

The complaint

Mrs T complains that ReAssure Life Limited (ReAssure) caused delays in processing then refunding a pension contribution and transferring her personal pension to a new provider. As a result her money was out of the market for longer than necessary, causing her to miss out on fund growth. She would like to have these losses reinstated and to be compensated for the significant time taken and inconvenience of resolving the issue.

What happened

Mrs T and her husband both had Old Mutual Wealth personal pensions which were later taken on by ReAssure. In May 2022 they wanted to make contributions to their pensions. To test ReAssure's systems they sent £1,000 each on 24 May. Once they knew that had been successful they would pay the rest of the amount.

Mr T called ReAssure a week or so later to check the payment had been received and was told it had but could take up to 10 working days to show up on ReAssure's systems. By 29 June the contribution had still to be invested. Having now lost confidence in ReAssure, Mrs T asked for the contribution to be refunded. She also wanted to transfer her pension to a new provider, Hargreaves Lansdown (HL).

ReAssure said they would use the electronic Origo transfer system which would be the quickest method. That would minimise the time the pension would be uninvested, which was what she wanted.

The £1000 contribution refunds were received in Mr and Mrs T's bank on 19 and 20 July.

Mrs T's transfer funds were received by HL and available to invest on 26 July.

In the meantime, markets had risen, watched by Mr & Mrs T who saw the value of their ReAssure pensions increase throughout July when still showing as 'active' on their online system.

When Mrs T complained to ReAssure, they accepted that they had caused delays. ReAssure carried out a redress calculation based on the transfer taking 10 working days for ReAssure's work plus a further 5 working days for the funds to arrive at HL. The loss was based on the actual investments Mrs T made, with the date adjusted for the delay. This resulted in a loss of £9,993.37 which was paid into her new pension. ReAssure also paid £200 directly to Mrs T to make up for the inconvenience caused.

Mrs T felt that this did not account for the actual investment growth she had missed out on, so brought her complaint to this service.

Our investigator made a recommendation based on what he felt were reasonable timescales and using a benchmark rather than Mrs T's actual investments.

Ultimately neither party fully accepted what the investigator said so the case was referred to me for a decision.

I issued my provisional decision on 7 June 2023. It said:

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 am providing this provisional decision as, based on everything I have seen thus far, I intend to depart from the investigator's recommendation in some respects.

Although both sides have agreed that ReAssure are responsible for delays, they do not agree on the extent of those delays. There is also some common ground on how to put things right. But there is insufficient agreement to end the dispute so this decision is needed.

There are many similarities with Mr T's case, although there are also some differences. For example, Mr T's transfer took longer and ReAssure did not get as far as carrying out a loss assessment for Mr T before the matter came to this service. However, it is my view that the underlying issues, and therefore a fair resolution, should be broadly similar for both cases.

ReAssure's position is that a 10 working day service standard is reasonable for all tasks. They say that this caters for the various steps in their processes and allows for fluctuating volumes of work, rather than representing the specific time any task ought to take. Where a task ends with money sent elsewhere (like a transfer or a refund) they add another 5 working days for the payment to clear. This step is outside their control. Where they fail to meet this standard they are prepared to compensate.

But 10 working days was agreed as reasonable by an industry body in 2006, and in relation to pension transfers. But things have changed. Whereas in 2006 a pension transfer was largely paper-based, now there is much greater use of faster, electronic methods of exchanging information. And new systems have been introduced including Origo for pension transfers and Faster Payments which can transfer money from one bank to another in a matter of hours.

Furthermore, some transactions are much simpler than others and will have many fewer steps. In order to treat their customers fairly, businesses should aim to complete requests as quickly as possible, with the necessary safeguards in place for all parties. So I don't agree that it is fair to allow every operation to take 10 working days plus another 5 for payment clearing times. I think we need to look at what is reasonable in the circumstances of each case.

In doing so I think we need to be careful about trying to be too precise. In this case we cannot know what exactly would have happened if not for any errors. But I can decide what is a reasonable time for a business to take, and what is reasonable for their customers to expect, in the specific circumstances of the case. I think that should give an outcome that is fair to both parties.

Contribution/refund delay

Mrs T paid the contribution on 24 May. This should be a fairly simple transaction with few steps. Although funds would arrive at ReAssure's bank sooner, there were also other tasks to carry out to allocate the contribution to Mrs T's pension and invest it. I think that it was reasonable for Mrs T to expect the contribution to be cleared and available for investment within a week, or five working days.

This allows for bank clearing times plus additional time for any work required by ReAssure.

But by 29 June the contribution was still not invested and Mrs T asked for her money back. I don't think that 10 working days is reasonable for a refund of this nature. ReAssure had already been at fault and not invested the money for a month, so I don't think another ten days to get the money back is reasonable. It is possible to pay a refund much quicker and I think ReAssure should have done so in the circumstances. I cannot see that there are any steps required other than authorisation of the payment and bank clearing times. So I think a total of 5 working days would be reasonable to process the refund.

So the contribution could reasonably have been invested on 31 May; from then until 29 June when Mrs T requested the refund was a period of 29 days when she had no use of this money.

Once she requested the refund, it arrived in her bank account on 19 July. But as I have explained, since a refund is a relatively simple task with few steps, I think that a reasonable timescale for this would be 5 working days or 6 July for funds to arrive in Mrs T's bank account. This was a further delay of 13 days.

So in total I find that ReAssure had Mrs T's money for 42 more days than what would have been reasonable in the circumstances.

Transfer delay

Mrs T made the request to transfer her pension to HL on 29 June. ReAssure said that they would use the Origo electronic system as this would be the quickest.

I think that 10 working days is reasonable for the transfer from start to finish using the Origo system. Most of the exchange of information happens electronically. Although Origo transfers can be as quick as a few days, some will take longer so I think 10 working days is reasonable.

So ReAssure began the process on 30 June (using Origo funds are automatically sold on day one). Adding ten working days to that gets to 14 July, which I think is when the funds should have arrived with HL and been available to invest. In fact funds were available to invest on 26 July, which is a delay of 12 days.

Once the transfer was completed, Mrs T took a further 14 days to make the first investments, with the remainder invested by the end of August. We cannot know for certain when Mrs T would have invested her funds if not for the delay, so I think that it is reasonable to assume that she would have taken a similar amount of time.

I accept that there are many unknowns in terms of what precisely would have happened if not for the delays, but I think taking the 12 days' delay caused by ReAssure off the actual investment dates and amounts should give a fair and reasonable outcome to both parties. This is intended to replicate what actually happened, less the unreasonable delays.

Having decided on the length of delay, I then considered how best to put Mrs T back into the position she would most likely be in if not for the delays.

Mrs T said that she might have invested differently and for that reason I might normally recommend the use of a benchmark. I would use one that closely reflected the level of risk she wanted to take. But both parties have agreed to use the actual investments Mrs T bought, but with an earlier investment date. And I think that will give a fair outcome so I see no reason to propose anything different in this case.

Mrs T has also had to spend some considerable time in resolving this issue, and given the

sums involved the matter has clearly been the cause of some concern.

So I am intending to uphold Mrs T's complaint against ReAssure. I also intend to award redress based on the rationale explained above.

Responses to my provisional decision

Both parties have responded to my provisional decision. I've considered everything again, including comments made by both parties, and whilst my overall findings have remained the same, I've adjusted my approach to redress. I told both parties this in separate correspondence and they've both had the opportunity to respond.

Our intention in awarding redress is to put investors back into the position they would most likely have been in if not for the business's error.

ReAssure carried out a redress calculation and paid that to her HL pension within a reasonable timeframe. At that point, ReAssure had largely settled Mrs T's case. The method of calculation, and paying the redress into her new pension, were both fair and reasonable. The only element of disagreement is the length of the delay, as explained in my provisional decision.

ReAssure based their calculation on the assumption of 10 working days being a reasonable amount of time to pay the transfer monies. In its view, the transfer of monies was therefore delayed by 7 days - from 14 July (when monies should have been paid) to 21 July (when they were paid). ReAssure worked its redress out on that basis, assuming Mrs T would have been able to buy funds at the unit prices available 7 days prior to when she did buy them.

However, my view is that 10 working days is how long it should have taken for Mrs T to be in a position to actually invest her transfer monies. On that basis, my view is that the delay is actually between 14 July (when Mrs T should have been able to invest her monies) and 26 July (when she was actually able to do so). This is an additional 5 days that ReAssure needs to account for.

My approach to compensation therefore isolates the additional units (if there are any) in respect of those 5 days. In other words, the units that Mrs T could have purchased had she been able to invest her transfer monies an additional 5 days earlier less the number of units Mrs T has already been compensated for.

ReAssure restated their position of 10 working days plus an additional 5 for bank clearing times.

In relation to the contribution refund, ReAssure say that interest should only be awarded from ten days after the date the refund was requested. This is because, they say, until that date Mrs T wanted the money to be invested.

Although Mrs T wanted to invest her money she was unable to. Her money was with ReAssure from 24 May and she had no use of it. So I still think that it is fair to require ReAssure to compensate Mrs T for not having use of her funds over this time as set out in my provisional decision.

For the transfer, ReAssure remain of the view that redress should be based on a turnaround time of ten working days plus bank clearing times.

As I explained, the timings in my provisional decision were based on what I thought was fair and reasonable in the specific circumstances of Mrs T's complaint. Rather than relying on a

standard turnaround time which is the same for every task, in order to treat their customers fairly a business like ReAssure should try to carry out tasks as quickly as reasonably possible. I remain satisfied that the approach I've taken. I therefore see no reason to change this aspect of my provisional 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 have carefully considered the responses to my provisional decision, and for the reasons already given I remain of the view I set out in my provisional decision and explained further above.

Putting things right

ReAssure must take the following steps:

A - For each fund Mrs T purchased with HL, calculate the number of units Mrs T could have purchased had the transfer of monies occurred on a date 5 days earlier than the date used by ReAssure in its redress calculations dated 20 October 2022.

B - For each fund Mrs T purchased with HL, ReAssure should subtract the number of units ReAssure said Mrs T should have purchased as calculated in its redress calculations dated 20 October 2022 from the number of units Mrs T should have purchased as calculated in "A" above. For each fund, if there is a positive figure (in other words, Mrs T would have bought more units than originally assumed by ReAssure), ReAssure must pay Mrs T compensation for the cost of buying those additional units as at the date ReAssure does its calculations. For any funds where Mrs T hasn't lost out under ReAssure's original redress approach, no further action needs to be taken.

C- If there is compensation to be paid, the approach to paying it (for instance, assumptions in relation to tax) will be as set out in my provisional decision.

D – the above is in addition to compensation for the delay in first investing and then refunding the £1,000 contribution, as well as the payment for distress and inconvenience, the details of which remain the same as set out in my provisional decision.

To be clear this means that ReAssure must also pay to Mrs T a total of £350 (£150 on top of the offer already made by ReAssure) in compensation for the distress and inconvenience caused plus interest on the £1000 contribution at 8% simple for a period of 42 days.

My final decision

For the reasons given above, I uphold this complaint. I require ReAssure Life Limited to take the actions detailed in steps A to D above and provide Mrs T with their calculations in a clear and simple format.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs T to accept or reject my decision before 20 October 2023.

Martin Catherwood
Ombudsman