

# Lost in the Post: Solving the Case of the Missing Member!

Article By:

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TPO has [ruled](#) that a pension scheme was liable to pay a full deferred pension to a claimant, despite the scheme having no record of his benefits other than a guaranteed minimum pension (GMP). This determination shows the significant weight that TPO places on HMRC's GMP records and the inferences that can be made from those records.

## The complaint

Mr Y had been employed by Royal Mail Group (RMG) between 1979 and 1986, the sponsoring employer of the Royal Mail Statutory Pension Scheme (RMSPS). RMG dismissed Mr Y in 1986 following two criminal convictions. When Mr Y retired, he enquired about his pension entitlements and was told that the RMSPS had no records of any pension owed to him. However, during a GMP reconciliation exercise carried out by the RMSPS trustees, it came to light that HMRC's records indicated that Mr Y had a GMP in the RMSPS. The RMSPS acknowledged this entitlement, but decided that he was not entitled to any pension above his GMP benefits.

When Mr Y took the matter to TPO, the RMSPS argued that accurate records had been kept which did not show that Mr Y was entitled to any benefits, and that the existence of a GMP did not necessarily mean that he was entitled to a full deferred pension. The scheme also claimed that it did not have enough information about Mr Y's salary and service history to enable it to pay a pension in excess of GMP, and that it would not be able to do so unless RMG or Mr Y himself supplied this information. RMG said that it no longer held any employment records for Mr Y because for data protection purposes these were only kept for six years after an employee left service before being destroyed. The onus was therefore on Mr Y to prove his entitlement.

The Deputy Pensions Ombudsman disagreed, noting that the fact that the GMP record had been missing from the RMSPS's records indicated that the records were not complete. TPO also considered that there was no compelling evidence that Mr Y had:

- only ever accrued a GMP in the RMSPS
- transferred all of his benefits apart from the GMP to another scheme, or
- forfeited his rights to a pension in excess of GMP by virtue of his criminal convictions.

On the evidence available, TPO concluded that on the balance of probabilities Mr Y was entitled to a deferred pension in respect of his service between 1979 and 1986, and not just the GMP. This pension should be calculated based on estimates of Mr Y's pensionable salary, which TPO said could be deduced from the existing GMP records.

The broad circumstances of this complaint are likely to resonate with trustees of other pension schemes, who should bear this determination in mind when handling complaints involving missing or incomplete member records.

## **Record keeping and the pensions dashboard**

In 2020, trustees and administrators are fully aware of the need for excellent record keeping, which is a consistent theme in materials issued by The Pensions Regulator and industry groups promoting good practice. It is a pity that the same standards did not apply while GMPs were accruing. Hindsight is a wonderful thing!

One of the many reasons for the current focus on record keeping standards is the emergence of the pensions dashboard. Plans to implement the dashboard continue to progress at a steady pace. The Money and Pension Service [announced](#) on 22 June 2020 the launch of a six-week period of informal market engagement with potential suppliers of the digital architecture of the dashboard. This was followed by an industry-wide [call for input](#) on 6 July on the data scope and data definition working papers published in April. On the same date, Guy Opperman, the Minister for Pensions and Financial Inclusion, [stated](#) that “there is a cross-party focus on the quality of scheme’s data.... It is essential for schemes to be on the front foot and to get data ready as soon as possible.”

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National Law Review, Volume X, Number 202

Source URL: <https://natlawreview.com/article/lost-post-solving-case-missing-member>