



Opening Statement

Introduction

I am grateful to the Committee on Public Accounts for the opportunity to address it on the role and function of the Office of the Pensions Ombudsman.

The Office of the Pensions Ombudsman has responsibility for the investigation of complaints involving financial loss and disputes of fact or law in relation to Occupational Pension Schemes and Personal Retirement Savings Accounts (PRSAs). Legislation establishing the Office of the Pensions Ombudsman was passed in 2002. I was appointed in April 2003 and reappointed in 2009.

My Office considers and investigates complaints from people who believe they have been treated unfairly or unreasonably in relation to their pensions, in both public and private sector employment, with the exception of State pensions. Ours is an independent Office. There is no charge to the individual complainant for bringing a complaint to Office of the Pensions Ombudsman. Our aim is to resolve complaints impartially, informally and quickly; if we cannot assist with a particular complaint, we will explain why and may suggest other avenues for resolving the matter.

Service Based

The Office of the Pensions Ombudsman is a service-based and customer-orientated organisation. The Department of Social Protection provides a "shared-services" type arrangement whereby Finance, Payroll and ICT requirements for the Office of the Pensions Ombudsman are provided by the Department. This is a cost effective arrangement which avoids the duplication of staff and resources. I acknowledge that this support is given by the Department in a spirit which completely respects the independence of the office.

The 2010 budget allocation to the Office of the Pensions Ombudsman was €986,000, of which about 70% was pay. The small size of the allocation does not however reduce the need to ensure cost effectiveness in expenditure. Indeed, it heightens the need for maximum effectiveness and efficiency in every item of our expenditure and we rigorously examine every line of expenditure to ensure maximum value for money for the Exchequer.

Background

The Office was established in April 2003, under the terms of Part XI of the Pensions Act 1990, as added by the Pensions (Amendment) Act 2002, and the statutory instruments to enable me to begin my investigation work were signed on 2 September 2003. The purpose of the Office is to investigate and decide complaints and disputes concerning occupational pension schemes, that is, pension schemes sponsored by an employer, and personal retirement savings accounts, PRSAs, which were introduced in 2003. The Office is a statutory position. I am independent of the Minister for Social Protection in the performance of the duties of my Office and I act as an impartial adjudicator. I can investigate pension schemes in the public and the private sectors and my role has been expanded to include certain group schemes set up under trust for bodies comprising self-employed people.

I produce an annual report and my accounts are audited by the Comptroller and Auditor General. I am assisted by nine experienced and well-qualified staff who are all civil servants in the service of the State. They have authority to act on my behalf, although the final decision on any complaint, formally known as a determination, must be made by me.

2011

We are extremely conscious of the overall current economic climate and the drive to make savings across the entire civil and public service. The Office of the Pensions Ombudsman has been continuously monitoring our financial expenditure. Our 2011 allocation was just over one million Euros and expenditure is in line with our allocation for the end of September.

If we can achieve further savings before the year end I will be happy to surrender as much funds as possible to the Exchequer as, indeed, I have been able to do in each of the last three years.



Financial Outline : 2010 Accounts

The 2010 budget allocation to the Office of the Pensions Ombudsman was €986,000, of which about 70% was pay. The small size of this allocation does not however lessen the need to ensure cost effectiveness in expenditure. Indeed, it heightens the requirement for maximum effectiveness and efficiency in every item of our expenditure. We rigorously examine every line of expenditure to ensure maximum value for money for the Exchequer. Following the well-documented economic challenges facing the country, combined with the ongoing turbulence in financial and pensions markets and the collapse of international investment markets, the case load facing my Office continues to increase. The number of new complaints received in 2010 was 1,312 and the number of complaint files open at the end of the year was 428. Although the number of new cases in 2010 was lower than that in 2009, it still represented an increase of 28% over the 2008 figure. Staffing levels have been unchanged for the past four years.

We aim to resolve complaints impartially, informally and quickly. If we cannot assist with a particular complaint, we will explain why and may suggest other avenues for resolving the matter. In that regard we co-operate closely with the Pensions Board, the Financial Services Ombudsman and the Central Bank. However, a notable feature of the work in the Office is the increase in the complexity of the cases and a tendency towards increased litigation. The case load being dealt with by my Office covers every aspect of the labour market and the employment situation in Ireland. What is not represented in our caseload figures is the increasing number of enquires and informal requests for information about pension entitlements that my Office receives from members of the general public. There is a high level of unease and uncertainty about pensions generally and we are at the coalface of dealing with these queries. In many instances, members of the public seek clarification of their rights and entitlements in the changing circumstances of the very dynamic and volatile pension market.

We sometimes receive complaints because the individual does not understand what their pension provider is communicating to them – often this is because the pension provider or administrator has used technical language which is not readily understood by ordinary members of the public.

The Office of the Pensions Ombudsman is a service-based and customer-orientated organisation. I should say that the Department of Social Protection provides a "shared-services" type arrangement whereby Finance, Payroll and ICT requirements for the Office of the Pensions Ombudsman are provided by the Department. This is a cost effective arrangement which avoids the duplication of staff and resources. I would like to acknowledge that this support is given by the Department in a spirit which completely respects the independence of the Office. I am grateful to the Minister and the Department officials for this.

The financial highlights of the 2010 accounts are as follows:

The allocation for 2010 was €986,000 of which we managed to effect savings of almost 4% of the total. We have systematically examined every line of expenditure for 2010. There was a significant increase in the legal costs incurred by the Office in that year. The relatively high level of legal costs in 2010 represents one High Court Judicial Review, sixteen District Court and several cases brought before the Circuit Court. (Appeals from Determinations of the Pensions Ombudsman are to the High Court. Enforcement proceedings are taken through the Circuit court. The District Court cases are criminal prosecutions brought by the Office for failure to produce information to investigators). By definition, High Court costs are unpredictable, as any party to a dispute may appeal a Determination.

Legal services are provided to the Office of the Pensions Ombudsman from a panel established following a tendering process. The firms on the panel all have dedicated pensions units. The current panel of expert advisors for legal and documentation matters expires in February 2012. It is worth noting that the fees agreed with the current panel members represent the level of fees of 2004, reduced by 8%.

The Office of the Pensions Ombudsman does not engage Barristers directly. They are engaged, if required, by the solicitors dealing with the particular case.

2011 Financial Situation

We are extremely conscious of the current economic difficulties facing the country and the drive to make further savings across the entire civil and public service. We continue to rigorously monitor our financial expenditure. Our 2011 allocation was just over one million euros and expenditure is in line with our allocation for the year to date based on the end of September figures.

If we can achieve further savings before the year end I will be very happy to surrender as much funds as possible to the Exchequer as, indeed, I have been able to do in each of the last three years.

I regret to inform the Committee that legal costs to my Office in 2011 are almost at the same high level as at 2010, reflecting the litigious situation in which we find ourselves as a quasi-judicial independent and impartial Office. I endeavour to settle as many complaints and disputes as possible via mediation and negotiated settlements or by the application of common sense. Regrettably, these solutions do not always work and as a result I am obliged to make determinations, which inevitably means that one party at least is unhappy with the outcome and we sometimes find ourselves before the Courts.

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