

The complaint

Mr C complains that ReAssure Limited failed to collect and apply contributions to his pension plan correctly over a period of time.

What happened

One of our investigators considered Mr C's complaint. He sent both parties his assessment of it in November 2021. The investigator said that ReAssure hadn't provided detailed information about exactly what had happened. But it appeared it had been taking several months to apply contributions made by Mr C and his employer to Mr C's pension plan.

The investigator said ReAssure hadn't provided sufficient evidence to decide if the contributions to Mr C's pension were correctly applied or not. He recommended that ReAssure provided Mr C with a detailed report confirming that the contributions had been applied to the correct funds and at the correct prices at the relevant times.

Mr C subsequently transferred his pension to another pension provider because of ReAssure's poor administration and its failure to address the issues he'd raised. The investigator said that if ReAssure found that contributions hadn't been applied correctly then it should carry out a comparison between the actual values of the funds transferred and what their value would have been if the contributions had been correctly applied. And that any difference should be paid to Mr C.

He also thought that ReAssure should pay Mr C an additional £175 (it had already paid him £175), so £350 in total. This was to reflect that Mr C tried multiple times to resolve the matter without any reasonable resolution from ReAssure. He thought Mr C was relying on this pension to fund the majority of his retirement, and it was important to him to be able to effectively manage it. The investigator thought there was a lack of any support to Mr C which meant he wasn't able to do this.

Mr C said that although one part of the pension's value transferred appeared to be about right, the other, relating to the employer's contributions didn't. He said, in summary, that just prior to the transfer to the new provider (in September 2020) he'd checked this account and three contributions still didn't appear to have been credited – totalling just over £485.

ReAssure didn't accept the investigator's recommendations. It initially said that the missing payments had been correctly credited to Mr C's account prior to the transfer. However, when Mr C had sight of further information ReAssure provided about these three payments, he noted that his pension had already been transferred to the new provider when ReAssure was saying it had received and credited the contributions. And he wasn't aware these contributions had subsequently been sent to the new provider.

ReAssure subsequently said that Mr C was correct about the three contributions in question. It said it would calculate what the transfer value should have been had the contributions been applied correctly. It subsequently said that it had calculated the amount transferred should have been £25.03 higher, and it would arrange a refund to Mr C.

The investigator asked for sight of the calculations, as he didn't think the £25 calculated was likely correct. However no further response was received from ReAssure.

The complaint has therefore been passed 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.

Having done so, I've come to the same conclusions as the investigator, and for the same reasons.

The investigator asked for more information about the matter on a number of occasions, but little detail was provided. ReAssure accepted that there were delays and it's clear that Mr C was trying to obtain information about the contributions over a period of time but also with little success.

ReAssure has accepted the logic behind what Mr C has said about the three missing contributions allegedly credited in September and October 2020 - this being after the funds had been transferred. However, like the investigator, I think given the missing contributions totalled just over £485, it's unlikely that they only made a £25 difference to the transfer value assuming they had been credited and at the correct prices at their appropriate dates.

Mr C has said that he is intending on retiring imminently. He has been trying to get the matter settled for some time. I think ReAssure has had a reasonable period in which to review its calculation. I've therefore made my decision, and additional interest should be added to any loss shown through the calculation as I have set out below.

Putting things right

Fair compensation

In assessing what would be fair compensation, my aim is to put Mr C as close as possible to the position he would be in now had the contributions in question been credited at the correct times and at the relevant prices.

ReAssure Limited should therefore calculate what the transfer value would have been at the date of transfer assuming that the contributions had been applied correctly at the appropriate dates and correct prices. If that transfer value is higher than the amount transferred then compensation for loss is due to Mr C. Interest at the rate of 8% simple per annum should be added to any loss calculated at the date of transfer until the date of settlement. ReAssure Limited should provide a copy of its calculation to Mr C in an understandable format.

If compensation for loss is due, it should be paid into Mr C's new pension and should allow for the effect of charges and any available tax relief. The compensation shouldn't be paid into a pension plan if it would conflict with any existing protection or allowance.

If ReAssure pays the compensation directly to Mr C, it should be paid to him as a lump sum after making a notional deduction to allow for income tax that would otherwise have been paid. 25% of the loss would be tax-free and 75% would have been taxed according to Mr C's likely income tax rate in retirement which it should assume to be 20%. So, making a notional reduction of 15% overall from the loss adequately reflects this.

ReAssure Limited should also pay Mr C £350 in total (inclusive of the £175 I understand it

has already paid) to reflect the distress and inconvenience caused to Mr C by the matter and over a period of time.

My final decision

My final decision is that I uphold Mr C's complaint.

I order ReAssure Limited to calculate and pay compensation due to Mr C as I have outlined above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 27 July 2022.

David Ashley
Ombudsman