3. The first fundamental theme is that the unremedied injustice, as found by the Ombudsman, takes a number of forms. Partly it involves financial loss but there are also the other consequences, both psychological and physical, for a huge number of people who have lost out through no fault of their own and been misled by the State. As the Ombudsman has found this embraced

> *"a sense of outrage, lost opportunities to make informed choice or to take remedial action, and distress, anxiety and uncertainty" (para 5.245 at p340).*

4. I discussed the impact on a number of individuals, by way of examples, in the concluding paragraphs of my first statement. Other examples are given in the Parliamentary debate on the Public Administration Select Committee ('PASC') report on 7 December 2006, the text of which is shown to me as part of RA2. Further, examples are mentioned in the Ombudsman report.

5. Yet it needs to be appreciated that many cases are even worse. For instance, there are cases known to me where men have repeatedly contemplated suicide because of the failure to provide for their family's future and that of Mrs. Cheshire, a wife who told her husband on his death bed that the government had reversed its decision and she would receive the pension they had been expecting, so that he could die in peace. And only last week, the Daily *Mirror* carried this report about a

husband and wife double suicide which their family believes was provoked by the circumstances they found themselves in following the loss of his Ravenhead Glass company pension:

> *"'SUICIDE LINKED TO PENSION'*
>
> *THE daughter of a suspected suicide couple yesterday blamed their dad's failed company pension for contributing to the deaths.*
>
> *Alan and Joan Brown's bodies were found when a bailiff called at their home.*
>
> *The factory worker's employer went bust in 2001 and he was expecting a redundancy payout plus his pension contributions.*
>
> *But liquidators found a major financial problems and hundreds of staff at Ravenhead Glass in St Helens, Merseyside, were left empty-handed.*
>
> *Joan, 56, was found asphyxiated at the couple's home in St Helens on Monday and it is understood Alan, 57, hanged himself. Merseyside Police are not looking for anyone.*
>
> *When asked if the crashed pension fund contributed to his death yesterday, their younger daughter Joanne, 25, said: "Yes, it played a part."*
>
> *Neighbour Sheila Hilton said: "They may have cut down on some things, but there were no signs things were seriously wrong."*

6. What then is the Defendant's response to these different forms of injustice? Troublingly, in his Summary Grounds of Resistance the Defendant presents the complaints made to the Ombudsman as being exclusively about money (see, for example, paras 4.1, 4.4, 4.5, 102 and 105). That is to caricature both their complaints and the Ombudsman's response: it is quite clear from her report that she accepted that the injustice also took many other forms.

7. It is also suggested that the Financial Assistance Scheme ('FAS') is a 'proportionate response' (see para 4.5). Yet the FAS was announced in May 2004, long before the Ombudsman's investigation had even begun and, as outlined in my earlier statement, it was because of the inadequacy of the FAS that I organized the approach to the Parliamentary Ombudsman and MPs asked her to investigate. In any event, the Defendant freely admits that it is not compensatory in nature, nor designed to restore members' pensions. Even the extension of the FAS did not offer additional money to those who need it now, but to people several years hence.

8. The FAS' various shortcomings are discussed in my first statement and I need not repeat them here. What may be helpful, however, is an indication of the gulf between what individuals can expect in the future from what remains of their schemes augmented by any FAS payments they may receive. I have had direct contact with the people identified below and their scheme entitlements have been checked with their scheme trustees. They are not exceptional or isolated examples, but are representative of the losses suffered by many members of hundreds of schemes, details of which I have in my files. My workings are explained and supporting material are produced and shown to me and exhibited as part of "RA2".

TABLE SHOWING EXAMPLES OF ESTIMATED AMOUNT OF PENSION EXPECTED AND RECEIVED BY WIND-UP SCHEME MEMBERS

Name & Scheme	**Age**	**Weekly expected pension**	**Weekly amt. received from FAS /scheme**	**% of expected cash terms**	**% of expected NPV terms**	**Comments**
Henry Bradley IFI Richardsons		£240.00	£148.00	**61.5%**	**53.8%**	Age 65,receiving FAS, losing inflation linking
Marlene & David Cheshire Dexion		n/a	£56.98	**36%**	**33.9%**	Mr. Cheshire died early. Lost guarantee of pension. FAS much below scheme benefits.
Robin Duncan BUSM		£227.08	£140.92	**62%**	**50.2%**	Age 64, FAS start next year. Will lose AVCs if take deemed buyback

Michael & Audrey Eaglestone Dexion	62	£153.40	£0	**0**	**0**	Has cancer. No FAS, no scheme pension at age 62 – working nights. Now age 65 getting 54.7% expected pension from FAS and scheme.
	65	£152.30	£82.26	**53.8%**	**47.5%**	
Peter Humphrey Dexion		£492.00	£230.00	**36.2%**	**36.3%**	Affected by cap and should have retired at age 60.
Richard Nicholl FH Burgess		£437.50	£34.60	**7.9%**	**7.3%**	Solvent, no FAS, more than 15 years from NRA
Andrew Parr ASW	62	£336.96	£134.80	**40%**	**49.1%**	Scheme 104% MFR, only paying 40% of expected pension at NRA.
Tom Waugh FH Burgess		£170.16	£60.27	**35%**	**28.8%**	Solvent, no FAS

9. As these figures show, the first three Claimants in this case who will be entitled to the FAS payments will, if anything, be comparatively better off than others, but they will, still end up with only around 60% of the amount they could have expected from their company scheme (and did expect thanks to the Defendant's misleading information being disseminated). They will certainly not receive the 80% which Government has suggested. The fourth Claimant, Tom Waugh (who will receive no FAS because he is a member of a solvent scheme), has lost about two thirds of his pension. Widows such as Marlene Cheshire lose out significantly under FAS rules too.

Fears about the cost of accepting responsibility

10. The second fundamental feature of the case is that this misplaced fear about cost to public funds seems to be a driver behind the Defendant's refusal to accept that any maladministration occurred.

11. This fear is exaggerated, not least because the calculations have been made in cash terms, rather than net present value spread over 50 years. They also assume quite wrongly that every scheme that registered with FAS after the initial registration period is, on average, the same size (in terms of member numbers) as those who were earliest to register. This is how an extra 50,000 people have crept

into the equation beyond the 70,000 initial figure. But this is unrealistic: it is most likely that only small schemes were late to register, since all that was required was an indication of the basic information on scheme name and employer name. The larger ones had the resources and incentive to register as soon as possible.

12. In any event, the Ombudsman did not recommend, and maintained before PASC that she did not recommend, that the losses experienced be met exclusively with public funds. There are a variety of alternative solutions that could be explored were the Defendant minded to do so as outlined in the Ombudsman's report and discussed in more detail in the debate about the PASC report, for example.

13. I should mention at this point that have not yet had the opportunity to properly consider and comment on the further new material served on the Claimant's solicitors by the Defendant yesterday afternoon which may have a bearing on this question. I will do so in an additional statement, if appropriate.

Misconceptions

14. The third fundamental point is that the Defendant's central case appears to be underpinned by serious factual and legal misconceptions concerning the position of trustees and solvent employer scheme members.

The position of trustees

15. Though little is said on the issue in the Defendant's evidence, the position of scheme trustees is repeatedly mentioned by the Defendant in his summary grounds of resistance, for example at paras 72.3 and 102.7. It is there asserted as a matter of fact that the responsibility for protecting members' interests lay exclusively, or mainly, with them, for instance at para 78.8:

> *"It was for scheme trustees, on the basis of professional advice, to evaluate any relevant risks in relation to their scheme and provide such information as they considered appropriate to prospective or existing members in that regard."*

16. By contrast, it is said:

"The Government was neither uniquely placed nor best placed to advise individuals concerning the risks of joining an occupational pension scheme" (Summary Grounds of Resistance, para 78.8)

17. My understanding has always been that trustees were responsible for safeguarding the assets of the scheme and ensuring compliance with the law, but had no general responsibility for explaining the law to members or the risks of wind-up. I have taken advice on this issue which confirms my understanding of the legal position to be correct.

18. The position is that pension trustees have two types of disclosure obligations to members, those which arise by statute and those which derive from the common law of trusts.

19. Taking these in turn, the statutory obligations are found in the Occupational Pension Scheme Disclosure of Information Regulations 1996 SI No 1655. Regulation 6(1) obliges the trustees to disclose to members actuarial statements and, where appropriate, certificates of adequacy of contributions for MFR purposes. The latter are prescribed by Regulation 14 and schedule 1 of the Regulations. The form of certificate requires a statement at the end in the following form:

"Note:
The valuation of the amount of the liabilities of the scheme does not reflect the cost of securing those liabilities by the purchase of annuities, if the scheme were to have been wound up on the effective date of the valuation."

20. No trustees would have been surprised to see such a note, because the original stated intention of the MFR was only to provide annuities for pensioner members and to provide transfer values on wind-up, rather than annuities, for non-pensioner members, enabling them to deploy the money they had saved in other ways.

21. Actuarial statements were also issued following triennial valuations. They took the following form:

"1. Security of prospective rights

In my opinion, the resources of the scheme are likely in the normal course of events to meet in full the liabilities of the scheme as they fall due. In giving this opinion, I have assumed that the following amounts will be paid to the scheme:

[Description of contributions]

subject to review at future actuarial valuations.

2. Summary of methods and assumptions used
Further details of the methods and assumptions used are set out in my actuarial valuation addressed to the trustees or managers dated ….."

22. The actuarial valuation is not supplied to members automatically, but they are entitled to see it on request (Regulation 7). The contents of the report are governed by actuarial statement of practice GN9. This requires that the valuation discloses the amount of any deficit on a winding up.

23. The above disclosures are the limit of trustees' and actuary's statutory disclosure obligations. This leaves trustees' common law duties.

24. On these, I am advised that trustees must give information about the trust to beneficiaries on request, although the extent of that duty depends on the circumstances of the trust (*Schmidt v Rosewood* [2003] AC 209 is, I am told, the key authority on this point). There is no general duty on trustees to volunteer information to beneficiaries which they do not ask for (see *Hamar v Pensions Ombudsman* [1996] PLR 1 para 43, reversed on appeal, but not on this point)), certainly where that amounts to giving them advice.

25. It is therefore fanciful to suggest that trustees were ever under a duty to give general advice about the inadequacy of the MFR.

26. This is in fact confirmed by an exchange between another insolvent scheme member I have had contact with the very body Parliament established to regulate

trustees' conduct, OPRA. The member complained that his trustees had not warned him of the risks on wind up. OPRA replied in these terms:

> *"At present the legislation makes no provision, which means trustees or sponsoring employers of schemes have to provide you with details of the possible risk involved. There are rules regarding the disclosure of information, however, answering questions about the risks involved or advising on whether to keep money in a particular fund is not covered by law."*

27. This correspondence is included in RA2 in an anonymised form.

28. Absent any obligations on scheme actuaries or trustees to advise members of the risks on wind up, it should come as little surprise that this did not happen in practice. On this there is very clear contemporaneous evidence, as discussed in the Ombudsman's report, that the actuarial profession was warning the government repeatedly that the public and trustees did not understand the true, limited extent of MFR protection (see para 4.24-7 of her report at p 217 of bundle 1).

29. Besides, most schemes did not have professional or independent trustees. Essentially each had a body of unpaid people, both company appointed and member nominated, that were typically all non-experts in pensions. Some schemes never even received a first MFR valuation, as the Defendant acknowledges (at paragraph 104.6 of the Summary Grounds of Resistance), so it cannot be said that their trustees could have made decisions and given advice on that basis.

30. For all of these reasons, the government's leaflets and guides and, more broadly, policy statements about the security of such schemes carried considerable, indeed critically influential, weight with both members and trustees. That is borne out by the second claimant, Robin Duncan, who was also a member-nominated trustee and union shop steward. He has explained carefully, both to the Ombudsman, PASC and (in his witness statement) to this Court why government information was what he sought out, relied upon and disseminated.

Solvent employer schemes

31. Another misconceived factual assertion made by the Defendant is that the exclusion of solvent employer scheme members from the FAS scheme is justified because those members can seek redress from their employers, who ministers have urged to 'act responsibly' in response. When pressed to elaborate on this in the Part 18 questionnaire, the Defendant's response was to say this:

> *"Such forms of redress as may be available to scheme members will depend on the specific circumstances of each case. The Department is not in a position to provide a view as to whether any given member might have a legal claim against his or her employer, nor would it in any event be appropriate for the Department to express a view in that regard."*

32. Again, I shall say something in turn about the legal and practical positions.

33. My understanding is that the only basis for a legal claim by a member directly against his employer would be the member's contract of employment. If the contract of employment promised the member a particular level of pension, then if the scheme failed to provide that benefit in full the employee could sue the employer in damages in respect of the shortfall. However, having taken advice on this to be certain, I am told that it is very rare that contracts of employment are this specific. Indeed I have never seen one like that issued to any member of the schemes I have been advising. Occasionally senior employees may have this sort of contract, but even then it is uncommon.

34. The general form of employee contract does no more than give the employee the right to join the pension scheme. There is no promise that he will receive any particular benefit from the scheme. So, the employer's only obligation is to allow the member to join. He does not have to maintain the scheme, and he does not have to fund it beyond the level prescribed by the rules and by statute. The member takes his benefits subject to all the terms of the scheme, including the requirement to reduce benefits on a winding up if assets are insufficient.

35. As for the suggestion that employers should 'act responsibly' and assist solvent scheme members (made, for example in para 20 of Mr LeBrun's statement at page

11 35 of bundle 4), this presumably would entail a company making ex gratia payments to individuals above and beyond those legally required in order to meet 100% MFR or as a result of a compromise agreement reached with scheme trustees. Companies are not going to do that. Once a compromise agreement is in place, they have met their legal obligations to the pension fund in full. Their remaining duties to distribute profits and pay dividends are owed to their shareholders, not their employees.

36. I shall now endeavor to address some significant points of detail in the statements filed on the Defendant's behalf to the extent that they are not dealt with separately in the Claimants' skeleton argument, or may not be covered in submissions.

Mike Le Brun's statement

37. Mr Le Brun does not accept as fair or accurate my statement that the FAS 'will only provide a minimal level of help to a small sub-class of affected people' and that it has 'fundamental shortcomings'. However, both the substance of his statement and the latest figures (produced in response to the Part 18 Questionnaire) confirm my views about the limited reach of the FAS scheme and its inadequacy as a means of addressing the injustice the Ombudsman identified.

38. For example, it is clear that less than 10% of those who have already passed age 65 have received any money from the FAS. I therefore also question Mr. LeBrun's statement in para 14 that 'relatively few of those who will benefit under the FAS have yet reached their 65th birthday'. On his figures, there are 8,000 members in this qualifying age category (Para 16 of the statement) and yet only 718 had received any FAS payment (Part 18 Questionnaire response to Request 10). Most of those are getting only 'interim' payments which are even lower than the much reduced full FAS payments. These 8000 people urgently need assistance now (given their age) and are struggling without. Further, on Mr Le Brun's figures, the FAS will only ever help 40,000 of the number the Defendant believes are affected - 125,000 people. Plainly, these are small sub classes.

39. At para 17 Mr Le Brun attributes some or all the delay in administering FAS payments to trustees. Yet trustees have told me that they initially sent their scheme data to FAS in 2004 and early 2005 and were then asked to submit the same

information again at the end of 2005, or asked to resubmit large amounts of data in different forms. Some have told me that data was lost by the FAS. Others have told me that the FAS staff did not always understand what data they were asking for and this meant trustees were unsure what was required.

40. This point is picked up again by Mr Le Brun at paras 29 and 30. I regret to say that do not agree FAS has kept its 'requirements to a minimum and have responded to trustees concerns to make the processes as simple and user-friendly as possible', not least because there is powerful evidence of relatively low registrations for payments and long registration times shown in the Part 18 Questionnaire response. By way of illustration, I have also included in RA2 an example of the multiple forms that need to be completed for a FAS claim and the associated 37 page guide. The impact of the complexity and length of this process could be mitigated by allowing trustees to pay out existing assets to affected people subject to a condition that FAS reimburse them once claims are processed successfully, but the DWP and FAS officials have refused to permit this.

41. As for the costs of producing information for FAS (which are trustees expenses and thus prioritised over paying pensions and so diminish what can be paid), these are not regulated and, contrary to what Mr LeBrun says at para 32, they are not insignificant in the great scheme of things. Even the one-page breakdowns of pensions eligibility that I requested when compiling the figures in the table showing proportion of actual scheme entitlements that members are likely to have lost, cost £125 per member. The cost of completing FAS forms for each member must be many times that.

42. Paras 19 and 20 of Mr Le Brun's statement discuss the total exclusion of solvent employer schemes from FAS. I have explained above why the Defendant's position on this is misconceived. We are concerned here not with those schemes expected to be wound up in the future, but rather a particular group of solvent employer schemes which were not fully funded on wind-up after 1997. Mr Le Brun acknowledges that 5000-10000 people are in such schemes and have suffered pension losses.

43. Para 21 mentions the welcome news that regulations have been laid which will embrace schemes like the TWA Pension Plan. Mr Le Brun is referring to the Financial Assistance Scheme (Miscellaneous Amendments) Regulations 2006 (Statutory Instrument 2006 No. 3370). These were made on 15 December 2006 and so the limited extensions of the FAS that result are very recent.

44. Paras 22 and 23 of Mr Le Brun's statement correctly identify two typographical errors in my first statement. In fact, para 22 highlights a problem with the FAS: age qualification is based on scheme pension age, but the payments do not start until age 65 (even for women whose state pension age is 60). I also accept, as Mr LeBrun says at para 23, that the definition of terminally ill refers to those with 6 months to live. However, I would add that the injustice of only providing such people with 'interim' payments, which are further 25% less than the full FAS payments, remains. Further, it comes as cold comfort to those with long term, and quite possibly fatal, illnesses (such as cancer) to be told that once they reach the 6 month terminal threshold they will qualify for (much reduced) payments under the FAS. Under their schemes, these people would normally have been receiving illness benefits and would also have had the reassurance of knowing that their spouse would be provided for properly by the scheme after their death.

45. At para 26 Mr LeBrun touches upon the overall cap on FAS payments and other limits, but not on their effects. The cap is of course highly relevant and will substantially reduce the pension of many of those affected. The *de minimis* rule also excludes people who would have received up to an extra £10 a week from their scheme. This is hardly insignificant to pensioners. Other 'accrued rights' are lost completely, as discussed in my first statement.

Pamela Bryson's statement

46. Trustee discretion on wind-up is discussed at paras 20, 23 and 24. I disagree with Ms Bryson's view that the 1995 Act brought about no real change. My understanding has always been that trustees did have the ability to vary the terms of the trust deed and rules, for example to prevent members close to retirement ending up with no pension, while those just past retirement or who had taken early retirement at younger ages, were paid their whole pension with index-linking. The

result of the 1995 Pensions Act was that such discretion was removed from trustees altogether, as I explain in my first statement.

47. Again, I have taken advice about this, which confirms my understanding is correct. I am told that the first legislative intervention in this area was in the Social Security Pensions Act 1975. Section 40(3) provided:

> *"(3) For an occupational pension scheme to be contracted-out it must contain a rule whereby any liabilities of the scheme in respect of*
>
> *(a) guaranteed minimum pensions and accrued rights to guaranteed minimum pensions;*
>
> *(b) any such benefits as are excluded by section 33(5) above from earners' guaranteed minimum pensions;*
>
> *(c) pensions and other benefits (whether or not within paragraph (a) or (b) above) in respect of which entitlement to payment has already arisen; and*
>
> *(d) state scheme premiums,*
>
> *are accorded priority on a winding up over other liabilities under the scheme in respect of benefits attributable to any period of service after the rule has taken effect."*

48. It will be noted that in addition to GMPs and state scheme premiums, pensions in respect of which entitlement to payment has already arisen were among the priority benefits. Section 40(3) was re-enacted as section 23(2) of the Pension Schemes Act 1993. Section 73 of the Pensions Act 1995 was then enacted, and applied to all pension schemes, whether contracted out or not. It was consistent with section 23(2), but more prescriptive in giving a more detailed list of priorities. It was enacted contrary to the advice of the Goode Report (para 4.6.35) which concluded that subject to section 23(2) schemes should be allowed to set their own priorities.

49. Ms Bryson is correct that most schemes had an order of priorities in their rules which place pensions in payment ahead of deferred pensions. For contracted out

schemes this is a statutory obligation, but it is also a practice adopted by contracted in schemes. But, subject to statutory constraints, the terms of the rules of the scheme could always be changed by exercising the power of amendment in the scheme rules. All schemes have such a power. Its exercise usually requires the agreement of the trustees and the principal employer, and there is no particular reason why the latter would object. Amendment powers are often drafted so that they cease to be exercisable when the scheme goes into winding up. But even powers in this form could be exercised before winding up so as to change priorities, or could be exercised so as to extend their operation beyond the winding-up date. It would, for example, have been possible, but for statutory constraints, to amend a scheme so as to give the trustees discretion to vary priorities in such manner as they considered fair after the winding up had begun. The simple fact is that in recent years, in many cases, trustees winding up schemes in deficit would have altered the statutory priorities on winding up had they not been constrained by legislation.

50. Deemed buyback is first discussed at para 25. Here it is incorrectly asserted that deemed buy back works in a 'broadly similar way' to the pre-1997 system of state scheme premiums. The many differences are well known to pensions experts. State scheme premiums bought all members back into SERPS as a whole, without the individual member needing to do anything about it and without the trustees needing to agree lengthy calculations and assessments of each individual's records with the government. With deemed buyback, each member has to have a quote sent to them and has to make a decision as to whether to go back into the state scheme. State scheme premiums restored the members' contracted out deduction in full and carried a debt indefinitely, even if the trustees did not have sufficient money to pay for full reinstatement.

51. Paras 28, 29 and 30 discuss GMP and deemed buyback again yet omit to mention that deemed buyback does not necessarily restore SERPS entitlement in full. The amount bought back will depend on the MFR calculation for the scheme and on an unbelievably complex calculation for each member. In practice, also, members are unable to actually make the decision on deemed buyback, certainly not on an informed basis. They are told to get advice, but they cannot find anyone to advise them on what is in their best interests financially. Citizens Advice Bureau refuse to

do so, trustees refuse to do so, the Pensions Advisory Service say they cannot do so and financial advisers are also unwilling to. In practice, the Inland Revenue refuses to actually say how much the member will get when they buy back either.

52. Ms Bryson's observation about the non-pensioner members' loss of occupational pension at para 26 is one of semantics. The non-GMP rights of non-pensioners are indeed bottom of a long pecking order: first is trustee expenses; then AVCs; then level pensions in payment; then level GMP; then index linking to pensions in payment; then index linking to GMP; and seventh and last non-pensioner members non-GMP – i.e. mostly the actual occupational pension .

53. At para 30, Ms Bryson questions my characterization as the Government 'taking away members' AVCs under the deemed buyback provisions', but that is what is happening in practice. Members who saved more than the minimum required by their company scheme are in a worse position as a result of that decision, than they would have been in had they saved or invested that money elsewhere. That is implicit in Ms Bryson's statement.

54. At para 31, discussing the MFR, Ms Bryson quotes selectively from Lord Mackay, but the Ombudsman report contains clear and unequivocal quotes from other Ministers and official documents which give a clear (and misleading) message of security provided by the MFR.

55. At para 32 Ms Bryson says she is 'not aware of any basis for the assertion that 'most' affected scheme members have lost 'most or all' of their pensions'. The basis for this is my contact with members of affected schemes, where the large schemes are often finding that they have not even sufficient money to cover the GMP in full for all non-pensioners. This means that the members are getting only part of what they would have received from the National Insurance state pension scheme if they had not joined their company pension. They are getting nothing from their actual company scheme contributions.

Conclusion

56. The reality at the heart of this case is that the government was obliged to ensure such information it disseminated about occupational pensions schemes to these

people was correct and complete. As the Ombudsman found, when choosing to issue its official information, it said its objective was to enable people to make informed decisions. The government took on this responsibility and its policy promoted membership of occupational pension schemes, telling people they had an 'obligation' to save. It was therefore important for the government to provide clear, balanced and appropriate information about the options available to them, and to help them ask the right questions. By failing to mention wind-up and the priority order, or the possibility that accrued rights might not be safe, members were denied the information they needed to protect themselves and their families. What is more, the risk was not remote or trivial: the direct link between the limited protection on wind up for non-pensioner scheme members and the fortunes of the companies they worked for, meant that their pensions were no safer than the shares of their company, or indeed any other single company.

57. I ask this Honorable Court to grant the Claimants the relief they seek.

Signed……

Dr. Ros Altmann

Date……