

The complaint

Mrs B complains that ReAssure Limited failed to complete the transfer of her pension savings to another provider in a timely manner.

What happened

Mrs B originally held pension savings with Legal and General. In September 2020 Mrs B's pension savings, and those of many other customers were transferred to ReAssure with the agreement of the High Court. As part of that transfer, ReAssure took responsibility for any complaints arising from the actions of Legal and General before the transfer was completed. So, although Mrs B's complaint comprises activities both before and after September 2020 it is ReAssure that is responsible for dealing with it. For ease, in this decision I will simply refer to ReAssure as the responsible business throughout.

Mrs B's husband also held pension savings with ReAssure that largely mirrored those held by Mrs B. He has also complained about delays he says he faced when requesting a transfer of his pension savings. I am dealing with that complaint separately. The information that ReAssure has provided on Mr B's complaint is more detailed in terms of the dates when various forms were returned. But given the similarities of their circumstances, and that ReAssure has accepted our investigator's findings to that effect, I think it reasonable to conclude that, where the relevant information is unclear, both transfers progressed along similar timescales. And so, given the identical nature of their complaints, I make no apology for the similarity of my two decisions.

Mrs B first requested the transfer of her pension savings in March 2020. However, around that time, dealing in one of the funds into which her pension savings were invested was suspended by the fund manager. ReAssure told Mrs B that it would not be able to transfer any of her pension savings to the new provider whilst the suspension remained in place. The suspension was lifted in October 2020.

Following the end of the suspension Mrs B's financial advisor requested ReAssure to provide the necessary forms for the transfer to commence. Separate forms were issued to Mrs B for the transfer of her crystallised and uncrystallised pension funds on 18 November. But four days later a duplicate form was issued to the financial advisor – but only in relation to Mrs B's crystallised pension savings. The form that had been sent to the financial advisor was completed and returned to ReAssure on 23 November.

It wasn't until 19 January 2021 that ReAssure notified Mrs B that it required her to complete the form in relation to her uncrystallised pension savings before the transfer could be implemented. The additional form appear to have been returned on at least two occasions in February and March. The transfer was completed with the funds being sent to the new provider in two tranches during April 2021.

Following her complaint, ReAssure told Mrs B that it didn't think it had been wrong to delay the transfer whilst the investment fund was suspended. But, after the suspension had been lifted, it didn't think it had completed the transfer as soon as it should. It didn't however tell Mrs B when it thought the transfer should have completed. It sent Mrs B a cheque for £200 in respect of the inconvenience she'd been caused and offered to contact the new provider to determine whether the late transfer had caused her to lose out.

Mrs B didn't accept ReAssure's offer and returned the cheque uncashed. Her complaint has been assessed by one of our investigators. The investigator agreed with ReAssure that it was reasonable to delay the transfer request until the investment fund suspension had been lifted. But he thought that ReAssure had subsequently taken too long to complete the transfer. He thought that the transfer should have completed around the same time as his findings on Mr B's complaint - by 25 November 2020, which would have allowed the transferred funds to be invested on 30 November.

The investigator asked ReAssure to pay Mrs B £600 for the inconvenience she'd been caused. And he asked ReAssure to calculate whether the delay had caused any investment loss to Mrs B. ReAssure completed that calculation and showed that Mrs B could have purchased additional investment units if the transfer had completed at the earlier date.

ReAssure agreed to pay the compensation that the investigator had recommended. And Mrs B thought the investigator's proposals were fair. But she remained concerned that ReAssure wouldn't actually pay the compensation and asked that an ombudsman's decision be issued. So the complaint has been referred to me, an ombudsman, for my consideration.

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.

In deciding this complaint I've taken into account the law, any relevant regulatory rules and good industry practice at the time. I have also carefully considered the submissions that have been made by Mrs B and by ReAssure. Where the evidence is unclear, or there are conflicts, I have made my decision based on the balance of probabilities. In other words I have looked at what evidence we do have, and the surrounding circumstances, to help me decide what I think is more likely to, or should, have happened.

At the outset I think it is useful to reflect on the role of this service. This service isn't intended to regulate or punish businesses for their conduct – that is the role of the Financial Conduct Authority. Instead this service looks to resolve individual complaints between a consumer and a business. Should we decide that something has gone wrong we would ask the business to put things right by placing the consumer, as far as is possible, in the position they would have been if the problem hadn't occurred.

Both Mrs B and ReAssure have accepted the basis of our investigator's findings. But given the concerns that Mrs B has expressed, and to provide a clear basis for the compensation that I am directing ReAssure to pay, I think I should consider the main aspects of this complaint.

It is clear that there was a significant delay in the transfer of Mrs B's pension savings to the new provider. She first asked that the transfer be made in March 2020, and the transfer didn't ultimately complete until more than a year later. It seems to me that there were two contributing factors to that delay – the suspension of the investment fund, and the processing of the transfer by ReAssure following the suspension being lifted. I will consider each delay in turn.

Approximately 12% of Mrs B's pension savings were invested in a property fund. Trading in that fund was suspended in March 2020, around the same time as the initial transfer request was made. ReAssure had no control over that suspension, so I cannot say that it was responsible for that part of Mrs B's pension savings being unable to be transferred.

But it does seem that the remainder of Mrs B's pension investments were not affected by any trading suspension. So I have considered whether it would have been reasonable for ReAssure to complete a partial transfer at that time.

My understanding is that ReAssure doesn't normally offer a partial transfer of pension savings. Here, had the partial transfer been allowed, ReAssure would have been left holding what was effectively an illiquid asset for an indefinite period of time. It would have needed to make separate arrangements with Mrs B for the payment of its charges, as they couldn't have been raised by the normal methods of selling part of the pension investments.

The terms and conditions applicable to Mrs B's pension plan do allow ReAssure to delay any transfer should there be exceptional market conditions. The terms do not place any time limits on any delay that ReAssure might impose. I think what was happening in the financial markets around that time – caused by the global coronavirus pandemic – could reasonably be described as exceptional.

So on balance I cannot reasonably conclude that ReAssure acted unfairly in not allowing the transfer of Mrs B's pension savings to the new provider whilst trading in part of her investments was suspended.

The investment fund suspension was lifted in October 2020. Shortly afterwards Mrs B submitted a new transfer request. I don't think that request was dealt with as quickly as it should have been. And I think that has led to a loss for Mrs B, together with her experiencing a degree of inconvenience.

When ReAssure first responded to Mrs B's transfer request it sent her some paperwork to be completed. But it seems it only sent a subset of that paperwork to Mrs B's financial advisor. I don't think it unreasonable that Mrs B was guided by her financial advisor when completing that paperwork. And as a result her submission was based on the incomplete set of forms that ReAssure had sent.

I think it likely that Mrs B returned the authorisation paperwork on 23 November. But it wasn't until almost two months later, after significant chasing from Mrs B, her financial advisor, and the new provider, that ReAssure made her aware that some further paperwork was required. Mrs B appears to have returned that additional paperwork in early February, and sent a further copy in March, but it wasn't until April 2021, that her pension savings were transferred to the new provider.

ReAssure has said that its service standard is for any particular request to be completed within ten working days. Mrs B first requested the transfer on 23 October, so I'd have expected the required paperwork to have been issued to her by 6 November. I have no reason to think that Mrs B wouldn't have returned all the required forms to ReAssure if they had been sent at the outset within the same timeframes as the subset of paperwork that she returned. That was sent back to ReAssure within three working days of receipt so, if nothing had gone wrong, I'd have expected ReAssure to be in a position to finalise Mrs B's transfer by 11 November. And allowing for the normal ten-day processing time the transfer should have completed by 25 November, with the funds available for investment with the new provider by 30 November. That is the date that I will ask ReAssure to use when calculating whether Mrs B has lost out.

There is little doubt that the delay to the transfer, following the lifting of the suspension on the investment fund, caused a great deal of inconvenience to Mrs B. As I said earlier ReAssure offered her £200 for that inconvenience, although Mrs B returned the cheque uncashed. I don't think ReAssure's offer was enough. So I am directing ReAssure to pay Mrs B £600 to reflect the inconvenience she's been caused.

In summary, I don't think it was unreasonable for ReAssure to delay Mrs B's transfer request whilst trading in one of her investments was suspended. But I think that Mrs B should have been in a position to invest her transferred pension savings by 30 November 2020. I think the delays she experienced were as a result of failings by ReAssure to complete the transfer in a timely manner. So ReAssure now needs to establish whether the delay caused Mrs B to lose out, and if so to pay her appropriate compensation.

Putting things right

For the reasons I have explained above I think that Mrs B's transferred pension savings should have been ready for investment by 30 November 2020. I think it likely that Mrs B would have made the same investments with those funds as she made the following year. So to calculate whether Mrs B has lost out as a result of the delay ReAssure should;

- Determine what the transfer value would have been for Mrs B's pension savings on 30 November 2020.
- Establish the number of units of HSBC World Selection - Balanced Portfolio Accumulation P that could have been purchased at that date using the transferred funds.
- Compare that number of units with those actually purchased by Mrs B following the completion of her transfer in April 2021.
- If the number of units that could have been purchased in November 2020 is greater than the number purchased in April 2021, Mrs B has lost out and should be paid some compensation.
- That compensation should be calculated as the value, at the date of this final decision, of the additional units that Mrs B could have purchased.
- Details of the calculation should be provided to Mrs B in a clear and simple format.

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

If ReAssure is unable to pay the total amount into Mrs B's pension plan, it should pay that amount direct to her. But had it been possible to pay into the plan, it would have provided a taxable income. Therefore the total amount should be reduced to notionally allow for any income tax that would otherwise have been paid.

The notional allowance should be calculated using Mrs B's actual or expected marginal rate of tax at her selected retirement age. It's reasonable to assume that Mrs B is likely to be a basic rate taxpayer at the selected retirement age, so the reduction would equal 20%. However, if Mrs B would have been able to take a tax-free lump sum, the reduction should be applied to 75% of the compensation, resulting in an overall reduction of 15%.

ReAssure should additionally pay Mrs B £600 (inclusive of the £200 it has already offered her) for the inconvenience she has been caused.

My final decision

My final decision is that I uphold part of Mrs B's complaint and direct ReAssure Limited to put things right as detailed above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs B to accept or reject my decision before 2 February 2023.

Paul Reilly
Ombudsman