

The complaint

Ms D complains that ReAssure Limited incorrectly stopped collecting monthly premiums that she was paying to her pension savings.

What happened

Ms D held two pension plans that had previously been opened with Legal and General. That pension business was transferred, with the consent of the High Court, to ReAssure in September 2020. And as part of that transaction ReAssure has taken responsibility for any administrative complaints arising from Legal and General's actions before the transfer. So, although it isn't clear exactly when an error was made on Ms D's pension plan, ReAssure is responsible for dealing with it regardless. For ease, in this decision, I will simply refer to ReAssure as the responsible business throughout.

I issued a provisional decision on this complaint in January 2023. In that decision I explained why I thought part of the complaint should be upheld, and what ReAssure needed to do in order to put things right. Both parties have received a copy of the provisional decision but, for completeness and so those findings form part of this decision, I include some extracts from it below. In my decision I said;

Ms D holds pension savings with ReAssure. Until recently she held two separate pension plans that were both opened in August 1992. ReAssure has described one of the plans as a DSS policy – by that it appears to mean that it was opened to receive rebates of national insurance contributions due to Ms D electing to opt out of the state earnings related pension scheme.

When Ms D opened the pension plan she agreed to make monthly contributions of £30. But those contributions were to be linked to increases in average earnings. So by the time of the matters that led to this complaint, Ms D was making monthly pension contributions of £100 that were enhanced by the addition of tax relief making a total monthly contribution of £125.

When the plan was first taken out Ms D said that she wished to take her pension benefits at age 55 – in 2015. I can see that in 2015 she asked for her retirement date to be altered to her 60th birthday. And Ms D has provided us with a letter that was then sent to her in July 2020, after I assume further discussions with the business, extending her retirement age on what ReAssure has described as the DSS plan by a further five years.

It appears the change to the retirement age wasn't added to Ms D's other pension plan. So, when she reached 60 years of age the following month ReAssure stopped adding any further contributions to her pension plan. It wrote to Ms D in September 2020 to inform her that it held an overpaid contribution and that it was returning £125 to her bank account but it didn't explicitly tell her that her contributions had stopped.

In March 2021 Ms D got in touch with ReAssure to discuss her pension savings. At that time she noted a lack of growth in the value of her pension investments over the

previous year. ReAssure explained that it had not collected any contributions due to Ms D having reached the selected retirement age for her pension plan. Ms D told ReAssure that had been an error and complained about what had happened.

ReAssure offered to consider reinstating Ms D's missed contributions. It asked Ms D to complete an application form. The form contained a section relating to her health, and required Ms D to provide ReAssure with permission to contact her doctor. Ms D considered that to be an unnecessary requirement and declined to complete the application form.

Ms D had a number of other conversations with ReAssure before bringing her complaint to us. But ReAssure has said that, in April 2022, Ms D took the entire amount of her pension savings in the main plan as a lump sum payment. It says that the other plan, containing the DSS benefits, remains in force.

I have set out in some detail the two pension plans that Ms D held with ReAssure. Both plans were opened at the same time, and via the same application form. It seems that Ms D wanted to open a personal pension plan and, in line with what was often the general approach at that time, opened an additional pension plan to opt out of the state earnings related pension scheme. It seems to me that Ms D drew little distinction between the two plans, and saw them as a combined resource to provide income in her retirement.

So it is surprising that, in 2020, the letter she was sent regarding the deferral of her planned retirement date was only in relation to one of the plans. It doesn't seem to me that would have been Ms D's intention. But given the time that has passed, and the change of pension provider, I cannot be sure what led to that error.

Shortly afterwards, Ms D reached the selected retirement age on her main pension plan (that hadn't been updated). As a result ReAssure stopped collecting any further pension contributions. But it doesn't seem that was something it explicitly made Ms D aware of. I can see that it sent her a letter saying that it held an overpayment and would be returning a sum of £125 to her bank account. But without any further explanation I share Ms D's assertion that it would have been unreasonable for her to conclude from that letter that her contributions had been stopped. I think it would have been helpful for ReAssure to have explained to Ms D that it was no longer going to collect the monthly contribution she had been paying for almost 30 years.

Ms D has explained that she didn't notice that the contributions were no longer being taken from her bank account. She says that her finances had been altered by the restrictions imposed due to the coronavirus pandemic, and so her disposable income was higher than before. So the additional money from the cancelled contributions was simply absorbed into that surplus. I think that explanation is plausible and so I'm not persuaded that Ms D should have been aware from her bank account balance that her contributions had stopped.

Ms D received an annual pension statement around March 2021. At that time she got in touch with ReAssure, both to discuss taking some pension income and to query a lack of growth in her fund value. It was during that conversation that Ms D first became aware that her contributions had stopped being collected.

ReAssure offered Ms D the opportunity to make up the missed contributions. And it said that future contributions could be restarted. It sent some paperwork to Ms D that was described as a "Reinstatement Eligibility Questionnaire". It is that form that Ms D has described as being unreasonable and punitive.

The form that Ms D was asked to complete appears to have been designed for use when a consumer had either deliberately or inadvertently stopped making pension contributions, and now wanted to restart them. The form would allow ReAssure to decide whether to allow the reinstatement of a pension plan. But that is very different from the situation here. Ms D had not asked for her contributions to be stopped – that was an action taken independently by ReAssure. So I can understand why Ms D would be frustrated at needing to complete a form to allow ReAssure to correct an error that she considered it had made.

I've looked carefully at the content of the form Ms D was sent, along with the three pages of guidance notes that accompanied it. Ms D has highlighted section 5 of the form as being of greatest concern since it asked for details of any medical conditions, and access to her medical records.

But the guidance notes say that section is only required to be completed for pension plans that include "any protection benefits, for example Waiver of Premium or Pension Term Assurance." My understanding is that those sorts of benefits didn't form part of Ms D's pension plan, and so I don't think she was required to complete that section of the form.

So, had Ms D understood more correctly the request that ReAssure was making, she might have been more inclined to complete the form. But it remains very much the case that she only needed to complete this form because ReAssure had stopped collecting her premiums – not because of a decision Ms D had made.

I'm not persuaded that, at the time, Ms D would have found it attractive to make up the contributions that had previously been missed. Her call to ReAssure was to discuss taking benefits from her pension savings, rather than adding to them. But I cannot entirely discount that Ms D might have restarted the contributions had the process not required her to complete the application form. But, ReAssure wasn't the only pension provider available – had Ms D wanted to continue making monthly pension contributions she could have done so with an alternative provider. So, on balance, I'm not persuaded that the requirement ReAssure imposed for the completion of the reinstatement application form is the only reason that Ms D didn't restart her pension contributions.

I don't think ReAssure treated Ms D fairly when it stopped collecting her pension contributions. On balance I think it most likely that Ms D had informed Legal and General that the retirement date for both her pension plans should be altered to her 65th birthday. Whilst I entirely accept that information might not have been correctly migrated to ReAssure, I don't think that means it can place the blame for the failure elsewhere.

But whilst I accept that, had nothing gone wrong, Ms D might have continued to pay her pension contributions each month, I think ReAssure provided her with sufficient opportunity to catch up, or restart those contributions. Whilst it might seem a little unreasonable for Ms D to need to "apply" for the mistake to be corrected, I don't think that the form she was asked to complete was as onerous as she concluded – I think the guidance notes made it clear that she wasn't required to complete the medical section.

So I'm not going to make any directions about ReAssure needing to reinstate Ms D's pension contributions. To do so, particularly given that Ms D has now taken all her benefits from those pension savings, would be problematic, and might reasonably

lead to Ms D needing to repay some or all of the benefits she has taken so far. I think that Ms D could restart her pension savings with another provider, or in an alternative plan with ReAssure, if that is what she now wants to do.

But as I've said earlier, I don't think ReAssure treated Ms D fairly in the first place when it stopped collecting her contributions and didn't advise her of that decision. There is no doubt that has caused her distress and inconvenience. I am currently minded that the compensation our investigator proposed doesn't adequately reflect the inconvenience Ms D has been caused. So, subject to any further representations in response to this provisional decision, I intend to direct ReAssure to pay Ms D the sum of £500 instead.

I invited both parties to provide us with any further comments or evidence in response to my provisional decision. ReAssure hasn't provided us with anything further. Ms D doesn't agree with my provisional findings and has provided some extensive comments. Although I am only summarising here what Ms D has said, I want to reassure her that I have read, and carefully considered, her entire response.

Ms D has confirmed that she has never paid any contributions into what has been called her DSS plan – that plan only received her rebated national insurance contributions. All her contributions were paid into the other plan.

She says that throughout her complaint ReAssure was adamant that she would need to complete the medical questionnaire so that her benefits wouldn't be affected should she die. She says that she was unable to persuade ReAssure that her benefits were not in the form of life insurance policies.

Ms D says that she had no desire to back date the missed contributions – she simply wanted to restart her plan. She says that the fact that the contributions were stopped was entirely due to ReAssure's error. Ms D says that completing any forms to restart those contributions would have been tacit approval that she was responsible for the contributions stopping.

Ms D took the benefits from her pension plan in April 2022. She asks that ReAssure be asked to pay her the interest and bonuses the pension would have accrued had her contributions not been stopped.

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 carefully considered everything that Ms D has told us, I'm not persuaded that I should change the findings I set out in my provisional decision. But I would like to comment further on some of the matters that Ms D has raised in response.

As I have explained in my provisional decision, there is no doubt that Ms D had little involvement in her pension contributions being stopped. And I am satisfied that the letter ReAssure sent to her about the refund of an overpaid contribution was insufficient to make her reasonably aware of the change. So it wasn't until Ms D received her annual statement in March 2021, and spoke to ReAssure about the information it contained, that she became reasonably aware that her contributions had stopped.

But I'm still of the opinion that it is likely that, by that time, Ms D's financial circumstances had altered, and paying monthly pension contributions might have been less attractive. She was calling ReAssure to discuss taking some pension benefits rather than adding to them.

I think it likely that the extended period without making pension contributions had seen Ms D find alternative uses for those monies.

Of course it still remains true that Ms D was only placed into that position by the decision that ReAssure took to stop collecting her contributions. I think it most likely that, had ReAssure not taken that action, Ms D's contributions would have continued unaltered. But the fact is that her contributions did stop. I don't think it either fair, or reasonable, that Ms D should derive any benefits from contributions that she didn't make.

I haven't seen anything that makes me think the benefits that will be available to Ms D at retirement in what has been called the DSS plan have been affected by the cancellation of her regular contributions. And, until Ms D took her benefits from the other pension plan her savings will have continued to attract investment returns in line with the terms of the plan. The benefits Ms D ultimately took will have been reduced since they didn't contain the missing contributions, but as I've explained, Ms D had the benefit of those monies to meet other day to day living costs.

I accept that Ms D was asked to complete the medical section of the reinstatement questionnaire. And I agree with her that it would have been much better customer service if she hadn't been asked to complete the form at all. But I'm not persuaded that the completion of that form was the only reason she failed to restart her pension contributions, or catch up on those that had been previously missed.

So I still conclude that what would be fair and reasonable to resolve this complaint would be for ReAssure to pay some compensation to Ms D for the inconvenience she has been caused. I don't think that, given Ms D was given the opportunity to restart her contributions and pay any missed contributions, she has otherwise lost out in financial terms. So I direct ReAssure to pay Ms D the sum of £500 for the inconvenience she has been caused.

My final decision

My final decision is that I uphold part of Ms D's complaint and direct ReAssure Limited to put things right as detailed above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms D to accept or reject my decision before 11 April 2023.

Paul Reilly

Ombudsman