

## The complaint

Mrs F complains about delays by ReAssure Limited when she wanted to make a lump sum payment into her pension. And it then took a long time for ReAssure to carry out a promised loss assessment.

## What happened

Mrs F contacted ReAssure on 29 October 2020 about making a one off lump sum investment in her pension plan. ReAssure responded on 27 November 2020 acknowledging her request. Mrs F then complained a few weeks later about ReAssure's delay.

In its final response to Mrs F dated 6 March 2021, ReAssure accepted there'd been a delay. ReAssure hadn't responded to Mrs F's request within their stated aim of ten working days. ReAssure offered to carry out a loss assessment if Mrs F made an investment within 28 days of the letter and to pay £100 as an apology for the inconvenience Mrs F had been caused.

Mrs F emailed ReAssure on 17 March 2021. She said as ReAssure was willing to complete a loss assessment, she'd be happy to invest the original £20,000. She asked ReAssure to advise as soon as possible as to the outcome of the loss assessment as she had an idea as to how the investment would've increased and she wanted to be sure that a similar calculation would apply.

Mrs F didn't receive a response and chased ReAssure in April and spoke to someone on the phone. She was promised a call back. She didn't receive one and she referred her complaint to this service.

One of our investigators looked into the complaint and upheld it. In summary his findings were:

- To place Mrs F's investment ReAssure needed the funds and the tax relief and 'Know Your Customer' forms. But for ReAssure's delay, Mrs F would've received those forms on or shortly after 13 November 2020. ReAssure's service standard was to aim to respond to investment requests within ten working days. Mrs F's enquiry was made on 29 October 2020 which was ten working days prior to 13 November 2020.
- The investigator thought Mrs F would've completed and returned the forms as soon as she received them. The information needed would've been immediately available to her and when she'd made her initial enquiry she'd said she wanted to invest quickly.
- It was reasonable to assume ReAssure would've received the forms back in the post by 20 November 2020. So that was the date on which the loss assessment should be based.
- The offer of £100 for distress and inconvenience wasn't enough taking into account the impact on Mrs F. She was going to be 55 in January 2021 and was considering early retirement. Her retirement planning was important to her at the time and even if she can't be certain whether she would've retired then had there not been a delay.

- ReAssure's delay meant that the additional funds and tax relief wasn't available in her pension from age 55. Had she retired before investing these funds in her pension, she may not then have been able to due to allowance implications.
- Despite contacting ReAssure to make the investment before the 5 April deadline given in their final response letter, ReAssure still didn't carry out a loss assessment. And Mrs F didn't get the call back which was promised.
- ReAssure's offer fairly acknowledged the inconvenience caused to Mrs F by the initial delay but not the impact on her retirement planning or the frustration caused by the loss assessment not being carried out. The investigator thought a minimum of a further £100 would be fair.
- The investigator set out how ReAssure should calculate the loss suffered by Mrs F.

Initially ReAssure didn't respond to the investigator's view. ReAssure then said that it had offered in its letter dated 6 March 2021 to complete a loss assessment to see if Mrs F had suffered any financial loss. That was still ongoing. ReAssure said the payment of £100 already offered plus the completion of the loss assessment was fair and reasonable.

The investigator replied saying he thought the offer of a loss assessment was fair in principle. But without any evidence to show how it was actually carried out or that the details used in the calculation were fair, he couldn't reasonably conclude it was a fair resolution to the complaint. He reiterated what he'd said about the compensation for distress and inconvenience and why he didn't think it accounted for the impact on Mrs F's retirement planning and the frustration she'd suffered as a result of the loss assessment not being carried out. He maintained his recommendation for a minimum of a further £100 compensation was well justified.

ReAssure then told us the loss assessment had been completed and provided details. It said the loss had been calculated based on the £20,000 premium investment and using a growth rate of 5%. The dates used for the calculation were 29 October 2020 (when Mrs F's initial request was received) to 6 March 2021 as ReAssure said the investment could've been made elsewhere and gained future growth. That worked out (£20,000 x 5% on 128 days) at £350.68.

The investigator put the offer to Mrs F. She didn't accept it. Amongst other things, she said she didn't understand the basis of the calculation. The period quoted wasn't relevant. The investment was going to be in her pension, not a short-term savings account paying 5% interest. Her £20,000 investment would've become £25,000 with tax relief. By mid-March 2022 it would've been worth about £36,500. Using the dates ReAssure themselves used, her investment would've grown to about £30,000. She said she'd missed out on growth of between £10,000 and £18,000.

We told ReAssure that Mrs F wasn't prepared to accept its offer.

As the complaint wasn't settled it's been referred to me to decide.

### **What I've decided – and why**

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

ReAssure accepts that it didn't deal properly with Mrs F's enquiry about investing £20,000 in her pension fund. There was a delay on ReAssure's part. ReAssure then didn't carry out promptly the loss assessment it had promised when Mrs F had complained. And which Mrs F required sight of before she went ahead with investing the £20,000 in her pension. Further, when Mrs F tried to chase things up, she didn't get the call back she'd been promised. And it

was only relatively recently that ReAssure was able to confirm to the outcome of the loss assessment, which Mrs F didn't accept.

Where, as here, a business accepts that it hasn't dealt with things properly and has made an offer of compensation, our approach is as the investigator explained – we need to consider if the offer is fair and reasonable. Generally speaking we'll need to be satisfied that the offer puts the consumer back in the position they'd have been in, if the business had acted as it should've done.

I don't think the offer that ReAssure has made does that.

I agree with the approach the investigator has suggested. Had ReAssure dealt with the enquiry Mrs F made on 29 October 2020 as it should've done and sent her – by the dates the investigator suggested and in accordance with ReAssure's own service standards – the necessary forms for completion, Mrs F would've made a lump sum investment of £20,000 into her pension plan on or about 20 November 2020. So I think that's the starting point for calculating if Mrs F has suffered any loss.

ReAssure has suggested that any loss should be, in effect, 'capped' at 6 March 2021. I don't agree. ReAssure did write to Mrs F on that date offering to undertake a loss assessment. But I don't see that meant she should then have invested the £20,000 in her pension with ReAssure or done something else with that money.

I don't think it was unreasonable on Mrs F's part to want to see the outcome of ReAssure's loss assessment before going ahead with making a very substantial - £20,000 - investment into her pension fund. It's only very recently that the loss assessment has been carried out. I don't think Mrs F should be in effect penalised for not making an investment during the time the loss assessment has taken and when she didn't know how ReAssure was going to assess any loss she's incurred. And her stance appears further justified if the loss assessment isn't fair and reasonable and doesn't put her back in the position she would've been in but for ReAssure's service failings.

I don't think the offer is fair and reasonable. As I've said I don't think, for the reason I've explained, that it should be capped at 6 March 2021. Nor do I see why Mrs F should be offered interest at 5%. The proper measure of her loss (if any) is what her £20,000 investment would be worth today had it been made in her pension fund in accordance with the timeline that should've applied. Doing the calculation on an up to date basis is fair, given that Mrs F's pension fund remains invested – she's told us that she hasn't taken any benefits. It's possible that Mrs F hasn't suffered any loss. Or that any loss is less than the sum offered by ReAssure. But that would still be fair as it would reflect how her investment of £20,000 would've performed had she made it.

I also agree with what the investigator said about why the sum ReAssure offered for distress and inconvenience wasn't sufficient in the circumstances of this complaint. I agree a further £100 is justified.

I'm upholding the complaint. ReAssure should calculate and pay redress in line with what the investigator suggested. I've set it out slightly differently below for the sake of clarity.

We'd expect ReAssure to carry out the calculation and pay any redress promptly. If not, interest should be paid. I recognise that ReAssure may need details from Mrs F of the interest she's received on the £20,000 she's retained in order to undertake the redress calculation. I've allowed for that by saying that compensation should be paid within 28 days of Mrs F supplying the relevant details (which information I assume she can easily obtain from the building society concerned), failing which interest at 8% pa is to be paid.

## **Putting things right**

Mrs F would've made the contribution of £20,000 in the 2020/2021 tax year and received tax relief on it. She can now make the same contribution into her pension and tax relief will be given. So her loss is the growth she would have received on the contribution and the tax relief combined. But Mrs F has retained the £20,000 she would've paid into her pension in a building society account and has received interest on it.

So ReAssure should calculate redress as follows:

- A. Ascertain the notional value of the £20,000 contribution plus the tax relief that would've been received on that amount at the date of my decision assuming it was invested on 20 November 2020 in the same funds, and in the same proportions, as Mrs F's existing pension.
- B. Ascertain the current value of the £20,000 Mrs F retained, taking into account accrued interest from 20 November 2020 to the date of my final decision.
- C. Is the amount of tax relief Mrs F would've received on her contribution.

Mrs F's loss is A-B-C.

The compensation amount should if possible be paid into Mrs F's pension plan. The payment should allow for the effect of charges and any available tax relief. The compensation shouldn't be paid into the pension plan if it would conflict with any existing protection or allowance.

If a payment into the pension isn't possible or has protection or allowance implications, it should be paid directly to Mrs F as a lump sum after making a notional reduction to allow for future income tax that would otherwise have been paid. If Mrs F hasn't yet taken any tax free cash from her plan, 25% of the loss would be tax free and 75% would've been taxed according to her likely income tax rate in retirement – presumed to be 20%. So making a notional reduction of 15% overall from the loss adequately reflects this.

Interest at 8% pa from the date of my final decision to the date of payment should be added if the redress or any part of it isn't paid within 28 days of Mrs F providing ReAssure with details of the interest paid/applicable rates for the relevant period.

ReAssure should also pay Mrs F a further £100 for the distress and inconvenience she's been caused.

## **My final decision**

I uphold the complaint. ReAssure Limited must calculate and pay redress as I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs F to accept or reject my decision before 23 June 2022.

Lesley Stead  
**Ombudsman**