

The complaint

Mr B complains about the service he received from ReAssure Limited concerning the administration of his personal pension.

What happened

Mr B has been a member of a group personal pension since about 1997. He indicated on the application form when he first took out the pension (and as allowed within its terms) that he intended to make contributions as a percentage of his income, rather than for fixed amounts. The plan was previously administered by another provider (who I'll refer to as L), but as part of a large-scale transfer, it was moved to ReAssure.

Around October 2020, ReAssure said that Mr B needed to pay fixed contributions, rather than the variable amounts he'd stipulated, owing to how its system works. That's despite the fact that his contributions are based on a percentage of his income, and his income regularly fluctuates due to overtime payments. ReAssure suggested it might need to process the additional amounts as single contributions each month (rather than as part of a larger contribution). It said something similar in November 2020.

In February 2021, Mr B asked ReAssure to send him a list of all premiums received to date and whether it could confirm each time a new payment was received. Otherwise it was difficult for him to tell what contributions had been received since his pension had been taken over. Later that month, ReAssure confirmed some of the payments it had processed.

Mr B got in touch with ReAssure in May and September 2021 to ask if he could have access to its online portal to help him oversee his account.

In October 2021 Mr B called ReAssure again as he was unhappy that a letter he'd received relating to his premium history only included payments up to December 2020. He said he wanted to see something showing the premiums made together with the corresponding plan value at the time the premiums were applied.

Mr B complained to our Service. As ReAssure hadn't at that point looked into the complaint, we referred it on to ReAssure to investigate. ReAssure then responded and acknowledged there had been a delay in giving Mr B the online access he was expecting. In light of the inconvenience caused, it offered Mr B £150 compensation. It later sent him a list of the contributions he'd made.

Mr B wasn't happy with ReAssure's response and again asked us to look into his complaint. He explained that he still didn't have online access and ReAssure had ignored the fact that his pension had been moved to its administration without him being given any choice in the matter.

One of our investigators looked into the complaint and asked ReAssure for more information. It confirmed that as it's administering Mr B's policy manually (due to the fluctuating contributions), portal access couldn't be given to Mr B. It said that would remain the position until such time as issues to do with the premiums were resolved, but those issues were ongoing.

Our investigator upheld Mr B's complaint. Amongst his comments the investigator said:

- ReAssure had provided a poor service to Mr B - he hadn't been able to view his pension policy online as he wanted to and ReAssure delayed in giving him a full breakdown of the contributions made.
- To recognise the impact of those issues, the investigator recommended that ReAssure pay Mr B a further £300 compensation on top of the £150 already offered.
- He also recommended that ReAssure give Mr B access to his online account, whilst pointing out to Mr B that transferring his pension to another provider was an option that remained available to him.

ReAssure accepted the investigator's view, but Mr B didn't. He said he was "far from happy" as he still didn't have access to his online account. He later suggested that, having checked with a financial adviser, in order to get advice and switch his pension to another provider that would give him access to an online account, it would cost up to 3% of his pension fund value. However, Mr B indicated he'd be willing to accept about half of this value (around £3,450) from ReAssure in order to be able to switch his pension and move on. The investigator put Mr B's proposal to ReAssure. ReAssure didn't respond to the proposal, but it did say that it couldn't give a timeframe within which online access would be granted to Mr B. As agreement couldn't be reached, the matter's been passed to me to decide.

My provisional decision

I sent Mr B and ReAssure my provisional decision on 10 January 2023. I've included the relevant extracts below:

"It's clear that things haven't been plain sailing since Mr B's pension policy was transferred between providers. So, I can appreciate his strength of feeling especially when he was happy with the way his previous provider administered his pension and the transfer wasn't of his own making.

As a result of the problems he's experienced, Mr B now says he wants to move his policy away from ReAssure to another provider. And he's put forward a proposal to ReAssure to meet some of the costs associated with him taking financial advice with a view to transferring.

ReAssure accepts that it's delayed in giving Mr B access to an online portal. And whilst it doesn't appear to have responded to Mr B's proposal about meeting some of the costs if he were to take professional advice and transfer his pension, it had already offered him £150 compensation in respect of any inconvenience caused. It also confirmed that there's no penalty for Mr B to transfer his pension away from ReAssure if he wants to.

I've thought carefully about both positions. And for the reasons that I'll go on to explain, I'm not persuaded that ReAssure's explanations and actions currently go far enough. I'll explain why.

ReAssure suggested that Mr B would have to make fixed contributions to his pension owing to "the way our system works". So, rather than Mr B being able to vary his pension contributions in line with any changes in his earnings (and as he indicated he would do when he first took out the plan with L), ReAssure suggested it could only process his contributions automatically if the amounts paid were fixed.

I don't think Mr B's situation is unique as it's extremely common for pension contributions to fluctuate as employees receive payments such as overtime, bonus, and commission. Yet, ReAssure responded along the lines that if Mr B's pension contributions were for anything other than fixed amounts, its system wasn't able to cope and it would have to

apply these as single contributions each month rather than as part of a bigger overall contribution. Not only was it not what Mr B wanted, but it appears to have caused other issues and delays, such as contribution breakdowns not including everything that had been paid in. And I can understand why Mr B would be concerned by that.

But it's clear that the issue runs deeper than that. From what ReAssure has said, it's the very fact that it's having to carry out manual administration that's preventing Mr B from having online access to his account. In other words, if it wasn't for the limitations of ReAssure's systems, it's likely that Mr B's pension could be administered automatically and he'd be able to access his account online in the way he wants in order to stay abreast of what's happening on it.

I accept that ReAssure has indicated in response to a question from this Service, that Mr B can call, email or write to it in the meantime to ask to view or make changes to his account. And in other circumstances, I might have said that's a sensible interim solution. But I need to keep in mind that this problem has already been ongoing for some time with little prospect of a resolution in sight. And ReAssure itself has accepted that the demand on its service has sometimes led to increased waiting times to deal with customer requests. So, it seems entirely likely that even if Mr B did contact ReAssure in one of the ways suggested, he'd still probably have to wait to receive confirmation about his account. And that may well heighten any concern he's already experiencing.

Also, this isn't a situation where Mr B opted for ReAssure to administer his pension and problems then materialised. It was a decision that was effectively made for him despite the fact that he was happy with his previous provider. And ReAssure's systems are evidently not able to manage Mr B's pension in the way that's needed meaning that, in turn, he can't be given the online access he's looking for. I'm not persuaded that's a responsibility that Mr B should bear.

I also accept from what ReAssure has said that there's no penalty for Mr B to transfer his pension away from its administration. But I also need to keep in mind that it's highly unlikely Mr B would be looking to do that if it wasn't for the problems he's experienced – and continues to experience – with ReAssure's handling of his pension and the limitations of its system.

Ultimately, Mr B had taken out a pension which met his needs. But he was subject to a transfer to a new provider that has a system, which doesn't currently meet his needs. And in those circumstances, I don't think it's unreasonable that Mr B would want to obtain professional advice about the type of alternative pension and provider that might be suitable for him. But I also have to acknowledge that any advice Mr B seeks will likely come at a cost.

Taking all of these factors together, I'm intending to say that a fair and reasonable outcome to this specific complaint is that ReAssure Limited agrees to meet half of the costs associated with Mr B taking advice to switch his pension (subject to him providing the necessary invoice once the advice process and transfer is complete). That's unless ReAssure Limited can give Mr B a guarantee that it can offer him online portal access imminently – despite a variable contribution level – and at least by the response date for my provisional decision.

On top of that, this matter has clearly been a source of prolonged frustration and inconvenience for Mr B. So, I'm also intending to say that ReAssure Limited should pay him the additional £300 compensation that our investigator previously recommended and which ReAssure Limited subsequently agreed to pay (making £450 in total). If Mr B still hasn't cashed the previous cheque for £150, ReAssure Limited should cancel it and issue another cheque for the full amount of compensation”.

Responses to my provisional decision

Mr B said he had no further comments to make and would happily accept the decision assuming it remained unchanged.

ReAssure gave the following responses:

- It agreed to pay the £450 compensation I said I was intending to award.
- There was still no guarantee its system would allow the functionality to make flexible payments. So, ReAssure agreed to cover some of the advice costs that Mr B would incur if he were to take advice and switch his pension to another provider. But, it said that was subject to the following conditions:
 - As the new financial adviser's service will be for the benefit of Mr B (as a result of a signed contract between them) and won't be a service given to ReAssure, it shouldn't have to reimburse any VAT charged to Mr B.
 - It wouldn't agree to pay the adviser's full hourly rate (it said this is normal practice for the industry), but it will consider paying a maximum of a third of the hourly rate capped at £100 per hour.
 - Whilst accepting that the advice process would take a certain amount of time and effort, it wouldn't expect to pay compensation for all of the time spent on the case.
 - It would make any contribution to the financial adviser's fees in the name of the registered company that the adviser works for.
 - The breakdown/invoice must detail the time spent over and above what would be usual for dealing with such a transaction. It would require a full and detailed breakdown.

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 carefully noted the conditions which ReAssure wishes to impose before it agrees to meet some of the costs that Mr B is going to incur. But I don't find those to be fair. So, I'm not intending to significantly change what I said in my provisional decision. I'll explain why.

First, it may or may not be standard industry practice to cap costs at £100 an hour. But, whilst I will take into account standard industry practice, I need to decide a fair and reasonable outcome in the specifics of this case. And as I said in my provisional decision, Mr B's plan was transferred to ReAssure without him having any say in the matter. Since being transferred he hasn't been able to manage his plan in the way that he wanted, despite him making it clear when he first took it out that he intended to make payments on a flexible basis. And it's only because of the limitations of ReAssure's systems that he's now thinking about switching. So, as I said in my provisional decision, it's reasonable that ReAssure meets some of the costs associated with that – even if those costs exceed a cap of £100 an hour. I remain of that view.

I also note ReAssure's position that it wouldn't expect to pay compensation for all of the time spent on the case and it's suggested limiting the amounts it would pay to one third of the full costs. My proposed award isn't intended to suggest that ReAssure should meet the full costs. I recognise that Mr B does have the option of remaining with ReAssure and there is a potential that he will benefit financially from any additional financial advice in the long run. But, he's only in the position where he needs to seek financial advice because of the limitations of ReAssure's system. My award to put things right is intended to ensure that ReAssure meets some of the costs that Mr B will now incur through no fault of his own, whilst recognising the contribution that Mr B is willing to

make. I remain of the view that Mr B's offer is a reasonable one and as such I think it's reasonable that ReAssure meets half of those costs up to a total of £3,450 which Mr B said he was happy to accept.

Similarly, ReAssure has said that it won't cover the costs of any VAT as the service is for Mr B's benefit and not its own. There's certainly no dispute about who will likely benefit from the financial advice. But Mr B would only incur a VAT liability (if applicable) because he's having to think about taking advice as a result of ReAssure's own system limitations. So, I think it's reasonable that it covers half of the total that might become payable (whether this includes VAT or not), as long as the total sum payable doesn't exceed £3,450.

I'll also say here that it's not unusual for the costs associated with pension switching advice to be calculated based on a fixed percentage of the fund value, rather than an hourly rate. Mr B's indicated that the costs might be up to 3% of the overall fund value. That doesn't seem wholly excessive especially when Mr B is willing to pay half.

So, having taken account of the additional comments I've received, I'm intending to uphold this complaint. ReAssure Limited should now take the steps I've set out below to put things right.

Putting things right

- Pay Mr B compensation of £450 in total for the frustration and inconvenience he's suffered. If Mr B hasn't yet cashed the previous cheque that Reassure sent him for £150, it should cancel it and issue another for £450. If it has been cashed, it should pay him the additional £300.
- On the condition that Mr B provides an itemised invoice from his financial adviser, ReAssure should meet half of the costs associated with the advice, up to a maximum of £3,450 (inclusive). ReAssure should settle this payment within 28 days of Mr B submitting an invoice and breakdown of costs.

My final decision

I uphold this complaint. I require ReAssure Limited to carry out the steps set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 28 February 2023.

Amanda Scott
Ombudsman