

The complaint

Mr L is unhappy with how ReAssure Limited (ReAssure) handled his request to transfer his pension to a new provider. Mr L says there were delays in getting information from ReAssure and the transfer value actually paid was less than had been quoted.

What happened

I issued a provisional decision on 7 March 2023. I've repeated here what I said about what had happened and my provisional findings.

'Mr L had a pension policy with ReAssure. Mr L's normal retirement date (NRD) as in March 2021. ReAssure had sent information to Mr L about his options for the policy. Mr L, who had an independent financial adviser (IFA), wanted to transfer the value of the policy to a new provider. ReAssure has produced a time line showing what happened. It seems Mr L's IFA initially contacted ReAssure about a transfer in October 2020. ReAssure has produced a timeline of how things progressed.

There was an issue with a statement issued on 30 December 2020 to Mr L's IFA. The covering letter said the transfer value as at 29 December 2020 was £162,871.50. But the enclosed policy information sheet said the current transfer value was £176,439.40.

ReAssure has produced a call log. It shows that Mr L's IFA raised a number of queries during January and February 2021. We don't have recordings for all the calls, but we do have a recording of a call on 21 January 2021 during which Mr L's IFA queried why the statement sent on 30 December 2020 had shown two different transfer values. I've referred to the call further below. There's also a letter dated 7 February 2021 from ReAssure to Mr L's IFA. It referred to a recent query regarding the Guaranteed Annuity Rate (GAR). It said:

'We confirm the value of the With Profit element of your policy as at 5 February 2021 is £163,825.00, all coverages include GAR.

The Non Profit part of your policy relates to Term Assurance and as such none of this has an applicable GAR.

Please note that this value is not guaranteed and as such can go down as well as up.'

Mr L agreed with his IFA to transfer but not before his NRD in March 2021. The transfer paperwork was submitted to the new provider in March 2021 with instructions not to forward to ReAssure until Mr L's NRD. ReAssure wrote to Mr L on 27 April 2021 confirming that it had paid the transfer value of £165,897.80 by direct credit to the receiving scheme.

Mr L had by then complained to ReAssure about the delay since his NRD. He said ReAssure had been slow in transferring the funds which had cost him in the region of £11,000 plus loss of investment growth on that amount.

Mr L's IFA also complained to ReAssure on Mr L's behalf on 18 May 2021. The IFA said there'd been difficulties in getting information from ReAssure from October 2020 until January 2021. And the information sent by ReAssure on 30 December 2020 gave two different transfer values. Mr L's IFA said the transfer had taken too long. It had caused

immense stress. And the delay meant there was a difference of £10,541.20 between the amounts actually transferred and quoted.

ReAssure sent a final response to Mr L on 25 May 2021. ReAssure said it had made a mistake and was sending £200 to say sorry. ReAssure accepted there'd been delays. It said it was investigating if Mr L had suffered financially because of the delay and had written to the new provider for additional information.

ReAssure sent its final response to Mr L's IFA on 2 September 2021. ReAssure referred to what it had said in its final response letter to Mr L – that it was currently investigating whether Mr L had suffered financially because of ReAssure's delay and had written to the new provider for information. Once that was received it would get in contact with the outcome and if any further payments were due. ReAssure said it had a backlog of cases and it couldn't say when the loss assessment calculations would be completed. The difference in the two transfer values was being investigated and an explanation/outcome would be sent. Mr L had received £200 by way of apology for the delays and service.

The complaint was referred to this service. ReAssure accepted there'd been a delay in completing the loss assessment and offered a further £300 for the inconvenience that had caused. Mr L didn't accept that offer.

Our investigator looked into what had happened. He referred to the statement dated 30 December 2020 which gave two transfer values. The reason for two differing values wasn't clear. But there was a note saying: 'Please note that all values quoted are not guaranteed as the funds are revalued on a regular basis.'

The investigator had also listened to a recording of Mr L's IFA's call to ReAssure querying the transfer values provided. During the call ReAssure's agent had explained the difference was due to a penalty and no bonuses being applied if the transfer was before Mr L's NRD. Mr L's IFA asked if the higher figure would apply at Mr L's NRD and the lower figure if he transferred earlier. ReAssure's agent agreed and confirmed, if the pension was taken before Mr L's NRD, a penalty would be applied.

The investigator didn't think the call was handled well by either party and had resulted in confusion. ReAssure's agent had been talking about an exit penalty as the reason for the reduced value but had also agreed with the IFA's suggestion that the higher figure would apply if the pension was taken at Mr L's NRD. But, although things weren't clear, the investigator didn't think that was enough to rely on as a guarantee of a value when the statement had warned that the values quoted would be revalued. But if it hadn't been for the unclear statement and the call it had prompted, Mr L wouldn't have been led to expect that waiting until his NRD would secure the higher value for his pension. But, if he'd transferred before his NRD, he'd have incurred a penalty. So, in any event and even if the position had been clear, Mr L would still have waited until after his NRD to submit the transfer request so as to avoid the penalty.

The investigator noted that ReAssure had agreed there'd been a delay in paying the transfer value. And that a loss assessment would be undertaken but not completed. The investigator set out the basis on which he thought the loss assessment should be undertaken. He noted that Mr L and his IFA had said delays were experienced from October 2020. And ReAssure had explained that a request for transfer forms was first received on 15 October 2020. So that appeared to be a reasonable starting point. ReAssure has also provided a timeframe for completing the transfer, if it hadn't been for the delay – ReAssure suggested the transfer would've been requested sooner on 23 December 2020 and completed on 11 January 2021.

But the investigator said Mr L would've waited until his NRD and so the transfer would still

have been processed as of that date and so the £165,897.60 value paid was correct. But any loss caused by the delay in transferring the funds to Mr L's new provider (which wasn't until 22 June 2021) would still need to be considered.

The investigator noted the transfer was requested via the Origo Options system – an electronic platform which allows the transfer of pensions and investments and can reduce transfer times to a matter of a few days or sooner. He thought it reasonable to say the funds could've been sent to Mr L's new provider, say, three working days later so on 22 March 2021. He set out how ReAssure should determine if Mr L had suffered any loss and if so, how it should be paid.

ReAssure didn't agree. ReAssure maintained the transfer would've been processed on 11 January 2021. It said it wouldn't have retained the forms for two months until Mr L had reached NRD to complete the transfer. It would process upon receipt of the last requirement. Its loss assessment had been based on that date and showed Mr L hadn't suffered a loss. ReAssure sent a payment of £165,897.60 which was invested on 19 May 2021. Had the transfer been processed on 8 February 2021 (20 days from 11 January 2021 to the hypothetical date when the funds would be invested) Mr L would've received £162,063.40. So, he'd made a gain of £3,003.02 due to the delays. And a further £300 had been offered for the time taken to complete the loss assessment.

The investigator explained that didn't take into account Mr L's IFA's actions in delaying in submitting a transfer request to avoid a reduction in the transfer value. That was in part because Mr L and his IFA thought a guaranteed figure would be paid on the policy's maturity date but also because they'd been told there'd be a penalty if the transfer was earlier. Mr L's and his IFA's actions showed they were attempting to avoid any reduction to his transfer value and so needs to be considered in what would've happened. They'd still have waited until March 2021 to request the transfer and so avoid any penalty.

In response ReAssure said that if Mr L and his IFA had delayed in sending in paperwork to avoid a penalty on transfer that would be their responsibility and not ReAssure's. ReAssure maintained the transfer would've taken place on 11 January 2021.

In reply the investigator reiterated that, in his view, Mr L and his IFA would've waited to submit the Origo request until Mr L's NRD because of what ReAssure had said about the difference in transfer values. Although Mr L and his IFA thought they'd be securing a guaranteed value, they were still acting to avoid the penalty that would apply if the transfer had completed sooner. The investigator asked ReAssure to confirm the position and to explain why two different transfer values had been provided on 30 December 2020.

ReAssure reviewed the case again and completed a further loss assessment. ReAssure said although the value as at NRD was used, ReAssure didn't release the funds to the new provider within its service standards. Using the NRD and allowing ReAssure's ten working days service standard, the payment would've been released on 31 March 2021 and received on 7 April 2021. It had actually taken the new provider 17 working days to invest so that timescale had been used, which meant a revised investment date of 30 April 2021. ReAssure's calculations were attached showing Mr L had made a gain and was in a better position due to ReAssure's delays.

The investigator asked ReAssure to provide further information about the steps required to complete the transfer and how long each step would've taken. The investigator said the transfer should be processed in a prompt and timely manner so just adding a ten working day standard without a further explanation didn't seem reasonable. But the investigator agreed that any time taken to invest once the funds were with the new provider was outside ReAssure's control and so it was reasonable to take that into account in the loss calculation.

ReAssure responded to say that each business had its own service standards and in previous cases the June 2006 Association of British Insurers (ABI) statement of good practice has been quoted. It said requests relating to transfers should be completed within ten working days. ReAssure also cited a recently issued view where the investigator dealing with that complaint had said it was reasonable to allow that period.

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The investigator replied saying the ABI guidance had been issued some time ago and Mr L's transfer was completed using the Origo system which can significantly reduce transfer times. The investigator referred to the 2016 (I think that should be 2018) consultation paper by the Transfers and Re-registration Industry Group (TRIG) as a more current indication of best practice. It suggested a two business day standard for completing each step of a transfer which was why the investigator had asked for details of the actions that had to be taken. He said it might be ten working days was reasonable but without details of what ReAssure needed to do to complete Mr L's transfer he couldn't agree it was reasonable for ReAssure to take ten working days to send the funds via BACS.

Mr L hadn't accepted the investigator's view. Mr L said the call recording showed ReAssure had given false information in that if he transferred after his NRD the fund would be some £10,000 higher – a final bonus would then apply.

The investigator explained that he didn't think a guaranteed value had been promised, but it was unclear what the different values were. And, even if a ReAssure had said Mr L would get a certain value, his policy didn't have a guaranteed value and saying it did wouldn't mean that would have to be paid – although there'd be compensation for inconvenience resulting from the loss of expectation and any impact if Mr L would've acted differently. The investigator said Mr L would've waited until his NRD to transfer to avoid any penalty.

Mr L queried why the higher figure if he transferred after NRD had been quoted with a much lower figure then paid. Mr L said the sum paid to the new provider (£165,897.60) was the £162,871.50 quoted in the statement dated 30 December 2020 plus investment growth until his NRD. He said he should get the £176,439.40 plus the same investment growth.

The investigator didn't agree. He said the £165,897.60 was a drop in fund value due to market movements. The values of £163,825.00 (as of 5 February 2021) and £171,151.20 (as of 3 March 2021) showed the fund value fluctuated during December 2020 to March 2021.

Mr L didn't agree. He said his investments had showed a slight decline in value from 1 December 2020 to 31 March 2021 which would make a difference of £405.81 to the value of £176,439.40. Mr L provided a screen shot in support. He explained that it related to other pension funds which didn't include the funds from ReAssure who Mr L had said was 'dragging their heels over parting with the funds'. The investigator said, as the figures related to a different investment it wasn't reasonable to expect the funds with ReAssure would perform in the same manner.

As agreement couldn't be reached the complaint has been referred to me to decide

What I've provisionally 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'm issuing a provisional decision because, as I've set out above, since the investigator issued his view, ReAssure has undertaken a further loss assessment. ReAssure initially undertook a loss calculation based on Mr L's transfer having been completed on 11 January 2021. It showed Mr L hadn't suffered any financial loss as the transfer value he was actually paid was higher than the transfer value that would've been paid on 11 January 2021. ReAssure's further loss assessment has been done on the basis that Mr L would've waited until his NRD before transferring. ReAssure has undertaken a loss assessment using Mr L's NRD as the date Mr L requested a transfer.

ReAssure has also factored in the actual time it took for Mr L's new provider to invest the fund. I think that's fair – that delay wasn't down to ReAssure and it's not unreasonable to assume that delay would still have arisen even if the transfer had been completed quicker by ReAssure. ReAssure's new calculation doesn't show a loss for Mr L.

I think Mr L's position is that ReAssure should honour the £176,439.40 quoted in the statement sent on 30 December 2020 and which Mr L and his IFA understood would be, in effect, a guaranteed fund value if Mr L waited until his NRD before transferring.

I agree that the information given on 30 December 2020 was somewhat confusing. And I'm not sure the phone call on 31 January 2021 helped much. I've listened to that call and like the investigator I think there was some misunderstanding on both sides. But I don't think there was anything to indicate that the values given on the statement dated 30 December 2020, and in particular what the fund value would be if Mr L didn't transfer until after his NRD, were guaranteed. The statement itself warned that all the values quoted weren't guaranteed and were subject to revaluation. And that message was echoed in the letter dated 7 February 2021.

I think it was made clear during the call that the transfer value as at Mr L's NRD would be higher than if he transferred before and when some kind of penalty would be applied. So based on that Mr L and his IFA agreed to delay the transfer request until Mr L's NRD. I don't think Mr L acted to his detriment by doing that – even if he thought that would guarantee the higher value quoted (and I don't think it would be fair to say that ReAssure actually said that) – he'd still have delayed transferring until he'd passed his NRD anyway and to avoid any penalty. So, he's not acted other than he would've done anyway and even if he thought he'd be entitled to the higher value.

I don't agree that Mr L is entitled to the higher value. Even if that was quoted and Mr L thought he'd get that as I've explained it wasn't guaranteed. And, even if it had been expressed as a guaranteed figure, that still wouldn't mean Mr L should be paid that amount if the actual value of his policy was less. Where a mistake is made, and an incorrect policy value is quoted that won't usually give rise to an entitlement to the higher value in error stated to be payable. Mistakes can be made and can usually be corrected. Although, as the investigator has said, it will usually give rise to compensation being payable for the loss of expectation and the disappointment suffered. I don't think that must follow here though when, as I've explained, I don't think it would be fair to say that ReAssure did indicate that the value quoted was guaranteed.

I can't agree with Mr L that he should've been paid a transfer value of £176,439.40 as I don't think he was entitled to that amount. From what I've seen he was paid the correct transfer value – ReAssure paid the value as at Mr L's NRD. The issue is that there was a delay which meant that the transfer value wasn't received promptly by the new provider and so

there was a delay in investing it. That delay was compounded by the new provider's delay which, as I've explained, isn't ReAssure's responsibility. What ReAssure is responsible for is the delay in the transfer value being sent to the new provider. So I need to decide when that would've been, had there been no delay on ReAssure's part.

The issue seems to be that ReAssure's loss calculation assumes a ten working day window for the transfer to have been completed. Whereas the investigator suggested a three working day turnaround time should apply. The investigator pointed out that the Origo Options system was used which aims to cut down transfer times to a matter of a few days or sooner. I've borne that in mind along with the 2018 TRIG discussion document. The group was formed to review current transfer and re-registration processes and comprised ten participating trade bodies and their nominated member representatives. ReAssure is a member of one of the trade bodies. That document suggested that each stage of the transfer process should complete within two working days.

So here it might be reasonable to expect ReAssure to have completed its processing within those two days. Whereas ReAssure has said that its internal processing target is to complete transfers within ten days. Although that's more than the two days referred to in the TRIG guidance, in some cases I might think that ten days isn't an unreasonable timeframe.

I think the investigator's position was on the basis that, once ReAssure received the receiving scheme's Origo request, all ReAssure had to do was pay the transfer value. But I don't think ReAssure's requirements were complete. Before actioning the transfer ReAssure needed confirmation that Mr L had taken independent financial advice. From the call log ReAssure has provided it seems ReAssure called Mr L's IFA on 6 April 2021 to check that Mr L was happy to lose the GAR. ReAssure followed that up by writing to Mr L on 9 April 2021 saying it had received a request to transfer but ReAssure needed some further information from Mr L. The letter set out that, due to Mr L's policy having a transfer value above £30,000 and a GAR which would be lost on transfer, Mr L was required to obtain independent financial advice before the transfer could go ahead. Mr L was asked to complete the attached Confirmation of Financial Advice form and return it to ReAssure with the supporting documentation.

I'm not sure when the form was returned to ReAssure. I'd assume it was sent back promptly. And I note that despite asking Mr L's IFA about whether he was happy to give up the GAR on 6 April 2021 it wasn't until 9 April which was outside a two working day window. But the point I'd make is that at least one further step was required. On that basis I don't agree that the transfer should've been completed within three working days of Mr L's NRD. In the circumstances I think there's some justification for the ten working day turnaround suggested by ReAssure. I take into account that the financial advice confirmation form was sent to Mr L by post and presumably had to be returned by post to ReAssure. Even if I'm wrong and it could've been emailed back, I think the fact that the form had to be sent, completed by Mr L and/or his IFA and returned is enough to say a three working day deadline wouldn't have been met.

ReAssure has admitted it failed to deal with Mr L's transfer request promptly. But ReAssure's calculations, which we'll share with Mr L, show, if a ten day turnaround is allowed, he hasn't suffered any loss. I know Mr L is unlikely to accept that but I've explained why I don't think that's an unreasonable period to allow a transfer requested on Mr L's NRD to be completed. And I've also explained why I don't think Mr L is entitled to the higher value quoted on the 30 December 2020 statement.

ReAssure has also paid Mr L £200 as an apology for the delays. And it offered another £300 for the further delays in completing the loss assessment. I know Mr L didn't accept that but I think £500 in total is fair and reasonable. I don't think ReAssure needs to do any more.'

ReAssure didn't want to add anything in response to my provisional decision.

Mr L was disappointed. He said I'd found ReAssure at fault on many occasions and I'd contradicted myself. For example, I'd said it had been made clear during the call (on 31 January 2021) that the transfer value at Mr L's NRD would be higher than if he transferred before and when some kind of a penalty would apply. I'd gone on to say that he'd acted accordingly. Mr L said that should be the end of the matter and my decision should be based on that. He added, while I'd said all the figures quoted weren't guaranteed, ReAssure had at no stage explained or provided a fact sheet about the drop in value of the funds between the stated dates.

Mr L has also queried how the drop in value came about. He was invested in a with-profits fund which aimed to give some protection against short term stock market fluctuations – although in any event there were little or no such movements during the period in which the value of his fund fell. He suggested ReAssure had miscalculated his fund value. ReAssure hadn't provided details of the reversionary and terminal bonuses. We told Mr L that we thought those were new issues which hadn't been investigated as part of his current complaint and that he'd need to raise them with ReAssure first.

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 considered Mr L's further comments but I haven't changed my view of the complaint. I've found ReAssure's service was lacking. But I think the sums paid and offered by ReAssure as compensation for the distress (including disappointment) and inconvenience that Mr L was caused are fair and reasonable. I don't see that Mr L has suffered any financial loss – ReAssure has undertaken two loss assessments, neither of which showed a financial loss.

I know Mr L maintains he has suffered a loss – because the transfer value paid was less than the higher value that had been quoted. Mr L's position about the telephone call on 31 January 2021 is that, if he delayed transferring until his NRD, he'd get the higher value. I've explained why that value wasn't guaranteed. So it doesn't follow that Mr L would ever have been paid that value, whether he transferred at NRD or earlier. And I still think he'd have waited until his NRD before transferring. Particularly as a Market Value Adjustment (MVA) may be applied before NRD. ReAssure's further loss assessment has been done on the basis that Mr L would've waited until his NRD before transferring.

Mr L was understandably disappointed that the transfer value was less than he'd been expecting. But that was based on his understanding that he'd get the higher value quoted if he waited until his NRD which, as I've explained, wasn't guaranteed. I don't think there was any onus on ReAssure to explain why the value was less than had previously been quoted.

More recently Mr L has expressed concerns about if the transfer value paid included the correct level of reversionary and terminal bonuses. I've just considered Mr L's current complaint from the perspective of whether there were delays on ReAssure's part and if Mr L was entitled to the higher transfer value that had been quoted. I said in my provisional decision that, from what I'd seen, Mr L was paid the correct transfer value. That was on the basis the higher value wasn't guaranteed and so Mr L wasn't entitled to it. But I haven't looked further into whether the transfer value actually paid was correct in terms of it if included the correct bonuses. I think Mr L should ask ReAssure for a breakdown showing how the transfer value was made up and raise any queries with ReAssure. If Mr L remains dissatisfied with ReAssure's explanations then he'll need to make a further complaint.

ReAssure has paid £200 and offered a further £300. I think a total of £500 for distress and inconvenience is fair and reasonable in the circumstances of this case.

My final decision

ReAssure Limited has made an offer to pay a further £300 to settle the complaint and I think that offer is fair and reasonable in all the circumstances.

So my decision is that ReAssure Limited should pay Mr L £300.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 24 May 2023.

Lesley Stead
Ombudsman