

# How The Pensions Ombudsman is fighting back against a record caseload

**With mounting delays, the resource-strained Pensions Ombudsman was recently forced to pause work on scam cases – raising questions about what this office can do amid continually surging pensions complaints**



## Summary

- Although TPO has met several KPIs, it is forecasting a sustained surge in complaints over the coming years – putting its resources under further strain.
- The DWP has given additional funds to TPO but there is a need for a greater financial commitment over the long term.
- TPO is exploring other ways it can alleviate this burden, and its ERS has proven successful in helping mitigate pressures.
- Recruitment, with an emphasis on long-term contracts, is a priority for TPO but this depends on additional funding.

Located at 10 South Colonnade in Canary Wharf, the office of The Pensions Ombudsman (TPO) is dwarfed – physically and metaphorically – by the steel and glass financial services giants surrounding it. TPO has increasingly struggled to handle a growing caseload with delays becoming longer. This culminated in March 2024 when TPO was forced to temporarily pause scam cases amid resource limitations, with pensions ombudsman, Dominic Harris, emphasising this is a “small organisation”.

## A surging caseload

TPO currently has a total of 155 full-

time staff responsible with investigating and determining pension complaints across the UK's entire pension industry. However, despite these limitations, TPO has been able to surpass several of its caseload KPIs. According to TPO's 2023-2026 corporate plan, the body had set a target of 90 per cent resolution of general enquiries within four weeks in 2022/23 – a rate of 99.9 per cent was achieved. TPO was also able to surpass all its total pension compliant closure timeframes in that period.

Critically, TPO has been facing more complaints than ever before. In 2022/23, TPO closed 7,784 cases, which represented a 49 per cent increase from the year before. A cyber-attack incident in June 2023 was also identified as disrupting TPO's work clearing complaints.

A factor that doesn't help TPO is the legal framework it operates under. Savers benefit from such routes to recourse, but this means TPO staff are often inundated with complaints, no matter how baseless.

“There are no barriers to members or claims management companies filing complaints, even if they are hopeless complaints,” says Gowling WLG principal associate, Aaron Dunning-Foreman. “This is a challenge for TPO because a complaint with no merit takes up just as much resource and time as a potentially valid complaint.

“We've seen cases of members being advised by TPO employees that the

complaint is highly unlikely to succeed but the complainant still allowed to proceed, clogging up TPO's office and causing other service users to incur fees responding to complaints that are hopeless.”

Unfortunately for TPO staff, caseloads are expected to continue surging and to hit 10,220 complaints by 2025/26. The need for longer-term funding remains, with TPO concluding in its corporate plan that it would be unable to make any positive forecasts about its productivity: “Based on our indicative budget provided over this Spending Review period we would be unable to commit to forecasting any further increase in productivity for 2024/25 and 2025/26.”

With resources identified as the key area of concern, attention turns to how TPO is funded by the Department for Work and Pensions (DWP). After an additional £750,000 in 2022/23, the DWP sent a further £1.7 million to TPO in 2023/24 and £1 million earmarked for 2024/25. This money is already being put to use in recruitment, moving staff on fixed-term contracts to permanent employment.

The recruitment goal is to get the headcount to over 170, with a focus on retention of experienced staff. While the additional funding has supported the work of TPO, a spokesperson for the organisation stresses the need for a longer-term solution: “While additional

funding has made a difference to our case closure rates, the short-term nature of the package restricts our ability to recruit and retain experienced staff on permanent contracts.

“A more stable workforce with the skills and experience to deal with our complex caseload would support meaningful and lasting improvements to our wait times. Additional funding would also enable us to review our current systems to drive further efficiencies, including the use of more technological solutions.”

When asked by *Pensions Age* if the government was going to increase this funding in the long term in recognition of TPO's ongoing struggles, the DWP refused to comment. However, the title understands that this level of funding is kept under review by the government.

### Cheaper alternatives

With no clear long-term funding increase in sight, other solutions are being turned to. Last year, TPO embarked upon a ‘root and branch’ review of its operating model to find efficiencies wherever possible. This is assessing all areas, from the way complaints are submitted to how decisions are made and communicated. A TPO spokesperson says: “The goal is to provide earlier resolution of complaints, with fewer handovers between our internal teams. We have already implemented some quick wins, including early closures of cases within the current assessment and resolution queues and an improved online complaint form.”

In response to its current resource strains, TPO has also introduced an early resolution service (ERS) in a bid to streamline its caseload. The ERS provides an informal approach to dispute resolution and relies on the willingness of parties to resolve matters informally. This has already proven useful and cleared 1,572 cases in 2022/23, a 19 per cent increase from the year before.

“TPO's ERS has also proven to be an effective tool for quickly and informally

resolving cases, but it remains a service which complainants must choose to use,” says Sackers senior associate, Amy Difford. “In the civil courts, a compulsory mediation process is about to be introduced for ‘small claims’, with the similar aim of reducing pressure on the courts and freeing up capacity. Similarly, TPO could perhaps be given stronger powers to encourage, or even compel, complainants to use the ERS in appropriate cases.”

## **“Implementing a system for the quick disposal of simpler matters could significantly ease the backlog, allowing only those cases that require comprehensive determination to reach that stage”**

A more significant step that some solicitors have suggested is to change the legislative framework that TPO works within. The fact every scheme member has the right to take their complaint through to determination may be a positive but can often result in needless work for TPO. RPC partner, Rachael Healey, recommends the introduction of a system in TPO for it to easily dispose of simple matters. This could be like the Financial Ombudsmen (FOS) where respondents are encouraged to ‘admit’ complaints early on to obtain a regulatory benefit in how the complaint is recorded.

“Implementing a system for the quick disposal of simpler matters could significantly ease the backlog, allowing only those cases that require comprehensive determination to reach that stage,” says Healey. “The same process [used at the FOS] is unlikely to be suitable at TPO, but it could be that a

streamlined process for something like mis-quotations – which if there has been a mis-quote in large part come down to whether an individual has changed their position in reliance on the mis-quote – could be adopted.”

In agreement is Difford, who points out this legal framework has not been updated in many years and was not designed with the current caseload volume in mind. She also argues more flexibility could be introduced, with new legislative tools at TPO's disposal.

“For example, the civil courts have ‘summary judgment’ powers, which can allow them to dispose of clear-cut cases early on, without the need for a full trial,” says Difford, who feels TPO could learn from this approach. “The courts are increasingly encouraging parties to use alternative forms of dispute resolution (such as mediation), with the hope that this will result in more cases being settled before they need to reach a judge at all. While TPO already strongly encourages complainants to utilise the ERS where possible, it could be given more powers in this respect.”

Progress is being made and, despite growing delays, TPO has managed to hit several KPIs. The body is continuing to explore routes to efficiency and recently appointed Robert Loughlin as chief operating officer. Having worked at the Legal Services Commission, General Medical Council and Solicitors Regulation Authority it is hoped he can impart some insights on how to drive down waiting times while upholding quality standards in a regulatory setting. Fortunately for TPO, many in the pensions industry understand the challenges this organisation is facing, as Dunning-Foreman says: “We don't think an overhaul is necessary. On balance, we think TPO does very well with the resources it has to manage and responds to complaints in a fair way.”

 **Written by Jon Yarker, a freelance journalist**