WHEN a pensions adviser told nurse Mandy Lawson to leave the NHS superannuation scheme in favour of a personal plan, she assumed he was acting in her best interests. Ten years later, retired through ill health, living near the breadline and exhausted from a fruitless battle for compensation, Ms Lawson realises that her trust had been misplaced.

Ms Lawson's nightmare began in 1989 when an insurance broker 'encouraged' her to opt out of the NHS scheme and set up a pension of her own.

"He said my NHS pension was subsidising other people in the scheme and the final amount I'd get was a lottery. He also said the NHS might be privatised and opting out was the best option. There were television advertisements at the time recommending private pensions and it seemed to be encouraged as government policy," she says.

Ms Lawson, who worked as a psychiatric nurse with severely disturbed adolescents, believed the hype and set up a pension with Scottish Widows.

In the NHS scheme her employer, Severals Hospital in Colchester, had been obliged to add contributions to her £50 monthly stake, thus doubling the fund. With the private scheme, the employer's obligation no longer existed. It was inevitable, therefore, that Ms Lawson would lose out. At this stage, however, she assumed she was being prudent.

Missing out on the maximum benefit

In 1994, Ms Lawson began reading about pension mis-selling and realised her mistake. Now working with adolescents in Ipswich, she decided to opt back into the NHS scheme.

She had only been back in the NHS scheme for three months when she suffered the first of several accidents. Stressed by a battle to save the threatened local psychiatric adolescent unit, she crashed her car. This was followed by a further two accidents.

'I had been driving since I was 21 and I had never had an accident and then I had three all at once. The combined effect was excruciating back pain. Several disks were compressed in my lower back and my upper back is rigid so I can't twist from side to side or tip my head back. I have to take the maximum amount of painkillers and muscle relaxants every day," she says.

The pain was so bad that Ms Lawson was forced to retire at just 34. The private scheme was worth no more than £6,000. She was also entitled to a small lump sum and £240 a month from the limited fund she had built up under the NHS before opting out. In addition, she receives £98 incapacity benefit each month. Had she stayed in the NHS scheme without interruption, she would have been entitled to ten years' benefit index-linked for the rest of her life plus a large lump sum. She suspects her pension would be two thirds greater had she ignored the advice.

Although it pains her to think about it, Ms Lawson accepts that she has lost at least an extra £100 a month – possibly more. Certainly, the losses run into thousands. Ms Lawson has never been able to bear the thought of sitting down with a calculator to work out just how much better off she might have been.

Instead, she is forced to rent out rooms to students to pay off her mortgage and cannot afford to replace her clapped-out, 14-year-old car – essential because of her disability. "Some days the pain is so bad I cannot bend down to put on my shoes or socks," she says.

While the story is sad, it is also maddening because, since discovering she was one of the millions of people mis-sold pensions between June 1994 and April 1998, Ms Lawson has followed every course possible to get com-
When nurse Mandy Lawson discovered she had been mis-sold a pension, she went through all the right channels to claim redress. But, as Jo Carlowe reports, her efforts so far have been in vain.

In the first instance, Ms Lawson contacted Scottish Widows, who advised her to go back to the original broker. But he refused to accept responsibility. The RCN suggested she wrote to the Ombudsman, who advised her to contact the Personal Investment Authority (PIA). The PIA is responsible for working out whether someone has a valid claim for compensation. Unfortunately, Ms Lawson says it took 18 months for the PIA to process her case. After this time, the PIA concluded it could not help as the person against whom she was complaining was no longer registered as a pensions adviser. Ms Lawson’s case was referred to the Investors Compensation Scheme (ICS), described by its spokesperson as ‘the fund of last resort’. The ICS is able to pay up to £48,000 in compensation provided the claimant is unable to recover the money elsewhere.

However, the ICS wouldn’t pay out because the broker was still trading – no longer in pensions, but in general insurance. He was still solvent and, therefore, in the view of the ICS, able to pay compensation.

‘If compensation can be paid out by another party, we have to refer it to that potential source. We only come in if a firm has ceased to trade or if the firm is not sufficiently solvent to pay. It is always unfortunate if we are unable to help an individual,’ says an ICS spokesperson.

According to solicitor Oliver Reece of Ringrose Wharton, who was brought in by the RCN to handle Ms Lawson’s case, had the broker’s business been dissolved, Ms Lawson would almost certainly have been awarded the maximum level of compensation by the ICS as her losses were greater than £48,000. Without this option, Ms Lawson went back to the broker who, unsurprisingly, refused to admit liability.

‘A rare but very sad case’

Let down by the review process, Ms Lawson sought legal redress. Once again, it proved hopeless. To be able to litigate, Ms Lawson needed to have sued within six years of the date she first opted-out of her pension (1989) or within three years of the date of the knowledge of the loss (1994). But Ms Lawson had placed her trust in the review process, believing legal redress would be unnecessary. In the event, by the time the PIA and ICS finished processing her claim, it was already 1998 and Ms Lawson was time-barred.

‘I couldn’t believe it. I had done everything that was asked of me and plodded on through all the right channels and yet I am left with nothing,’ she says.

Richard Bernhard, director of legal services for the RCN, describes Ms Lawson’s case as ‘rare but very sad’. ‘She was let down by the person who sold her the personal pension in the first place and was let down again by the review process.’ Mr Bernhard says the review process has improved since the early days, but accepts this is too late for Ms Lawson. Many other RCN members have been more fortunate. The RCN has helped 400 nurses recover millions of pounds.

Ms Lawson, now living in Cheltenham in Gloucestershire, intends to consult her MP but believes that all other avenues are closed. She says: ‘I don’t feel bitter, just disappointed. I started with such hope.’

Jo Carlowe is a freelance journalist

Anyone who needs further information on pension mis-selling can call RCN Direct on 0345 726100