

JUDGE RULES TRUSTEES ARE REQUIRED TO TOP-UP HISTORIC CASH EQUIVALENT TRANSFER VALUES IN 2ND LLOYDS JUDGMENT

20 November 2020 | London
News

Responding to news that the judgment in the second instalment of the GMP equalisation litigation involving Lloyds Banking Group's defined benefit (DB) pension schemes has been handed down today, [Samantha Brown](#), regional head of employment, pensions and incentives at Herbert Smith Freehills, says: "This is another landmark ruling which extends the scope of schemes' GMP equalisation exercises."

Today's judgment confirms that trustees of DB schemes that provide Guaranteed Minimum Pensions (GMPs) are required to revisit and, where necessary, top-up historic cash equivalent transfer values (CETVs) that have been calculated on an unequalised basis.

Brown says: "Once again, this ruling is likely to affect every DB scheme in the UK that provides GMPs accrued between 17 May 1990 and 5 April 1997. It means that trustees of such schemes are required to revisit cash equivalent transfer values paid to former members and make a top-up payment where a member has not been paid their full entitlement."

She continues: "Trustees of affected schemes should already be taking steps to equalise the benefits of male and female members who are still in their scheme, following the ruling in the first judgment. These GMP equalisation projects will now need to be extended to include historic cash equivalent transfer payments."

The judge also held that the trustees of Lloyds' schemes are not discharged from the need to top-up historic CETV payments by any statutory provision, any rule of the schemes or by any agreement with the transferring member. At the same time, he noted that the trustees' duty to correct inadequate transfers is not time barred or forfeited, either under the rules of the Lloyds' schemes or under the Limitation Act 1980.

Commenting on the lack of any discharge or limitation defence, Brown, concludes:

"The fact that trustees cannot rely upon any statutory, rule-based or contractual discharge and that claims are not time-barred could have much wider implications, and not just for schemes dealing with GMP equalisation, as it means that trustees may not benefit from any kind of discharge or limitation defence in other circumstances where transfers turn out to have been calculated incorrectly."

MEDIA CONTACT

For further information on this news article, please contact:

**MIKE PETROOK, COMMUNICATIONS
MANAGER**

LONDON

Tel: +44 20 7466 3939

Mob: +44 7850 516 778

Email: mike.petrook@hsf.com