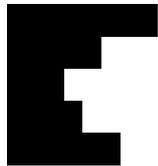


Ministry of Defence



Dear [REDACTED]

Internal Dispute Resolution Procedures (IDRP)

18 December 2014

Your IDRP Stage 2 complaint has been successful.

Reason for Decision

From the evidence presented it was established that at the point of transfer your AFPS 75 pension paid an annual rate of pension, which was of a lesser value than the calculated sterling equivalent of the Gurkha Pension Scheme (GPS) benefit you were already receiving. This is in breach of the rules contained within the Finance Act 2004 and your complaint has therefore been upheld.

Regulation 2(3) (b) of schedule 28 of the Finance Act 2004 states that the rate of pension payable in respect of any relevant 12 month period is not less than the rate payable in respect of the previous 12 month period. It has been confirmed that this rule applies to a member's pension at the point of transfer.

Regulation 7 of the same part of the Finance Act states (7) A relevant 12 month period is any 12 month period which (a) begins on or after the 1st anniversary of the day on which the member becomes entitled to the pension, And (b) ends before the day on which the pension ceases to be payable. In effect this allows us to review a pension over a period of 12 months, and select the best possible month for the member to transfer to the new scheme.

The agreed Offer to Transfer effective date was 1/10/2007, however, it took until December 2008 for the process to be completed, and transfer your entitlement from one scheme to another. In applying the above regulation we carried out an assessment of your GPS Vs AFPS 75 benefits over a period between 1/10/2007 to 30/11/2008 and established the best monthly rate. Taking into account the monthly rate of GPS, the actual exchange rate relevant to that month and the fixed rate of monthly AFPS 75 pension, the best monthly rate of GPS once converted to sterling equivalent is May 2008. Your monthly GPS was 22951.53 rupees converted to sterling using exchange rate 79.76 equates to £287.76 monthly sterling. The monthly rate of AFPS 75 at the point of transfer was £265.75. Therefore, £22.10 per month is the amount of reduced entitlement from 1/12/08.

We will pay you a monthly top up of £22.10 from the point of transfer and this remains an entitlement up until your 55th birthday. At age 55, the monthly rate of AFPS 75 pension increases to £403.97. As this is greater than the rate of GPS as at May 2008, there is no further requirement to maintain any top up payment from this date forward.

Your arrears have been calculated based on 4 years 325 days and the amount due is £1291.77. This is the gross sum of arrears and is subject to income tax deduction. You are also entitled to receive interest on these arrears, the total amount of simple interest due is £16.73.

The DO has rejected your complaint that you based your decision to transfer on misleading information. He notes that as a member of the GPS you would have been provided with a copy of the GOTT along with two booklets GPS "Your Pension Scheme Explained" and AFPS 75 "Your Pension Scheme Explained" we also provided information on a website which included an easy to use calculator. All of the information supplied was to assist you in making your decision it was however pointed out that there were numerous variables that you should take into consideration and if necessary seek independent financial advice. The information within the GOTT and the accompanying booklets was not misleading. If you had concerns regarding his understanding of the information contained within the booklets these should have been addressed at that time.

The remainder of your letter raises issues relating to the mechanics of the GOTT process and the assumptions used by GAD and are out with the scope of IDRPs.

What Happens Next

We will instruct Equiniti Paymaster to pay you the appropriate top up and this will be processed as quickly as possible. The DO notes the significant delay in resolving your complaint and offers his sincere apologies. This was a complex case where Veterans UK needed to seek advice from various parties in order to resolve this matter. In view of the lengthy delay he has offered to pay you £175.00 in recognition of the stress and inconvenience due to the delay in concluding your case. This amount includes the calculated loss of interest due on the arrears. Would you please confirm your acceptance of this offer and advise if you would like this to be paid direct to your bank using the details we currently hold or alternatively by cheque to your home address.

Yours sincerely


Armed Forces Pensions