

## The complaint

Mr B complained about how ReAssure Limited dealt with a fund switch request and the transfer value paid when he transferred his pension to a new provider.

## What happened

I issued a provisional decision on 15 September 2022. I set out the background and my provisional findings. I've repeated that here.

*'One of our investigators looked into both aspects of Mr B's complaint. Mr B had requested a fund switch on 24 January 2021. It hadn't been done by 28 January 2021 so Mr B called ReAssure. After some delay in getting through the rebalancing was processed while Mr B was on the telephone. Unfortunately a couple of days later Mr B saw online that the switches hadn't been carried out correctly. He called ReAssure on 1 February 2021 and requested that the switches were reversed using the 28 January 2021 prices. ReAssure didn't then cancel the fund switches as requested.*

*ReAssure did a loss calculation to see if Mr B had been financial disadvantaged. ReAssure concluded he hadn't and sent the calculations to Mr B on 15 June 2021. He'd by then transferred to a new provider. The value transferred was £221,653.04. ReAssure's calculations showed, without the fund switch, the transfer value would've been £221,219.99, some £433.05 less.*

*The investigator was satisfied Mr B hadn't been financially disadvantaged. ReAssure wasn't seeking repayment of the overpayment and had offered Mr B £400 for the distress and inconvenience he'd been caused. The investigator said she wouldn't be asking ReAssure to take any further action in respect of that aspect of the matter.*

*The second part of Mr B's complaint concerned the transfer value paid - £221,653.04. Mr B had said, during a telephone call on 23 February 2021, he was told the transfer value was £223,458.56 and that was guaranteed. So the transfer value paid was £1,805.52 less than it should've been. Mr B was also unhappy that ReAssure had used a valuation as at 4 February 2021 when the transfer hadn't actually been carried out on that date.*

*The investigator said ReAssure had made Mr B aware that the transfer value wasn't guaranteed. She referred to a unit statement issued on 17 February 2021 which confirmed the fund and transfer value was £223,458.56 but warned "that these are current values and **are not guaranteed**. The funds are revalued on a regular basis and can go down as well as up."*

*The investigator agreed that selecting a valuation date because the value was lower would be unacceptable and unfair. But she didn't think ReAssure had done that. Usually the transfer value paid was the value on the date all the transfer requirements were received. ReAssure would therefore value the policy at the date of the transfer request or the date of receipt of the final requirement if any were outstanding at the time of request. In this case there was no outstanding requirement so the date used was the date ReAssure received the transfer request (4 February 2021). As that was the usual practice, the investigator didn't*

*think ReAssure had acted unfairly or unreasonably by using 4 February 2021 as the valuation date.*

*In summary, the investigator said that the service Mr B had received was unsatisfactory and has caused him a great deal of distress and inconvenience. But ReAssure's offer of £400 was in line with what we'd consider fair and reasonable in the circumstances of the complaint. Mr B hadn't been financially disadvantaged as a result of ReAssure's mistakes – if anything he was in a better position as he didn't have to return any overpayment. The investigator didn't think ReAssure needed to do anymore.*

*In response to the investigator's view Mr B said he wasn't going to pursue the complaint about the fund switches. He said it had become very complicated and although he still felt it was possible he'd been financially disadvantaged by ReAssure's errors in the switches, he was happy to keep the complaint solely about the transfer to the new provider. About that he made the following main points:*

- Each policy valuation (unit statement) provided should be backed up by a printout showing his ten funds with the price and number of units. The total will be the valuation for that date. He'd said in his email dated 23 September 2021 that ReAssure had never provided proof by way of breakdowns. He needed those to double check their figures with the printouts he'd kept on file. We should ask ReAssure for evidence to check their valuations were correct.*
- His main complaint was that he requested the transfer on 2 February 2021 but ReAssure didn't carry out the transfer on receipt of his request. He'd chased many times, including the telephone call on 23 February 2021 when it was confirmed that the transfer value would be £223,458.56. He didn't recall the call handler saying the value wasn't guaranteed. In fact the opposite – he'd confirmed that would be the final and definitive value and Mr B had confirmed his acceptance of that. We hadn't listened to the call recording and we should request it again.*
- On 12 March 2021 he'd received ReAssure's letter dated 4 March 2021 advising the full transfer value of £221,653.04 had been sent to the new provider who received it on 8 March 2021. No back up unit statement was included and the date used to value the policy wasn't mentioned. He didn't receive the unit statement dated 17 February 2021 the investigator had referred to.*
- After he'd complained and ReAssure had written to him on 15 June 2021 with their calculations and saying he was £433 better off again, no unit statement – which would've allowed him to check the fund units and prices - was provided.*
- ReAssure had waited many weeks to carry out a backdated transfer. ReAssure had obviously selected 4 February 2021 as the fund value was lower. If they'd wanted to use that date the transfer should've been carried out on that date, not a month later.*
- The policy was still live and showing on ReAssure's website at the end of February 2021 and hadn't by then been cancelled or transferred.*
- Mr B agreed that values will vary slightly in subsequent days but that had nothing to do with a valuation that had been backdated by a month.*
- He provided online messages to and from ReAssure on 19 February 2021 saying that the transfer request hadn't been processed.*
- He maintained the transfer value paid was short by £1,805.52 which would be confirmed by listening to the recording of the call on 23 February 2022.*

*The investigator said she'd look again at Mr B's concerns. And that she'd be re requesting some information from ReAssure, including the telephone call Mr B had referred to. She later told Mr B that ReAssure had been in touch to say that the telephone recording wasn't available. The investigator said she hadn't changed her view and so she'd refer the complaint to an ombudsman and she asked for any further comments. Mr B said he didn't*

have anything more to add but he wanted the ombudsman to consider the points he'd made previously.

### **What I've provisionally 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.*

*Mr B has told us that he doesn't wish to pursue his complaint about delays in carrying out a fund switch. So all I've considered is the complaint about the transfer value paid. That said I note what Mr B has said about wanting a unit statement to help him understand ReAssure's calculations and why he hadn't suffered any financial loss. I'd ask ReAssure, as a matter of courtesy to Mr B, if a statement could be provided.*

*In so far as the transfer value is concerned, I've read and considered everything but I've focused on what I see as the key issues.*

*Mr B's main argument relates to the telephone call he had with ReAssure on 23 February 2021 during which, according to Mr B, he was told the transfer value was £223,458.56 and that was guaranteed. ReAssure's notes of the call say that a turnaround time of 15 working days was confirmed, which ReAssure says matches the standard turnaround time including clearance times. The call notes also say the process was in the final stages so might be completed more quickly but that couldn't be verified. There's reference to the values stated in the letter of 17 February 2021 but these aren't guaranteed.*

*Unfortunately no call recording is available so I can't say for certain what was said. I know Mr B is suspicious about why the call recording can't be produced but, given what I go on to say, I don't think as much rests on the call as Mr B suggests.*

*Essentially, even if Mr B was told the transfer value was £223,458.56 and that was guaranteed, I don't think that would mean ReAssure had to pay that figure if, in fact, the transfer value wasn't guaranteed and that wasn't the actual value of Mr B's policy was on the applicable date. To put that another way, if ReAssure made a mistake in telling Mr B that the figure quoted was guaranteed, that didn't mean Mr B became entitled to be paid what ReAssure had, in error, said.*

*Mr B was no doubt disappointed when he found out that the actual transfer value paid was less than he'd been led to believe. But, as ReAssure wasn't bound to honour any higher figure it had, by mistake quoted, any compensation would be on the basis that Mr B had suffered distress and inconvenience including disappointment or loss of expectation because a lower figure was actually paid. But he didn't suffer a financial loss as such as he's not entitled to the difference between the figure quoted and what his policy was actually worth.*

*The investigator had referred to the unit statement dated 23 February 2021 which confirmed the fund and the transfer values were £223,458.56 (the figure given on the telephone) but warned that was a current value and not guaranteed. I know Mr B has said he didn't get that statement. But, as I've said, even if Mr B was told (wrongly) that the figure was guaranteed, that didn't mean ReAssure must pay it. I don't think, if he didn't get the statement warning him that the values set out weren't guaranteed, that changes anything.*

*On that basis, ReAssure didn't do anything wrong by paying the actual (and lower) transfer value. As the investigator said, the transfer value that's used generally in the industry is that applying when the transferring scheme's (here that's ReAssure) requirements are complete.*

*But I am concerned about the time taken to effect the transfer. ReAssure's requirements*

were complete on 4 February 2021, hence that was the date used for the transfer value. But the transfer wasn't actually carried out until 4 March 2021, a month later. That meant, in the interim, Mr B's fund value was effectively 'frozen' at the 4 February 2021 value. Although it was protected from any falls in value of the investments, it also wouldn't benefit from any increases, whether in the funds Mr B's pension was invested in with ReAssure or the new investments he was going on to make with the new provider.

As far as I'm aware, the policy terms and conditions don't a specific timeframe in which a transfer to another provider must be completed. Nor does the regulator. I think its view is that a transfer should be processed within a reasonable time frame and in an efficient manner. I'd agree with that.

As I've mentioned, ReAssure says Mr B was told over the telephone on 23 February 2021 that the turnaround time was 15 days. I'm not sure if that was from then or from when ReAssure's requirements were complete. I don't think it can be from the latter – there's no dispute that ReAssure's requirements were complete on 4 February 2021 – so almost 15 (working) days had already elapsed.

In any event, I don't think a timeframe of 15 days – whether going forwards or from when ReAssure's requirements were complete – is reasonable. I find it difficult to see why it took ReAssure a month to process the transfer and send the money to Mr B's new provider.

I don't know why it took ReAssure that long. I'd assume it was simply that ReAssure was busy and had a backlog of work. But I don't think that should be Mr B's problem. ReAssure should be able to manage its workload and any periods when it might be busier than usual to continue to meet customers' reasonable expectations as to the time that would be taken where a transfer request has been made.

I note that the 2016 TRIG (Transfers and Re-registration Industry Group) consultation suggests a 48 hour standard for completing each step of a transfer process. I think that since then things have moved on in terms of electronic platforms and moving money has become quicker and easier. Against that background I think allowing two or three working days would be reasonable. Instead it took ReAssure a month to complete its part in the transfer and pay the transfer value out.

Where there's an error, I can award what I consider to be fair compensation for any financial loss, distress and inconvenience. My aim in awarding compensation for financial loss is to put Mr B, as far as possible, in the position he'd be in now, but for ReAssure's error – the delay in completing the transfer.

I think, if ReAssure had dealt with the transfer as it should've done, it would've been completed within a maximum of, say, three (working) days of ReAssure's requirements being complete. That was 4 February 2021 so the transfer should've been completed by, at the latest, 9 February 2021. The same transfer value (£221,653.04) would've been paid. But it would've been received by the new provider much earlier. As things actually were, the transfer monies were sent on 4 March 2021 and received by the new provider on 8 March 2021. Applying the same timescale (and using working days only), if the transfer value had been sent on 9 February 2021, it would've been received by the new provider on 11 February 2021. And it would've been available for reinvestment much sooner than was actually the case.'

I went on to set out what ReAssure needed to do to determine if Mr B had suffered any financial loss and how, if there was a loss, redress should be paid. I also said ReAssure should pay Mr B compensation of £200 for the distress and inconvenience he'd been caused.

We didn't receive any comments from ReAssure within the time given for responses to my provisional decision. Mr B did comment. I've summarised his main points about the final transfer valuation.

- Contrary to what I'd said, everything rested on the telephone recording we'd been unable to obtain. It would prove the call handler said the transfer value referred to would be the final value that would be transferred. Mr B reiterated that it was suspicious the call recording couldn't be provided and he said he was surprised we couldn't enforce its procurement.
- He had a legal right to a subject access request (SAR). He said he was authorising us to make that on his behalf. If ReAssure refused again that would be a breach of his data protection rights and I should rule in his favour as a default judgment.
- He'd already requested a valuation statement relating to the transfer value and he asked that ReAssure be instructed to provide one. If it couldn't then it would be fair for ReAssure to pay him the transfer value promised during the call on 23 February 2021.
- He doubted that ReAssure would liaise with his new provider and carry out the calculations I'd said. And the exercise would be difficult as he'd made switches and withdrawn money in the interim.
- There was no mention of the transfer value being guaranteed. It was simply the final valuation that the call handler saw and said that was going to be the transfer value. A valuation on a particular date is the exact valuation for that day at that point and can go up or down in the days following. But the valuation still stands for the applicable day. He'd suffered a financial loss because he'd been quoted a valuation on a particular date that was going to be paid out to him.
- His view was that ReAssure backdated the transfer to 4 February when the value was lower even though his policy was still in force and showing on the website with higher valuations at the end of February and as the valuation print out for 16 February showing a value of £223,342.91 demonstrated – the policy had not by then been cancelled or transferred. And on line messages dated 19 February said a transfer request hadn't been processed.

### **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.

I've considered carefully Mr B's comments in response to my provisional decision. I know he regards the telephone call on 23 February 2021 as crucial. As I've explained, we've asked ReAssure, more than once, to provide a recording. But ReAssure says it isn't available. ReAssure can only provide what it has and if it doesn't have a recording it can't be produced. It's up to Mr B if he wants to make a SAR and/or contact the Information Commissioner if he thinks there's been a data breach.

I maintain that I can fairly decide the complaint anyway and without the call recording. As I explained in my provisional decision, even if I accept that, during the call a transfer value of £223,458.56 was quoted as the final valuation that would be paid, I don't think that means ReAssure is obliged to pay that value if the call handler made a mistake in referring to that value as the amount that would actually be paid. I don't think a difference between the value quoted and that paid is a financial loss as such – as opposed to a loss of expectation – if there's no actual entitlement to the higher amount quoted in error.

I did refer to Mr B having been given a guaranteed value. I note what Mr B has said about that not being correct and why it might be confusing. I accept there was no mention during

the telephone call of the value being guaranteed as such (although the unit statement dated 17 February 2021 which Mr B says he didn't get did refer to the values not being guaranteed). But Mr B was given to understand that the value quoted was 'fixed' in the sense that the value quoted was the value that was going to be used for the transfer. But, as I've explained, ReAssure wasn't bound to honour any higher value it had, by mistake, quoted or said would apply.

The transfer value that would normally be used would be as at the date ReAssure's requirements were complete. That was 4 February 2021 and the value on that date was actually paid. But I went on to say in my provisional decision why I didn't think in the circumstances of this case that would be fair, given that the transfer wasn't actually carried out until a month later. My view was that the transfer should've been undertaken within a reasonable period, which I thought was three working days.

All in all my views remain as set out in my provisional decision. I've repeated what I said in my provisional decision in full above and it forms part of this decision.

Mr B isn't optimistic about ReAssure doing what I've said to put things right. But what I've said is in line with the redress we'd suggest in a case such as this and which may include carrying out notional calculations. These can be complex particularly where investment switches may have been made and/or money paid in or taken out. I've included a direction that ReAssure provide full details of the calculation and a breakdown of the transfer value actually paid (£221,653.04). I've no reason to believe ReAssure won't be able to provide that.

I've repeated below what ReAssure needs to do.

### **Putting things right**

To determine if Mr B has suffered any financial loss, ReAssure will need to liaise with Mr B's new provider and ask it what Mr B's current fund value is and what it would've been if the new provider had received the transfer value on 11 February 2021 instead of 8 March 2021. Mr B may need to give authority to his new provider for information to be provided to ReAssure. The notional value should take into account any investment switches and any sums paid out.

If the current fund value is higher than the notional value then there's no financial loss. But, if the notional value is higher, Mr B has suffered a financial loss. In that case ReAssure will need to pay the difference between the actual and the notional fund value.

If possible any redress should be paid into Mr B's pension plan so as to bring the value up to the notional value. 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 Mr B as a cash lump sum after making a notional reduction to allow for future income tax that would otherwise have been paid – that's fair as if it was in the pension, Mr B would only be able to access it as tax free cash and/or income. If Mr B hasn't yet taken any tax free cash from his plan, 25% of the loss would be tax free and 75% would have been taxed according to his likely income tax rate in retirement. I'd presume that Mr B is or will be a basic taxpayer in retirement. So making a reduction of 15% overall from the loss adequately reflects this.

ReAssure should provide details of the calculation to Mr B in a clear, simple format.

ReAssure should also provide Mr B with a statement, showing the number of units and prices in each fund, as at 4 February 2021 so that Mr B can see how the transfer value of £221,653.04 was calculated.

ReAssure should also pay Mr B £200 for the distress and inconvenience Mr B has been caused. That's in addition to the £400 ReAssure has already paid for the other matter – the fund switches.

### **My final decision**

I uphold the complaint. ReAssure Limited must pay compensation for any financial loss as I've set out above. In any event, ReAssure Limited must pay Mr B £200 for the distress and inconvenience he's suffered as a result of the delay in dealing with his transfer request

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 3 November 2022.

Lesley Stead  
**Ombudsman**