

## **The complaint**

Mr M complains about the information ReAssure Limited (ReAssure) gave him about his pension plan.

## **What happened**

Mr M had a Legal and General stakeholder pension plan. Both he and his employer made monthly contributions into this plan. His employer occasionally made single contributions into it.

The High Court approved a transfer of business from Legal & General to ReAssure on 20 August 2020. ReAssure is a 'life and pensions consolidator', taking on blocks of policies from other companies rather than setting up new policies for customers. ReAssure became responsible for Mr M's pension after that time.

Mr M first contacted ReAssure on 2 February 2021, for information about the payments made into his pension. He was concerned that not all the payments made into his stakeholder plan were showing as having been paid in the right financial year. He said a single payment made to Legal and General on 30 March 2020 was missing. Mr M said that according to his and his employer's records, around £63,835 was paid into his plan during the 2019/20 tax year and only around £47,901 was showing on his statement as received.

Mr M explained he was particularly concerned because he intended to use a previous unused carried forward tax allowance from the 2017/18 tax year. He only had three years within which to use this unused allowance, so it was important that the payment of £15,933.75 was credited in the correct tax year, otherwise he would lose the allowance. Mr M explained to ReAssure he needed this point clarified urgently and before the end of the tax year. That was because his company planned to make another lump sum payment into his pension before the end of the 2020/21 tax year. If the £15,933.75 payment was showing as paid in the wrong tax year, that would have tax implications in relation to this subsequent lump sum payment.

Mr M received conflicting information from the two companies about his payment history. Legal and General wrote to him in August 2020 with his pension contribution history for 2019/20. The £15,933.75 contribution was not recorded. ReAssure sent him written confirmation that this March 2020 contribution was received.

Mr M asked ReAssure to provide him with information to show what had been reported to HMRC about this payment. ReAssure did not provide this. Mr M remained concerned, given that he wanted to use this unused tax allowance.

Mr M complained to ReAssure asking to be provided with his statement history for 2020/21 and to be provided with a copy of the letter sent to HMRC detailing the payments paid into his pension plan.

In April 2021, ReAssure accepted that there had been shortcomings in the service provided. It provided details of the total contributions received in the 2019/20 tax year and agreed to pay him £150 as compensation for the inconvenience caused. Dissatisfied with ReAssure's response Mr M referred his complaint to this service on 20 May 2021.

After Mr M made his complaint to this service, Mr M wrote explaining that he was experiencing further problems with the information being provided by ReAssure about his pension.

Mr M said he informed ReAssure on 4 June 2021, that further lump payments had been paid into his plan since August 2020, totalling £35,500. He provided a copy of his employer's bank statements showing lump sum pension payments had been made on the following dates:

- £13,500 on 31 December 2020;
- £6,000 on 11 March 2021; and
- £16,000 on 23 March 2021.

He said that the plan annual review document dated 22 February 2021 sent to him by ReAssure, didn't include the contribution of £13,500 made on 31 December 2020.

Although, this was strictly speaking a new complaint, as this service was already looking into an earlier similar complaint, it decided to look into Mr M's new complaint at the same time. ReAssure did not take issue with this.

On 27 August 2021 ReAssure wrote to Mr M and said the following:

*'We can confirm the last single premium applied was for 28th March 2020 for £15,933 75 - this has been applied to the correct tax year of 2019-2020 as confirmed in letter issued 5th May 2021. The relevant servicing team have issued a corrected letter to HMRC'*

Our investigator issued a view in December 2021 recommending that ReAssure let Mr M know by 31 January 2022 what contributions had been made into Mr M's plan during the 2020/21 tax year and what information HMRC had been given about the contributions made.

The investigator concluded that the amount offered by ReAssure to compensate Mr M for the inconvenience in relation to his first complaint about the £15,933.75 payment was fair and reasonable.

ReAssure did not respond to our investigator's view.

Mr M did not accept our investigator's view. He explained that if he did not obtain the relevant information from ReAssure until 31 January 2022, he would not be able to complete his self-assessment tax return on time. He also expressed concern about the lost investment growth caused by ReAssure's failure to credit the payments to his pension plan in a timely way.

To resolve his complaint, Mr M wanted ReAssure to:

- provide a copy of the letter ReAssure sent HMRC stating that the £15,933.75 was paid in the tax year 2019/2020. If possible, he also wanted to see HMRC's response.
- confirm that ReAssure had received and invested £35,500 into his pension account from L&G.
- provide a copy of the letter from ReAssure to HMRC stating that £35,500 was paid into his pension plan in the tax year 2020/2021 by way of single payments.
- issue a correct personal pension contribution statement for the tax year 2020/2021.
- pay him the sum of £5,000 or a sum equal to the growth to date in his pension in the period from 31 December 2020 on the £35,500 lump sum payments made.
- pay him compensation to cover the extra tax he is likely to have to pay, which he calculated as being £11,171.60, if ReAssure can't provide evidence to verify that £15,933.75 was paid into his pension in the 2019/20 tax year and £35,500 by way of lump sum payments in 2020/21.
- pay him £3,000 for all the time, stress and ongoing worry that this chaotic business transfer had caused.

ReAssure did not respond to our investigator's view or his email chasing a response. Our investigator issued a further view in January 2022 stating, in summary:

- it was not clear why Mr M could not be given a statement for the 2020/21 tax year to complete his tax return in advance of the 31 January 2022 deadline.
- He should fairly be provided with an explanation about what has happened to the single payments of £35,500 he paid, to understand whether there has been any investment loss.
- that £150 for trouble and upset was fair and reasonable in relation to the complaint submitted in May 2021 concerning the March 2020 payment.
- a further award for trouble and upset was appropriate if ReAssure did not immediately provide him with information to complete his January 2022 tax return.
- Further that he should be compensated for any investment loss arising from the £35,500 paid in single payments not being credited in a timely way.

Mr M forwarded on a response from ReAssure dated October 2022. It referred to another issue Mr M had raised. This referred to the March 2021 payment of £6,000. ReAssure treated this as a further complaint.

ReAssure accepted there was an issue with this payment. It said it received it on 11 March 2022 and it *had 'now been invested in your policy and this was applied as of the date we received the value to ensure this didn't affect the overall value.'*

It said the correct value of his policy was as stated in the document sent out on 6 September 2022. ReAssure agreed to pay Mr M £300 for its failures in respect of this £6,000 payment. ReAssure's final response provided referral rights to this service. As this concerns something Mr M had already complained to this service about, (handling of the three single payments paid in 2021, of which the 11 March 2021 payment was one), I have also dealt with this in this decision.

In June 2022, Mr M also told this service there were discrepancies with other single payments paid into his plan in 2022. This decision does not address that situation and Mr M has been informed that he will need to raise a separate complaint about that if he wishes to pursue it.

Mr M's complaints came to me for a decision. I issued a provisional decision in February 2023 setting out that I was minded to uphold his complaint, Mr M said he reluctantly accepted my provisional decision. ReAssure responded saying that it noted that the distress and inconvenience award was large, but it could see the logic for that given the timescale involved.

After responding to the provisional decision, Mr M raised further concerns with this service about information that he had recently been sent by ReAssure being inaccurate. Mr M will need to raise that first with ReAssure. So, that has not been dealt with in this decision either..

### **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 looked again at Mr M's complaint and Mr M and ReAssure's responses, I uphold Mr M's complaint. My reasons are the same as set out in my provisional decision, which I will set out below..

### **£15,933.75 payment made on 30 March 2020**

ReAssure sent Mr M a letter on 10 March 2021, which confirmed that its systems showed that his employer's pension contribution of £15,933.75 was recorded as being received in the 2019/20 tax year and in that tax year the total contributions made to his pension plan were around £63,835.

Based on what I have seen, I am satisfied that more likely than not ReAssure has now credited this payment to Mr M's pension plan, treating it as having been received on 30 March 2020 for investment purposes.

As a result, I do not consider that Mr M has suffered any investment loss arising from the shortcomings here.

He was put to some inconvenience trying to get information from ReAssure about his contributions and information about whether they had been credited to his account in a timely way. Fairly, ReAssure should compensate him for this inconvenience. ReAssure does not dispute this.

### **Tax treatment of payment of £15,933.75 made on 30 March 2020**

In August 21, ReAssure told Mr M that its service team had sent a letter to HMRC 'correcting' information about this contribution. This would suggest that earlier incorrect information had been sent to HMRC. Mr M, understandably, in my view, given the issues he had experienced, asked ReAssure to provide a copy of the letter sent to HMRC. ReAssure didn't provide Mr M with a copy of this letter. It later told this service that it was unable to provide it, as the information was likely sent to HMRC electronically.

To date, Mr M has not received proof from ReAssure to show that it sent 'correct' information to HMRC about this payment. ReAssure should provide Mr M with this. That could take the form of a copy of the letter sent to HMRC, a copy of the electronic communication about this or providing something from HMRC itself to show payment history for the 2019/20 and 2020/1 tax years.

ReAssure's failure to provide this proof in a timely way has caused Mr M further trouble and upset and it should compensate him for this.

### **Three additional single payments in the tax year 2021/22 – totalling £35,500**

Mr M has provided copies of his employer's bank statements showing that single payments were made into Legal and General's account in respect of his pension after August 2020. It seems not to be in dispute that Mr M's company made these three payments, on the dates Mr M has evidenced, as single contributions to be paid into Mr M's pension plan. I accept these payments were made and likely received by Legal and General.

The plan annual review document Mr M was sent by ReAssure dated 22 February 2021, omitted a contribution of £13,500 made on 31 December 2020. ReAssure also accepted not dealing with the 11 March 2020 payment appropriately.

When taken together, Mr M has been provided with inconsistent information from Legal and General and ReAssure about when these payments were received and paid over by Legal and General, to ReAssure.

Legal and General told Mr M they were paid over in July 2021. Correspondence from ReAssure suggests they may not have been received by ReAssure until September 2021. Whichever way you look at it, there was a long delay between these single payments being received and being passed over to ReAssure.

It also seems not to be in dispute that there was some miscommunication and whilst contributions paid by direct debits were redirected automatically to ReAssure's bank account, the same did not happen with single payment contributions. Mr M says that neither he nor his employer were given ReAssure's banking details following the transfer. They were simply told the transfer would progress seamlessly. In Mr M's case, the transfer has undoubtedly led to administrative complications.

ReAssure told Mr M that Legal and General should have returned these three payments to Mr M's employer as they were received outside of the transition period. However, it appears subsequently that ReAssure was prepared to receive the payments direct from Legal and General to be credited to Mr M's plan. ReAssure has not provided any further information about the transition agreement or what was agreed between the two companies. It has apologised to Mr M about the 'miscommunication' in relation to its banking details.

Looked at as a whole, I consider that ReAssure should be held liable for any investment loss Mr M may have suffered if these three payments have not been credited on the date payment was received by Legal and General. ReAssure should compensate Mr M for any investment loss here.

Mr M has spent many months trying to obtain information from ReAssure about the dates these contributions were applied to his pension, to assess whether there has been any investment loss. He's still not been given enough clear information, in my view, to clarify this or to know what HMRC has been told about these three payments.

This lack of clear information has caused Mr M further trouble and upset. He should be compensated for this. He may also have suffered financial loss, if the payments were not credited as at the date that Legal and General received those payments.

### **£6,000 payment made on 11 March 2021**

ReAssure acknowledged that it had not provided Mr M with the required level of service in relation to this payment. It said it had received the payment on 11 March 2022 (ie a year after it was paid). It's not clear whether this is a typographical error, and the payment was credited as received in March 2021 or March 2022.

If ReAssure has treated this payment as being received in March 2022, as its final response states, then I consider that Mr M has potentially suffered an investment loss in relation to this payment and it should compensate him for any financial loss.

If, on the other hand, this is just a typographical error in ReAssure's final response, this is another example of ReAssure's lack of clarity around the treatment of these single payments.

### **ReAssure's Change in policy – Providing a Complete Premium History**

In August 2022, ReAssure sent Mr M a letter stating that a policy decision had been taken not to provide customers with a complete premium history going forward, only a history for the past two years. This was due to the cost to the business of providing information over a longer period.

Mr M was told to look at past annual statements, anniversary certificates and to check bank records, Mr M had checked these, but the information did not correlate, which was why he contacted ReAssure.

I consider this to be an unreasonable and unfair response in Mr M's circumstances, given the issues with his payment history.

### **ReAssure's website**

Mr M said he was unable to access correct information about his pension on ReAssure's website from April 2021. He said, as a result of not being given accurate information about his pension, he and his employer stopped making contributions into his plan.

In correspondence in July 2021, ReAssure acknowledged that due to a technical glitch Mr M was not able to use the website.

In May 2022, it explained that Mr M's payments were in the process of being manually allocated because a manual fix was required.

In December 2022, Mr M stated that the website was still displaying wrong information about his pension plan.

Mr M has been caused further inconvenience by not being able to access reliable information about his pension plan since April 2021. ReAssure should compensate him for this.

### **Trouble and upset**

Looked at as a whole, I consider that Mr M has been caused a considerable amount of trouble and upset, over a prolonged period by ReAssure's failure to address the concerns raised. Nearly two years on, Mr M is still waiting to see what HMRC have been told about these four payments.

He is still waiting to hear if the payments were allocated to his plan and treated as received on the dates his employer paid them.

Mr M's retirement planning has been disrupted due to ReAssure's failings here, to the point where he is no longer confident enough, to make payments into his ReAssure plan. This is understandable, given the extent and period over which the miscommunication has occurred.

Given the prolonged nature of the trouble and upset caused, overall, I consider that a more appropriate amount of compensation is £1200 in total.

It's possible that Mr M has also suffered investment loss, if these payments have not been treated as being received on the dates paid. If so, I am also making an order to redress that loss too. It is also possible that Mr M has lost out because incorrect information has been provided to HMRC. If that is the position, I also think ReAssure needs to put that right.

### **Putting things right**

My aim is that Mr M should be put as closely as possible into the position he would probably now be in if his single premium pension payments paid to Legal and General or ReAssure in the 2019/20 and 2020/21 tax years had been invested into his pension plan no later than 48 hours after leaving his company's bank account. I consider 48 hours to be an appropriate period, given how long these things take in the normal course of events.

#### *What must ReAssure do?*

To compensate Mr M fairly, ReAssure must:

- Pay Mr M £1200 overall, for the trouble and upset caused.
- Treat the single payments made to Legal and General/ReAssure in the 2019/20 and 20/21 tax years as if they were invested in his ReAssure pension plan no later than 48 hours after leaving Mr M's employer's bank account.
- Compensation should not be paid into the pension plan if it would conflict with any existing protection or allowance.
- If ReAssure is unable to pay the compensation into Mr M's pension plan, it should pay that amount direct to him. But had it been possible to pay into the plan, it would have provided a taxable income. Therefore, the compensation should be reduced to notionally allow for any income tax that would otherwise have been paid. This is an adjustment to ensure the compensation is a fair amount – it isn't a payment of tax to HMRC, so Mr M won't be able to reclaim any of the reduction after compensation is paid.
- The notional allowance should be calculated using Mr M's actual or expected rate of tax at his selected retirement age.

- Based on the information provided by Mr M, it is reasonable to assume that he is likely to be a basic rate taxpayer at the selected retirement age, so the reduction would equal 20%. However, if Mr M would have been able to take a tax free lump sum, the reduction should be applied to 75% of the compensation, resulting in an overall reduction of 15%.
- ReAssure should provide Mr M in a clear and simple format with information showing how it has calculated the compensation payable.
- ReAssure should provide Mr M with correct pension statements for the 2019/20 and 2020/1 tax years.
- ReAssure should provide Mr M with evidence of what HMRC has been told about the payments made into his pension plan during the 2019/20 and 2020/1 tax years and HMRC's response, if any. If Mr M is liable to pay extra tax as a result of the payments made by his employer on 30 March 2020, 31 December 2020, 11 March 2021 and 23 March 2021 not being credited to his pension account in the correct tax year, then ReAssure shall be liable to pay this additional amount direct to Mr M to cover his additional tax liability.

### **My final decision**

I uphold Mr M's complaint and order ReAssure Limited to put things right as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 14 April 2023.

Kim Parsons  
**Ombudsman**