

The complaint

Mr S complains that ReAssure Limited hasn't allowed him to increase his monthly pension contribution on his existing personal pension plan.

What happened

Mr S took out a personal pension plan (PPP) with a provider that I'll refer to as Company B in December 2009. He was told at that point that he could increase his contributions at any time. Mr S contributed £100 per month to the plan.

In 2015 Company B transferred all of its pension business, including Mr S's plan, to ReAssure.

Mr S telephoned ReAssure in March 2022 and told it he wanted to increase his contributions to £300 per month. When he didn't hear from ReAssure, Mr S again telephoned it in May 2022 with the same request.

ReAssure sent a letter to Mr S to say he couldn't increase contributions to the current plan. When he again telephoned ReAssure, he was told that he could, in fact, increase his contributions. Mr S raised a complaint with ReAssure when it became apparent this was not the case.

ReAssure agreed to pay Mr S compensation of £250 in recognition of the poor service it provided. Mr S's complaint about not being able to increase the PPP contributions was unresolved at that stage. ReAssure also told Mr S it would pass on his complaint about a possible mis-sale of his PPP to Company B. The complaint about Company B is being dealt with separately by this Service.

ReAssure responded in July 2022 to Mr S's complaint about not being able to increase his contributions. It said rule changes made by the government meant some pension products became ineligible to receive additional funds. ReAssure said it decided to treat all policy holders fairly and provide the same functionality within plans, so all policy holders needed to set up a top up policy if contributions were increased or transfers were made.

Mr S remained unhappy and so brought his complaint about not being able to increase his contributions to this Service. He said that when he originally took out the pension with Company B, the terms of the pension clearly allowed him to increase his contributions and this was the main reason he took out the plan. Mr S said ReAssure had altered the policy terms and conditions without any agreement from him.

Our Investigator partially upheld Mr S's complaint. He said there was evidence that Mr S's policy was transferred to ReAssure with the same conditions as when he set it up in 2009. So, at that point, he would have been able to make additional contributions without having to take out a top up plan. ReAssure later made changes to its policies, and were allowed to do this. So while Mr S can make additional contributions towards his retirement, he can't add to his existing plan. However, our Investigator thought ReAssure didn't let Mr S know there had

been a change to the policy terms and conditions and asked ReAssure to pay compensation of £200 to Mr S.

ReAssure agreed to pay the £200 compensation suggested by our investigator.

Mr S didn't agree with what our Investigator said. He thought ReAssure should be instructed to honour the original terms and conditions of the plan. Mr S said £200 does not come close to reflecting the distress and inconvenience this matter has caused him. Mr S also said the compensation didn't take account of the loss of pension growth he'd experienced since his initial request to increase his contributions.

As Mr S didn't agree with what our Investigator said, this came to me for a decision.

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 want to reassure Mr S that I have looked at and considered all of the evidence provided by both parties, even if I have not referred to each and every point made, or piece of evidence provided. This reflects the informal nature of this Service.

Mr S has also made a complaint about Company B, and that complaint is being dealt with separately by this Service. So, I am just dealing with the complaint against ReAssure here.

ReAssure has already offered £250 compensation to Mr S because of the service errors made between March and May 2022, when it gave Mr S conflicting information about whether he could increase his contributions. Mr S has agreed to accept the resolution offered by ReAssure, and so I am not dealing with those particular service related issues in this decision.

The issue here is that when Mr S first took out his PPP, he had the option of increasing his monthly contribution. But when he contacted ReAssure in 2022 he was told he could no longer do this. Any increase in contributions, or indeed transfers in, would need to be paid into a top up plan. Mr S is unhappy as he's keen to have just a single PPP to manage.

So I've first of all looked at whether ReAssure acted fairly when it told Mr S his only option, if he wants to increase his monthly pension contribution, is to set up a top up plan.

ReAssure told Mr S that changes were made to the terms because of changes in government legislation. I don't know if Mr S's PPP was affected by the change in legislation but ReAssure has decided to implement the changes for all of its pension customers.

ReAssure hasn't provided this Service with very much information about the legislation that prompted it to make the changes or when they occurred. But both parties agree that they happened after the transfer of Mr S's pension from Company B.

But even without specific information about why the changes happened, ReAssure's decision to change the plan terms is a commercial decision and so it's not something this Service will comment on. Pension plans and their terms can evolve over time and it's not uncommon for terms to be amended when there's a change in, for instance, the specific product being offered or to relevant legislation. So I'm not asking ReAssure to take any further action in relation to Mr S's request to increase his monthly contribution on his existing PPP.

When our Investigator looked at Mr S's complaint he suggested ReAssure pay £200 compensation to Mr S, as he said it caused understandable upset and frustration by not contacting him when it first made the changes to his PPP. ReAssure has agreed to pay this amount. No evidence has been provided by ReAssure to show whether it did inform Mr S about the changes to the terms, so I'm relying on what Mr S said about not being notified. I think it's clear that not being notified has caused Mr S some distress and inconvenience, and I'm satisfied the amount of £200 suggested is fair to compensate him for this.

I know that Mr S has said he should be compensated for any financial loss he might have made by not being able to increase his monthly contributions to his current PPP. While I can understand his concerns, it's the case that the option to take out a top up plan was always available to Mr S. So he's had the opportunity to invest the additional £200 per month, albeit in a top up plan, which I appreciate is not his preferred option.

I think it's also important to note that I've not seen any evidence that would suggest Mr S has been placed at a financial disadvantage by having to take out a top up plan, rather than being able to add to his current PPP.

I know my decision will disappoint Mr S, but I am not asking ReAssure to take any further action in relation to the contributions he can make to his current PPP.

Putting things right

ReAssure should pay Mr S £200 compensation.

My final decision

It's my final decision that I require ReAssure Limited to pay £200 compensation to Mr S as outlined above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 20 July 2023.

Martina Ryan
Ombudsman