



Dominic Harris

Rising to the challenge

▶ Laura Blows speaks to the pensions ombudsman, Dominic Harris, about his plans to improve efficiency within The Pensions Ombudsman (TPO) and reduce waiting times

▶ Earlier this year, the Court of Appeal ruled that the County Court is needed to reinforce TPO overpayment determinations where recoupment is required. At the time you had said that you were working with DWP to clarify the situation. Can you share what progress has been made so far with this?

Clearly that Court of Appeal ruling was a bit disappointing. Decisions I make around the recovery of overpayments are often emotionally charged. Members often feel aggrieved because, in most cases, the overpayment was not their fault. And from our perspective, we look at these cases in a lot of depth and, as a result, it takes a lot longer than most other complaints we deal with. So the last thing a member or a trustee needs is yet another administrative hurdle in the form of a County Court rubber stamp to a determination. It was also delaying the certainty that members need to be able to

get on with their lives.

So we spoke to the Department for Work and Pensions (DWP) at the time of the ruling, and, pleasingly, they recognised the issue straight away. Since the judgment, we've been working closely with them to try to find a legislative solution.

Therefore, I was really pleased by the announcement in the King's Speech that this issue is going to be addressed in the Pension Schemes Bill. It reaffirms us as a competent court for the purposes of Section 91 and, ultimately, it is going to make things a lot quicker and easier for all parties.

▶ TPO had also seen case backlog concerns and increasing waiting times for complainants – what is the situation now?

The demand for our services has been increasing significantly year on year and we think that trend is going to continue. On the one hand, it's gratifying. The high demand reflects the important role that we play in the sector.

But it also unfortunately means that for a number of years, demand for our services has outstripped our capacity to resolve cases for complainants in a

quick fashion. That means we've built up a large historical caseload and waiting times are now much longer than we would like.

That's not why I became the ombudsman. I came here to help people and trustees. I want to make sure that both applicants and respondents get a timely resolution to their complaints, and so reducing waiting times is my top priority.

Between 2022 and 2023, we had an approximately 30 per cent growth in demand, and we predict around 12 per cent growth in demand each year over the next three years. Yet indications so far is that it will be higher than 12 per cent this year.

In the 2022-23 year, my predecessor received DWP funding for a specialist team to deal with less complex cases. Just under 900 cases were closed by the team and it contributed to what was a good year for us generally. I think it was the first time we closed more complaints than we received for quite a while. But it was only a one-off increase in funding, and, because of that, it meant that the team had to focus on just the less complex cases. It didn't allow us to start looking at the queue of older, complex cases.

We've ended up wrapping up a lot of what we've learned from that specialist team into our wider Operating Model Review.

➤ You mentioned a root and branch review of your operating model in your recently published 2024/25 Corporate Plan. Please could you explain what that entails?

As an organisation, we're very good on the accuracy side, but we're just not quick enough. So in the second half of last year, my first year as the ombudsman, I commissioned a root and branch operating model review to look at what levers we could pull to bring quick, accurate resolution of complaints.

Clearly there are some levers that we don't have control over. For example, I would love to have more adjudicators. I'd also love to have better IT solutions, but both of those things depend on funding, and that's not a lever I can pull myself.

So instead, we looked at what levers we can pull to make our own processes quicker and more efficient.

The goal is to be efficient, effective, and much more targeted in our use of our resources. But it's not just about the numbers, saying 'I want cases to close within six months'. We want to ensure we help people. The fewer cases that take the full two or three years, the more we can use our resources to concentrate on the cases with complicated issues.

So, we have three key workstreams at the moment.

The first is making sure that complainants effectively exhaust their scheme's formal complaint process before they come to us.

Secondly, we are looking at what sort of complaints we should be taking on. For instance, some schemes have suffered data breaches, so we have had quite a few members coming to us about this, but that is not our specialism. It's one for the Information Commissioner's Office.

And then the third one is making sure that we make decisions earlier in the process, where appropriate. We're looking at shorter term, expedited determinations. There was a case I looked at a couple of months ago, about overpayments on the BIC pension

scheme, and my determination ran to about 80 pages. We can't do those for every complaint, and most complaints don't need that depth of analysis.

We're pretty hopeful that these workstreams will have quite a profound impact on the way we work and will allow our adjudicators to look at the complicated cases and the ones that have been in our queue for far too long.

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➤ With this increasing demand, funding and resources have been a challenge for TPO. How are the conversations with the DWP about these progressing?

TPO funding comes from the general pensions levy, from pension schemes, and so I think the industry should expect us to use pension scheme money well. So, we're trying to show with our operating model review that we are an efficient organisation.

Our current three-year spending review ends this year, so it's exactly the discussion we're having at the moment with our colleagues at the DWP. We're working on a settlement with them that hopefully addresses those challenges, that recognises the increasing volumes of cases we are receiving, and also the increasing complexity of complaints.

In an ideal world, we would have a funding model that's more responsive to the demands placed on the organisation, and that allows us to deliver a longer term, more permanent staffing model as well.

➤ Is there anything you would like those running pension schemes to improve upon, to help minimise the number of cases coming to TPO?

The trite answer is the better managers, trustees, administrators, run their

scheme, the fewer complaints there will be. But pensions, ultimately, is really complicated, and we have to understand that, because of its complexity, mistakes can happen. It's about how you respond when mistakes happen. To deal with them quickly, transparently and honestly. With members, tell them what's going on and recognise that members will quite likely be stressed. This is often their one source of income, so you need to be able to deal with them empathetically.

But having said that, I think the pensions industry is full of people who are trying to do the right thing and do things well.

What would also be good is making sure that all of the issues at play are raised and dealt with during the internal dispute resolution process, so that when we get a complaint, we're not having to investigate points that haven't been initially examined.

One example of that is overpayments. A good trustee will say, 'I'm terribly sorry but you'll have to pay this back, unless you can show a reason why you shouldn't'. These are the sort of defences that you might have to paying this money back.

If they don't do that initially, then we will look at whether the member has any defences. We're having to do all that investigation, which increases the amount of time and resource required from us.

Also, if there are lots of complaints coming up of a particular type, please tell us about it. If there are, say, 500 members all affected by the same issue, we don't want 500 separate complaints coming through the door. We would much rather be in a position where the trustee picks up the phone to us at an early stage and says, 'we've got this issue; would you be able to look at it as an example case, determine it and publish it', and then they can use this lead case to help them decide how to deal with the other 499 cases lurking in the background.

➤ Written by Laura Blows