

The complaint

Mr T complains that ReAssure Limited would not let him continue making contributions into his personal pension past his selected retirement date and says this has caused him financial loss as well as distress and inconvenience.

What happened

Mr T has a personal pension with ReAssure. He originally took out the pension in 1988 with another firm, but the business was later taken over by ReAssure.

In March 2020 ReAssure sent a 'wake-up' letter and options pack ahead of Mr T's selected retirement date of 6 September 2020. ReAssure sent a follow up letter in June. In August Mr T called ReAssure asking about policy charges. ReAssure sent a reply with information including the relevant charges.

Mr T called ReAssure again on 22 March 2021. He wanted to increase his monthly contributions, but ReAssure said he couldn't make further contributions into the policy and the contributions had stopped on his selected retirement date. Mr T was unhappy with this and made a complaint.

On 26 March 2021 Mr T called again, asking to restart his monthly contributions and make a one-off contribution to cover the payments missed since his retirement date. The call handler said he could do this and he agreed to make an initial payment of £5,280 followed by £500 per month, starting from April 2021. He sent a payment of £5,280.

In May 2021 ReAssure sent a letter explaining that Mr T wasn't able to make further payments into his existing policy. ReAssure offered to open a top-up policy which would run alongside the existing one, enclosing an application form for this, and sent a final response to the complaint. ReAssure apologised for the service Mr T had received and paid compensation of £125, but said he couldn't pay into the existing policy. ReAssure said it would process the top-up policy once Mr T returned the completed application form.

Mr T then referred his complaint to this service. In the meantime, in November 2021 he told ReAssure he had sent the single contribution of £5,280 in March 2021, and hadn't received its letter dated 18 May 2021. ReAssure asked Mr T to provide a copy of his bank statement showing the payment but he didn't wish to do that.

In December 2021 ReAssure told Mr T it had located the payment and would pay this into the top-up policy once it was open, backdating it to the date of receipt. Mr T confirmed he had received the application form but didn't want to open a top-up policy; he wanted the money paid into the existing policy and wanted to pay £500 every month into that policy.

In January 2022 ReAssure asked Mr T to confirm if he wished to proceed with the top-up policy and said if it didn't hear within 15 working days it would refund the payment. Mr T said he wanted to add his payment to the existing plan. In March ReAssure asked Mr T to provide a copy of his bank statement to process the refund but he said he wanted the single contribution added to his existing plan, not refunded.

ReAssure opened a top-up policy and added the payment into this. In October 2022 it offered an additional compensation payment of £200 (having already paid £150) but Mr T rejected the offer.

When our investigator considered the complaint they said there had been delays and poor communication but the offer of a further £200 in addition to the £125 paid already was fair.

Mr T disagrees and has requested an ombudsman's 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.

Contributions into the existing pension

The starting point is the terms and conditions. Mr T says the terms allow him to make changes to contributions to suit his financial circumstances and he's done that in the past. I agree Mr T had the option to change his contributions to suit his needs, and had the option of continuing some or all of the arrangements and to make contributions if he wished to defer taking benefits beyond his selected retirement date. But I've also taken into account relevant guidance that when a consumer is approaching retirement, a pension provider needs to send to the consumer a wake-up letter at least four months before they reach their selected retirement date, and a follow up letter at least six weeks before that date.

These letters are intended to inform the consumer of their retirement options. ReAssure sent these letters to Mr T. They confirm his selected retirement date was 6 September 2020. They also say *"You can usually continue to pay into your ReAssure pension until you're 75. We'll stop collecting contributions on your selected retirement date, so if you want to make payments past then (and you're under age 75) you'll need to let us know"*.

So I'm satisfied ReAssure informed Mr T in advance that it would stop collecting contributions on 6 September 2020, unless he said in advance that he wanted to make payments after that date.

Mr T called ReAssure on 4 August 2020. He says he wanted to increase the monthly contributions and make a single payment. We don't have a recording of this call but the call notes made at the time show he asked about charges and how making a contribution or increasing annual contributions might affect the charges. ReAssure replied to this query.

The notes show the next time Mr T called ReAssure was on 22 March 2021, and this was the first time he asked about increasing his contributions and making a payment. In May 2021, ReAssure explained that he couldn't make contributions into the existing policy but it could open a top-up policy which would run alongside and wouldn't incur extra charges.

ReAssure didn't prevent Mr T from continuing to make contributions, but said he'd need to do this by opening a top-up policy. This allowed him to make further payments. ReAssure has explained that the new policy is run in such a way that there's no disadvantage to Mr T (such as additional charges). While it did require him to open a separate policy, the inconvenience caused by this was limited to completing an application form.

ReAssure has explained this was necessary because of limits on its systems – as his policy was originally administered in the old provider's systems. If a customer wishes to continue making contributions beyond their selected retirement date, ReAssure arranges this through

the top-up policy. This applies to all their customers in the same position.

Taking all of the above into account I don't think Mr T was treated unfairly. Opening a top up plan would have effectively put him in the same position he wanted to be in.

Service and delays

ReAssure has accepted Mr T was given unclear or inaccurate information on a number of occasions. I don't need to set everything out in full, but examples include:

- In the call on 22 March 2021, the call handler correctly said Mr T couldn't make further contributions into the existing plan but didn't mention that he could continue making contributions by opening a top-up policy.
- On 26 March 2021 he was incorrectly told he could make further contributions. Based on this, Mr T sent a payment of £5,280.
- ReAssure received the payment on 27 March 2021 but then held it for several months without getting in touch with Mr T.

On the other hand, in May 2021 ReAssure sent a letter confirming Mr T couldn't make contributions into his existing policy but could do so through a top-up policy. It provided an application form and all the information he needed to open a new policy.

Mr T says he didn't receive a number of letters, including the follow-up letter dated 29 June 2020 and the letter dated 18 May 2021. But they were addressed correctly so ReAssure wasn't at fault in relation to this.

ReAssure located Mr T's payment in its account in December 2021. He didn't want a refund of the payment as he wanted the money paid into his existing plan, but ReAssure told him repeatedly that wasn't possible. ReAssure then opened a top-up policy and the money was paid into this policy, backdated to the date it had received the payment. ReAssure also confirmed the offer of a top-up policy in its final response in May 2021 and Mr T has confirmed he did receive that letter.

It's clear there were errors and ReAssure should have explained more clearly why it couldn't accept further contributions into the existing policy. Mr T made several phone calls trying to resolve this matter. I appreciate he found this frustrating. But as I've said, ReAssure did clarify things and sent letters to Mr T.

Mr T says he suffered a financial loss, particularly because the stock market has gone up since August 2020 – not being able to make contributions meant he lost out on this growth. While I appreciate he may have lost out due to not making further contributions, I don't agree there are losses for which ReAssure is responsible. ReAssure informed Mr T in advance of his retirement date that it would stop taking contributions from that date. After he said he wished to re-start contributions, ReAssure gave him the option to open a top-up policy. The information it provided about this confirmed he would have been able to make regular and single contributions and would have been eligible for tax relief.

I know he didn't want to open a top-up policy and wanted to continue to pay into his existing policy. But ReAssure provided information on how to continue to make pension contributions, and paying into the top-up policy instead of the existing plan wouldn't have caused any detriment. It was for Mr T to decide whether he wanted to do that.

Looking at things overall, I think compensation of £350 is a fair reflection of the distress caused to Mr T by the way things were handled. ReAssure has already paid £150 so it should now pay the further £200 offered.

My final decision

ReAssure Limited has already made an offer to pay a further £200 to settle the complaint and I think this offer is fair in all the circumstances.

So my decision is that ReAssure Limited should pay £200 to Mr T.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 9 June 2023.

Peter Whiteley
Ombudsman