

The complaint

Mr L complains about the service he has received from ReAssure Limited (ReAssure) in respect of one of his pension plans. He says he has been given conflicting information about whether he can continue to contribute to it, and by how much, after he has taken tax-free cash from it.

What happened

Mr L had a personal pension with Legal & General (L&G) that ReAssure is now responsible for. In October 2020 Mr L made enquiries about taking the benefits from this plan in the form of some tax-free cash. But he also wanted to still contribute to the pension, that is he wanted to still be able to pay up to the 'annual allowance' of £40,000 each year that can be paid into a personal pension.

Mr L complains that he was told by ReAssure that he could take some tax-free cash from this plan and still make contributions to it. However, it's now clear that he isn't able to do this. He can't make any further contributions to his plan as he has taken some tax-free cash.

Mr L complained in 2020 to ReAssure about the administration of his L&G pension. He said that he had been provided conflicting, and misleading, information in respect of five main areas. These were:

- He was told he could contribute up to £40,000 into his pension after he had taken the tax-free cash.
- He was told he could continue to contribute to the pension up to his age 70.
- He wanted to ensure his tax-free allowance had been correctly dealt with.
- Some of the information he'd received about where his fund was invested was unclear.
- And some of the information he'd received about his fund value wasn't correct.

ReAssure upheld Mr L's complaint in part. It said that the service it had provided had been poor at times. Added to this, the information it had provided wasn't always correct. However, it said that it did correctly inform him, both in some of the telephone calls and in writing, that he couldn't take tax-free cash from his L&G plan and still contribute to it. It offered Mr L £250 compensation for the inconvenience that its poor service had caused him.

Mr L referred his complaint to our service. An investigator agreed that the service ReAssure had provided could've been better and it had given him conflicting information at times. But he also said that ReAssure had provided the correct information about whether he could contribute to his L&G plan after he took tax-free cash. Because of this, he thought the offer ReAssure had made was fair.

Mr L disagreed. He said that he wanted to concentrate on the two key issues of his complaint that is the information he'd received about whether he could continue to pay into his pension plan and the reduction of his annual contribution allowance. Mr L essentially said that the quotes and surrounding information were incorrect in several ways. So, it was unreasonable to have expected him to rely on them at all. He expected to receive

confirmation that his plan would remain the same after he had taken the tax-free cash from it.

I can see there was some further correspondence after the Investigators initial opinion. And Mr L provided a copy of another letter he had received. And we did receive recordings of some of the telephone calls made between Mr L and ReAssure after the opinion. But these very closely match ReAssure's and Mr L's notes and commentary about them, which we already had.

The investigator wasn't persuaded to change their opinion, and Mr L had no new material points to make. So, the complaint was referred to me to make a final 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've taken into account relevant law and regulations, regulator's rules, guidance and standards and codes of practice, and what I consider to have been good industry practice at the time.

It's not disputed that ReAssure has provided incorrect information to Mr L about his pension. This is in relation to when he took some tax-free cash and how this would affect his plan going forward. But to be clear, as has been explained to Mr L, under HMRC rules he can only contribute certain amounts under certain circumstances if he has taken the benefits from a pension. And under the terms of the L&G pension he is no longer able to contribute to it after he has taken tax-free cash.

So even if Mr L was misled, I wouldn't be able to put him back in the position that mirrors a situation where he can take tax-free cash from his pension, and still fully contribute to it. This is something he couldn't do.

So, I've firstly looked to see if the poor customer service, and incorrect information he has been provided, would have led to Mr L changing his decision to take the tax-free cash. And then I've thought about the customer service ReAssure provided after Mr L took tax-free cash from his pension.

What happened before Mr L took tax-free cash

Mr L has provided a detailed account of his contact with ReAssure. I've also seen copies of the letters between him and ReAssure, both parties notes and communications and some of the recordings of the calls between them both. I've looked at all of this, but I won't refer to all of the detail here as both sides are aware of it.

In September 2020 Mr L started looking into taking some tax-free cash from his L&G personal pension. He was 64 at the time and, whilst he didn't want to fully retire, he was thinking about taking the benefits from this pension. I understand he wanted some funds to purchase a property.

On 23 September 2020 Mr L was given information about his L&G plan by ReAssure. He was given the value of it, and he was told he could continue to contribute to the plan up to his age 70, up to a limit of £40,000 each year, as he was not fully taking the benefits. There were some later calls that gave similar information. Mr L says he understood from this series of telephone calls that he could simply take the tax-free cash and his pension would otherwise remain unchanged (broadly speaking).

In October 2020 Mr L received some written information about the proposed tax-free cash withdrawal. This provided some information about what would happen to his plan after he withdrew the tax-free cash.

Mr L was sent a letter dated 9 October 2020 in respect of the transfer. This included a Key Features document, with information about the pension, an application form and some notes to these documents. These notes say that after the tax-free cash is taken:

'It will no longer be possible to pay contributions into this pension plan'.

I also note that under the heading *'What are the conditions for tax-free lump sum'*, the notes say by taking a tax-free lump sum *'we must then allocate all the remaining money to drawdown at the same time.'*

Mr L had a telephone call after this, on 12 October 2020, in which he was also told that if he took any tax-free cash from the pension then he would be unable to contribute to it in the same way going forward.

On 23 October 2020 ReAssure sent Mr L information about the withdrawal he had requested from his L&G plan. The notes to the application form said that:

'...In summary, the following are the effects of taking the withdrawal you've requested: As you have chosen to take a tax-free lump sum, all of the remaining money in the policy will be converted into a flexi-access drawdown (see what are the conditions for a tax-free lump sum). It will no longer be possible to pay contributions into the plan. ...'.

ReAssure has sent copies of Mr L's pension withdrawal application which he signed on 27 October 2020. He also signed to confirm that he was aware of the written information he had received.

Mr L withdrew tax-free cash of around £85,000 and this was received by him on 28 October 2020.

It's clear that Mr L did want to release the tax-free cash urgently, as he wanted to purchase a property. Because of this, he was in contact with ReAssure about this a significant number of times. And ReAssure, by its own admission, was struggling to progress Mr L's transaction.

But I think it's reasonable to say that, whilst the information Mr L received was contradictory, he was given the incorrect information, in the main, when he started to make enquiries about his pension. But as time went on, he was given better information both in telephone calls and in the written information which I've outlined above.

In particular, the letters are clear enough in that they do explain that his pension wouldn't carry on in the same way after he had taken tax-free cash from it.

So, Mr L should have been aware that it was likely that he wouldn't be able to contribute to his pension going forward. And he did proceed with the knowledge that, at best, this issue wasn't resolved. And I don't think it's reasonable to say that he could disregard the information he was given about the ongoing pension contributions due to errors elsewhere.

So, I think that if Mr L had been provided with better information, he still would have proceeded to take the tax-free cash from his pension. And so, I can't say that he would now be able to contribute to this pension going forward.

What happened after Mr L took the tax-free cash

Mr L has provided a letter he received in February 2021 from ReAssure that also said he could continue making contributions to his pension. He thinks that this should supersede the earlier correspondence he received.

But as I explained above, even if the information he has been provided is misleading then this doesn't alter the terms of the contract he has and the rules it must operate under. Mr L can't now contribute to his personal pension as he has taken some tax-free cash from it. As I think this is what he would have done in any event, I can't change this.

I appreciate all of this has caused Mr L some distress and inconvenience. Especially in the early part of the contact between him and ReAssure. But I'm conscious that this was a complicated transaction that was also time pressured. So not all of the distress would have been down to the mistakes that Reassure made. Because of this I think the £250 compensation amount that ReAssure has offered is reasonable.

Putting things right

ReAssure should pay Mr L £250. If it has already paid this, it doesn't need to pay this again.

My final decision

For the reasons I've explained, I partly uphold Mr L's complaint.

ReAssure Limited should put things right by doing what I've said above.

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

Andy Burlinson
Ombudsman