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"Beyond Parsimony"

Bulletin No. 32

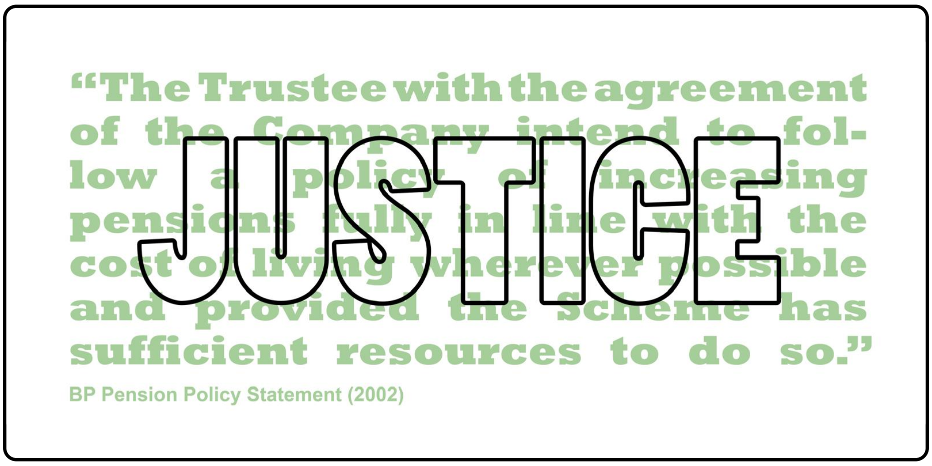
Protecting BP Pensions

Formal Complaint Submitted to Pensions Ombudsman

Bulletin highlights

- *Ombudsman submission is in!*
- *Seeking amendments to the Pensions Scheme Bill*

- *BPPG testifies to Select Committee*
- *Trustee transfers £1.6 billion of Fund assets to L&G*
- *Retail Price Index – and Fund "sufficient resources"?*



Welcome to Bulletin 32

We are delighted to inform you that, after many months of detailed work by our Legal sub-group, we submitted a final, formal complaint to the Pensions Ombudsman on Friday, 21st November.

It's been quite a long road since we started the BP Pensioner Group in May 2023. We've encountered several roadblocks, one or two unexpected diversions, and the occasional flat tyre. However, our progress towards achieving a fair and just outcome for BP's pensioners remains on course – fuelled by your support - even if we still have some way to go yet.

There have been plenty of important milestones. With your help, we've been able to secure expert advice to make the legal arguments, garner the support of MPs with two Parliamentary debates and two Select Committee appearances, and we have publicised our campaign widely in the media and on social media.

After 31 months, we have finally arrived at the point where we hand over to an independent legal authority who will begin to investigate our case and make a determination that is binding on the parties.

Whatever the final outcome, we hope our submission to the Ombudsman will do justice to all the efforts made by everyone involved with the campaign.

You can read more on this below, as well as BPPG's proposed amendments to the draft Pension Schemes Bill, our recent appearance at the Parliamentary Select Committee, the 'Buy-In' to our pension fund by L&G just announced by the Trustee and the outlook for inflation and our Fund's surplus.

Finally, the Steering Group plans to meet shortly to draw breath and consider where the Campaign goes next. We will write to you in due course with our thoughts for 2026.

Meantime, we hope you find this Bulletin a useful update.

Best wishes
Suzie Baverstock
Colum Doyle
Mike Hennessy
Jonathan Popper
Mike Slingsby
Adrienne Tallents

BPPG Steering Group

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Ombudsman submission is in!

The submission itself extends to 48 pages and contains some 25,000 words. In addition, we submitted 67 individual documents from which we cited evidence in support of our complaint or as part of rebutting the arguments put by BP and the Trustee. These included 13 signed, personal statements by Fund members - some of whom were directly involved in the oversight of the pension scheme in the relevant years.

Regrettably, we are unable to share with you - at this point - the details of this comprehensive complaint for two reasons:

1. We have drawn extensively from materials provided to us by the Trustee, which have been restricted by Non-Disclosure Agreements imposed on us by the Trustee. If we were to try and redact this material, the submission would be rendered largely unintelligible.

2. The Ombudsman requires that “ *All parties (to the complaint) have a duty to keep all the information about a complaint confidential. That means it can’t be shared with anyone who isn’t directly involved either during the investigation or after it. If any party discloses information improperly, we may refer the matter to the courts. The*

only exceptions to this are Ombudsman Determinations."

We appreciate that this is disappointing, if not frustrating, for our members who are naturally keen to see the nature and strength of our case. From our perspective, we would like to avoid being hauled before the courts! We intend to discuss this aspect with the Ombudsman once he has completed his initial review of our submission.

What Happens Next?

As things stand, we have submitted a substantive complaint to the Ombudsman in the names of six Fund members (the F6) who have completed the Internal Dispute Resolution Procedure (IDRP) with the Trustee and BP. We believe this F6 complaint addresses two fundamental objectives of the BPPG campaign:

- To restore the real value of the pension to the level of May 2021.
- BP and the Trustee to honour the 1992 policy of "increasing pensions in line with the cost of living wherever possible, provided the Fund has sufficient resources to do so."

You may recall that in February this year, we invited all our members to contact us if they felt there were circumstances relevant to themselves (and not necessarily the F6 complainants) which might be considered for inclusion as 'sub-categories' to the main complaint.

For example, some members received pension valuations that made specific reference to the pension increase policy (PIP) in the years after 2006, when BP and the Trustee now claim that the PIP was withdrawn.

As a result, three additional complaints were submitted to the Trustee and BP by individual members whom we call F3. The Trustee decided to 'pause' these three complaints at the IDRP stage and to await a determination by the Ombudsman of related matters in the F6 complaint.

The Ombudsman will now conduct a review of our F6 submission and first determine whether he can exercise jurisdiction over the complaint and begin to investigate.

From our discussions with his office, we expect he will seek to develop a 'lead complaint' approach in agreement with the six signatories to the F6 complaint and with the Trustee and BP.

We expect him to take into account the F3 complaints as well, as envisaged by the Trustee.

A Lead Approach

A 'lead' approach is usually adopted where there are multiple interested parties to a complaint. It allows the Ombudsman to be clear about the matters he will investigate and on which he will make a determination.

There may be several 'lead' complaints (and complainants) formulated if this proves to be the most efficient way to proceed. Any determination will then be binding on the F6/F3 and on the Trustee and BP – unless there is an appeal.

(*Appeals against determinations or directions of an Ombudsman can only be mounted if they relate to a point of law and must first satisfy the Court that the appeal has a real prospect of success or that there is some other compelling reason why it should be heard.)*

If we are successful, then we expect the Trustee and BP will be (legally) obliged to apply any precedents set by the Ombudsman's F6/F3 determination across the Fund membership.

The alternative to this approach was to have invited our 3,000+ members to all submit individual IDRP complaints to the Trustee and BP - effectively swamping them – before submitting another 3,000 individual papers to the Ombudsman with a similar result.

We know the Ombudsman is already dealing with a heavy backlog, so our approach is welcome, but that does not mean our submission will be 'fast-tracked'. We are going to have to be patient. We will, of course, keep you updated on developments.

If you wish to learn more about the Pension Ombudsman and his approach to complaint handling, investigation and resolution, then you can read more - click on the button below.

Pension Ombudsman Complaint Handling Information

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Seeking amendments to the Pension Schemes Bill

In our June bulletin, we provided an explanation about the Government's new Pension Schemes Bill 2025, which *"seeks to remove barriers preventing Defined Benefit pension schemes from accessing surpluses, which can then be used productively across the UK economy* *and to the benefit of millions of members."*

In our August Bulletin, we explained that we had significant concerns that opportunities to repair the erosion by inflation of UK Defined Benefit pensions by using Fund surpluses would not be realised under the current framing of the new Bill.

We believe the imbalance of powers between Trustee and Employer, as well as potential conflicts of interest, militate against achieving the Government's policy aims and member interests.

We submitted a BPPG paper to the Committee Stage of the Pensions Schemes Bill 2025 for consideration, which promotes the improvements we'd like to see in the surplus extraction provisions. We subsequently wrote to the Pensions Minister and to the Chair of the Select Committee, urging them to consider several amendments to the Bill when it comes to the Bill Report stage in the Commons on the 3rd December.

More than 70 of our members have also contacted their MPs about surplus extraction and the Pensions Bill. They cover just about all corners of the UK and most political parties.

Thank you for your support.

BP Pension Scheme Surplus and the new Pension Schemes Bill

BPPG members have asked, '*What are the BP Fund rules governing the extraction of surplus*?'

As things stand today, our Trust Deed & Rules (available in the *BPPG Library*) only permit the extraction and distribution of surplus if BP communicates to the Trustee that it wishes to terminate its involvement with the Fund and the Trustee then elects to 'wind up' rather than 'run on' the Fund.

The Deed requires that the Trustee use the Fund's assets to "secure all the benefits" provided by the Fund. It can do this by purchasing individual insurance policies or annuities for each Fund member with an insurance company, or it may offer transfers to other pension schemes or pay lump sums (which would have tax implications).

Any surplus remaining after the "benefits are secured" and the scheme wind-up costs are covered is then available for distribution. The Deed Clause 16.6 states, "*If any assets remain after all benefits have been provided in full, the Trustee may, with the consent of the principal Company…use them to increase all or any of the benefits or provide additional benefits to any extent that it considers appropriate. Any assets then remaining will be paid to one or more of the Employers in such shares as the Trustee considers appropriate, after having consulted the principal Company.*"

As you know, BP has repeatedly withheld its consent to the Trustee recommendations on using Fund surplus to at least partially offset the erosion of our pensions by inflation. It is an advanced warning of how the Company is likely to approach 'consent' when it comes to the Trustee recommendations on the use and sharing of surplus on 'wind up' or alternatively under the new measures for surplus extraction proposed by the Government's new Bill.

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BPPG Testimony to Select Committee

As we reported in the October bulletin, the **Work & Pensions Select Committee** is a cross-section of MPs whose role is to look into the policies and spending of the Department for Work and Pensions, including benefits for people in and out of work, state pensions and how private pensions are regulated. It also scrutinises DWP's public bodies and other regulators.

Last month, the Committee called a hearing in response to issues and concerns raised as part of the draft Pension Schemes Bill (see above).

The hearing was entitled '*Discretionary payments and member representation in defined benefit schemes*'. It considered several issues, including the non-indexation of some pre-1997 pensions, why pension funds in surplus have denied discretionary increases to combat erosion by inflation and how Trustees and Employers make and communicate discretionary decisions.

BPPG was invited to provide evidence and our representative was Steering Group member, **Jonathan Popper**.

You can read Jonathan's excellent testimony here or watch the recording - click the relevant links below.

Read Testimony **OR** Watch Recording

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The 'Buy-In' by Legal & General Insurance Company

Fund members should have all received a communication from the Trustee advising - post-hoc - that they have transferred £1.6 billion of our Fund assets to an insurance company – L&G - as part of 'de-risking' our Fund.

It was the efforts of the BPPG more than two years ago – when we first caught wind of discussions going on by the Trustee/BP with insurance companies – that led to the Trustee spokesman finally admitting to the Financial Times that such 'Buy-In' discussions were ongoing.

Two things come to mind when we saw this latest announcement:

1. Passing the Fund's assets to an insurance company is not 'de-risking'. It is instead 'risk-transferring' to an insurance company, which in turn is free to parcel up that risk and pass it on to others active in the

rather opaque reinsurance market. That's a very different scenario from one where BP pensioners' assets are professionally invested and closely overseen by the Trustee in a transparent way through investment and actuarial reports available to Fund members. It is certainly true that the risk to BP and to the Trustee is reduced by such transfers.

2. The Trustee and BP have determined that our pension Fund has such a scale of surplus that it can afford to use it to pay over a very large sum of Fund assets to an insurance company to 'transfer risk' rather than protect Fund members from the significant erosion of their pension by recent exceptional inflation. We think that begs important questions about what exactly is the fiduciary duty of the Trustee in securing the "best interests" of Fund members in this matter?

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Retail Price Index – and the Fund "sufficient resources"

As you know, the BP pension is guaranteed to rise by the increase in the Retail Price Index (RPI) over the 12 months of a calendar year ending on 31 December – up to a maximum of 5%.

If RPI for this period is higher than 5% and the fund has "sufficient resources", then we expect the Trustee to recommend – and BP to consent to - a discretionary increase.

RPI for the 12 months to October 31st was reported last week as 4.3%. We won't know until January what the RPI will be for the 12 months to December 31st, 2025.

Of course, the Trustee, under the terms of the Deed, can recommend a discretionary increase at any time – not just when RPI increases above 5%. This is important given that the compounded loss in the purchasing power of our pensions is now around 12.5%.

All the signs are that the Fund surplus and funding ratio (assets: liabilities) are likely to have improved during 2025. We estimate – using Pension Protection Fund (PPF) data – that the surplus remaining, should the Trustee/BP elect to arrange a full 'buy-out' with an insurance company, has increased this year by approximately £500 million to reach in excess of £3 billion in total.

The case to award discretionary increases to restore the recent, significant erosion of BP pensions has never been stronger, not least on the grounds of the availability of Fund "sufficient resources" – the fundamental promise enshrined in the Pension Increase Policy.

The question for 2026 – regardless of whether RPI in December 2025 is at or below 5% - is whether the Trustee will, once again, seek a discretionary increase and, if so, by how much?

And if it does - will BP change its veto position?

Don't forget all the documents mentioned in the bulletins are in ***The Library*** as well as all the previous bulletins if you've missed out.

click to access all Bulletins

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Next Bulletin

The Steering Group will be meeting shortly to **take stock** of where we are with the campaign and **where next**.

The ball is very much in the Ombudsman's court in terms of our complaint, so **we will be in a more reactive mode to deal with his requests and direction**.

The Pensions Bill is winding its way through the Commons as we write and will go to the Lords for scrutiny in the New Year. After that will come new draft regulations for implementing the new Act - on which **there will be a period of consultation to which the BPPG will respond**.

We will seek to keep you fully informed by bulletin or email.

Did you receive this bulletin from an ex-colleague, friend etc? Would you like to become a member of the BPPG and receive future bulletins & important news about the campaign? Follow this link to join ***https://bppensionergroup.org/join/***

Social Media & WhatsApp groups

You may not be an active user of social media but if you have ideas for useful themes or would like to get involved then please contact the team at ***social@bppensionergroup.org*** .

There are a few different ways you can stay in touch with the campaign, as well as this Bulletin and our two WhatsApp groups (to join click buttons below), another way to stay in touch is via social media on the ***BPPG LinkedIn Group*** and ***BPPG Facebook Group*** . Links to these groups can be found at the end of every Bulletin.

Join the melee or just get the critical info!

If you haven't signed up to **one** of the WhatsApp groups yet - follow the link below and join the group you want to be part.

Join '*Chat*' WhatsApp **OR** Join '*Info*' WhatsApp

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Thanks for getting involved and supporting the campaign.
You can contact the Steering Group at *contact@bppensionergroup.org*

BP Pensioner Group
contact@bppensionergroup.org