

Dispute resolution procedures

This module forms part of our expectations for trustees of those schemes required to operate an effective system of governance, see **Systems of governance**.

1. Governing bodies must put formal procedures and processes in place¹ to investigate and decide upon pension scheme disputes quickly and effectively. This applies to governing bodies of all occupational pension schemes, subject to certain exemptions².
2. Dispute procedures play a key role in effective scheme governance and administration and need to follow the legislative requirements³. The documents setting out the operation of the scheme may refer to internal dispute resolution arrangements.
3. Governing bodies must follow the dispute procedure to resolve various matters⁴.
4. Where a person with an interest in the scheme is not satisfied with any matter relating to the scheme (for example a decision that affects them), they have the right to ask for a review of the matter.
5. Where a person no longer has an interest in the scheme⁵ or claims to be such a person, governing bodies must ensure their scheme's procedures allow a reasonable period for that person or their representatives⁶ to make their applications. The reasonable period in these circumstances is six months beginning on the date their interest in the scheme stopped.
6. Governing bodies can accept an application outside of this timeframe if they believe it is appropriate.

1 Section 50(1) of the Pensions Act 1995 and regulation 3 of the Occupational Pension Schemes (Internal Dispute Resolution Procedures Consequential and Miscellaneous Amendments) Regulations 2008 [Article 50(1) of the Pensions (Northern Ireland) Order 1995 and regulation 3 of the Occupational Pension Schemes (Internal Dispute Resolution Procedures Consequential and Miscellaneous Amendments) Regulations (Northern Ireland) 2008]

2 Section 50 (8) of the Pensions Act 1995 [Article 50(8) of the Pensions (Northern Ireland) Order 1995]

3 Section 50 of the Pensions Act 1995 [Article 50 of the Pensions (Northern Ireland) Order 1995]

4 Section 50 of the Pensions Act 1995 and regulation 4 of the Occupational Pension Schemes (Internal Dispute Resolution Procedures Consequential and Miscellaneous Amendments) Regulations 2008 [Article 50 of the Pensions (Northern Ireland) Order 1995 and regulation 4 of the Occupational Pension Schemes (Internal Dispute Resolution Procedures Consequential and Miscellaneous Amendments) Regulations (Northern Ireland) 2008]

5 Section 50A(1) of the Pensions Act 1995 [Article 50A(1) of the Pensions (Northern Ireland) Order 1995]

6 Section 50B(2) and (3) of the Pensions Act 1995 [Article 50B(2) and (3) of the Pensions (Northern Ireland) Order 1995]

Dispute resolution processes

7. In relation to dispute resolution processes, governing bodies must:
 - a. provide their internal dispute resolution procedure to⁷:
 - prospective members if it is practicable to do so
 - any scheme members who have not been given the information
 - certain people who request the information and who have not been given that information in the previous 12 months
 - members or prospective members when schemes receive jobholder information, or when a jobholder becomes an active member, in connection with automatic enrolment
 - b. provide information about the Money and Pensions Service and the Pensions Ombudsman to the complainant at certain stages of the dispute⁸
8. Governing bodies should:
 - a. agree on any details of their dispute resolution process that are not set out in law
 - b. provide contact details for matters relating to disputes
 - c. regularly assess the effectiveness of the dispute procedure
 - d. be satisfied that those following the process are complying with the requirements set, which includes effective decision making
 - e. consider the circumstances under which advice may be required to reach a decision on a dispute
 - f. ensure they make the following information available to applicants:
 - the process to apply for a dispute to be resolved
 - the information that an applicant must include
 - the process by which any decisions are reached

7 Regulation 6(2) of, and paragraph 18 of Schedule 2 to, the Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013

8 Regulation 2(1) and (4) of the Occupational Pension Schemes (Internal Dispute Resolution Procedures Consequential and Miscellaneous Amendments) Regulations 2008 [Regulation 2(1) and (4) of the Occupational Pension Schemes (Internal Dispute Resolution Procedures Consequential and Miscellaneous Amendments) Regulations (Northern Ireland) 2008]

Reasonable periods

9. In relation to reasonable time periods⁹ governing bodies should:
 - a. decide the matter in dispute within four months of receiving the application
 - b. in the case of a two-stage dispute resolution procedure, reach a first stage decision within four months of receiving the application
 - c. in the case of a two-stage dispute resolution procedure, reach a second stage decision within four months of the point when the governing body receives the referral
 - d. notify applicants of the decision no later than 21 days from when it is made
 - e. not delay a decision where it is possible to process an application sooner than four months
 - f. allow more than four months to reach a decision if it is appropriate to do so
10. For public sector schemes, where the governing regulations provide for shorter periods to consider grievances than set out above, those regulations will apply.

Decision-making

11. When reviewing an application, decision-makers should:
 - a. ensure they have all the appropriate information to make an informed decision
 - b. request further information if required
 - c. be satisfied that the time and action taken to reach a decision and notify the applicant are appropriate to the situation, and be able to demonstrate this

Informing members

12. It is good practice for governing bodies to keep members informed about dispute resolution, this may include:
 - a. publishing and making readily available details of the time limits within which someone with an interest in the scheme must make an application
 - b. making their procedure accessible to members and potential applicants by publishing it on a scheme website
 - c. keeping applicants advised of the progress of their dispute and let them know when they are likely to receive an outcome

9 Section 50(5) of the Pensions Act 1995 [Article 50(5) of the Pensions (Northern Ireland) Order 1995]

Glossary

Disputes

As defined in section 50(3) of the Pensions Act 1995¹⁰ a pension dispute is a dispute which: is about matters relating to the scheme; is not an exempted dispute and is between the trustees or managers of a scheme and one or more persons with an interest in the scheme.

Exempted disputes

As defined in section 50(9) of The Pensions Act 1995¹¹ a dispute is an exempted dispute if: proceedings in respect of it have been commenced in any court or tribunal; the Pensions Ombudsman has commenced an investigation in respect of it as a result of a complaint made or a dispute referred to him, or it is of a prescribed description¹².

10 Article 50(3) of the Pensions (Northern Ireland) Order 1995

11 Article 50(9) of the Pensions (Northern Ireland) Order 1995

12 Regulation 4 of the Occupational Pension Schemes (Internal Dispute Resolution Procedures Consequential and Miscellaneous Amendments) Regulations 2008 [Regulation 4 of the Occupational Pension Schemes (Internal Dispute Resolution Procedures Consequential and Miscellaneous Amendments) Regulations (Northern Ireland) 2008]