DRN-3725929

The complaint

Mrs T complains ReAssure Limited failed in the service they provided on her pension plan.

What happened

After Mrs T's pension was transferred to ReAssure, her monthly contribution to her pension (of £160) wasn't collected for August 2020. This happened again in October 2020.

Mrs T says she spent some time trying to contact ReAssure and they told her they were setting things up and there might be some delay. ReAssure went on to take an extra payment to make up for their error in respect of the October 2020 contribution.

Mrs T complained to ReAssure, and they replied on 12 February 2021. ReAssure agreed errors had been made but told her the plan was up to date. ReAssure paid Mrs T £100 to reflect her distress and inconvenience. Mrs T replied and complained their letter was wrong. She said ReAssure had continued to fail to address the missing August 2020 contribution and so her plan was not up to date.

Due to ongoing dis-satisfaction that ReAssure were not addressing this, Mrs T referred her complaint to this service in February 2021. ReAssure sent Mrs T a letter on 25 March 2021 apologising and letting her know they would fund the August 2020 payment and apply it to her plan.

In July 2021 Mrs T told us ReAssure hadn't applied a payment to her plan to make up the missing contribution. She sent us screen shots of her plan to confirm this. On 16 November 2021 Mrs T received a message from ReAssure to say there had been a £200 over payment on her plan and this had been returned to her bank.

Our investigator drew the conclusion that a department at ReAssure had funded Mrs T's account with the £200 as they'd undertaken to do, but this had then failed to be properly applied by ReAssure to her pension. The £200 sum reflecting the £160 if Mrs T's usual contribution and the £40 tax relief applied. This thinking hasn't been contradicted by either party.

The investigator attempted to contact ReAssure in November 2021 about this and was told his message would be responded to. He followed this up with emails in November 2021, several emails in December 2021 and then January 2022. Having heard nothing he went on to issue his view.

<u>Investigator's view</u>

The investigator issued a view on 17 January 2022. In summary he upheld her complaint. He said the £160 August 2020 contribution had not been applied to Mrs T's plan as it ought to have been, nor had a subsequent contribution made and backdated to August 2020, as ReAssure had undertaken to do.

The investigator drew the conclusion that when ReAssure sent Mrs T £200 in March 2021, this was because they had failed to apply it to her plan, and hadn't backdated it for the August 2020 contribution as they had undertaken. The investigator thought Mrs T was right to have expected her August 2020 contribution to have been made and applied.

Taking account of the time, inconvenience and distress thus far caused to Mrs T, the investigator recommended that instead of Mrs T repaying the contribution sum to ReAssure to then apply to her pension, she ought to keep the £200 sent to her, to represent a further payment for distress and inconvenience, on top of the £100 that had previously been paid to her. He didn't think the £100 paid previously had been enough.

The investigator also said that ReAssure must apply and backdate a payment to Mrs T's pension plan to ensure her August 2020 contribution was applied. Mrs T's contributions being £160 and £40 tax relief; making up the total of £200. Mrs T accepted the investigator's view.

On 8 March 2022, after further chasing by the investigator, ReAssure accepted the investigator's view in general terms. However on 10 March 2022 ReAssure wrote to Mrs T saying they could not apply £200 to her August 2020 premium, as this sum had been refunded to her.

The investigator went on to issue a second view. He explained he had tried to simplify the approach the redress, given the amount of time matters had taken thus far, and given ReAssure had accepted they needed to do something. He offered an alternative solution.

Since this date our investigator has spent some time trying to contact to ReAssure to address the situation. On 19 July 2022, ReAssure contacted us to apologise for the delay, they told us they were seeking guidance and hoped to have an update soon. Despite further chasing from the investigator, we have heard nothing further. For this reason the case was referred for an ombudsman's decision.

Provisional decision

I issued a provisional decision in this matter on 13 September 2022. I set out that I intended to uphold Mrs T's complaint and why. As I agreed with what had been said by the investigator, I indicated any responses needed to be provided by 27 September 2022.

Mrs T confirmed she had changed her plan with ReAssure to a retirement account that enables some withdrawal element. She said she did not have the plan information yet. We did not hear back from ReAssure.

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 agree they failed to provide satisfactory service here. Mrs T's August 2020 contribution ought to have been collected and applied to her plan. When the failure was brought to ReAssure's attention, they ought to have ensured this was remedied as soon as possible. This didn't happen. Indeed Mrs T was given contradictory and inconsistent information about how the error was being sorted out. I accept she spent significant time and was given an administrative burden when it came to trying to sort out ReAssure's failure.

I am pleased the failure in respect of the October 2020 contribution was addressed and remedied. However the issues in respect of the August 2020 contribution remained outstanding.

Given ReAssure accepted the investigator's view at the start of this year, it is disappointing this matter remained outstanding. I haven't seen any reason or explanation as to why ReAssure have not addressed this situation nor any reason why they have not replied to communications about this matter.

I previously explained I didn't want to delay this matter any further for Mrs T, and I didn't want to impose any further administrative burden for Mrs T. She has spent a lot of time trying to sort matters out, including sending us communications from ReAssure, that directly contradicted their agreement with the investigator's view.

Putting things right

What ReAssure must do

ReAssure must send Mrs T directly, a payment of £200 within 28 days of being informed of Mrs T's acceptance of my decision.

I previously set out that ReAssure must apply and backdate a payment to Mrs T's pension plan, to ensure her August 2020 contribution is made in full. Mrs T's regular contribution being £200 (£160 plus £40 tax relief). I set out that I intended to require ReAssure to apply and backdate this payment. And that I would not require Mrs T to send any sum to ReAssure to represent her August 2020 premium.

Since issuing my provisional decision, I now understand Mrs T's pension plan has been converted into a retirement account. She is awaiting the full new plan information. These types of accounts usually allow for contributions to be made and so I considered whether it was right here to say ReAssure must make a payment into her plan of the relevant sum. But on balance I have decided ReAssure must make the payment slightly differently.

Taking everything into account I conclude it is fair for ReAssure to pay the sum of £200 to Mrs T directly. I am not making any adjustment to this sum in respect of tax nor does it appear to me that I ought to consider any annual allowance issues. This is not a precise calculation, but given the sums involved and what has happened, I consider this a reasonable approach to redress. I don't have enough information to comfortably conclude what might be done about ReAssure applying to Mrs T's new plan, nor am I persuaded this would be done with expedition and in such a way that would be straightforward for Mrs T.

Distress and inconvenience

The overall award I make to represent Mrs T's distress and inconvenience is for £300. ReAssure do not need to pay anything further to Mrs T to address this award.

ReAssure paid Mrs T £100 to represent her distress and inconvenience in early 2021. This was not sufficient to represent what went wrong here and the impact on Mrs T. Indeed it was said to only address the error around the October 2020 premium.

For this reason a further award is made of £200. Mrs T was paid £200 by ReAssure in November 2021. Mrs T is to retain this sum and understand this £200 represents the remainder of the overall award of distress and inconvenience.

My final decision

For the reasons given I am upholding Mrs T's complaint against ReAssure Limited. ReAssure are to complete the redress exercise set out above. Here that means they must pay Mrs T the sum of £200 directly within 28 days of being notified of her acceptance of my decision.

Under the rules of the Financial Ombudsman Service, I’m required to ask Mrs T to accept or reject my decision before 26 October 2022.

Louise Wilson
Ombudsman