

The complaint

Mrs M complains that ReAssure Limited failed to transfer her pension savings into a new Retirement Account in a timely manner.

What happened

I issued a provisional decision on this complaint in July 2023. In that decision I explained why I thought the complaint should be upheld and what ReAssure needed to do in order to put things right. Both parties have received a copy of the provisional decision but, for completeness, I include some extracts from it below. In my decision I said;

Mrs M holds pension savings with ReAssure. She says that, in late 2021, she started to become concerned about falls in the value of her pension savings. So in early 2022 Mrs M says that she decided she wished to transfer her pension savings into a lower risk retirement account.

Mrs M says that she called ReAssure during the week commencing 24 January 2022 in order to start that transfer. She says that she was told during the call that ReAssure would need to send her its "Options" pack, as she hadn't received it in the previous six months. ReAssure says that it has no records of this call being made, or any discussions with Mrs M around that time.

Mrs M didn't receive the information that she says ReAssure had agreed to send. So, increasingly concerned about the fall in value of her pension savings, Mrs M decided to make the transfer application regardless. ReAssure says that it received that application from Mrs M on 1 February.

On 8 February Mrs M called ReAssure to check that her application had been safely received. On that call, ReAssure confirmed receipt of the application, and told Mrs M that it could take up to 25 days for the processing to be completed. But it reassured Mrs M that the transferred value would be backdated to the day her application was received.

On 14 February ReAssure called Mrs M. It told her that it had started to process her transfer application but had noticed that she hadn't received a copy of the "Options" information in the past six months. It said without that document having been read by Mrs M it couldn't proceed with her application. Mrs M said she was aware of the document and that ReAssure had said it would send it to her on a call around three weeks before.

ReAssure agreed to email a copy of the "Options" document to Mrs M. She received and read it the same day, and called ReAssure to confirm she still wanted to proceed with her transfer application. ReAssure told Mrs M that date would now be used as the effective date of her application, and confirmed the value of her pension savings to her.

On 22 March Mrs M received details from ReAssure of the transfer that had been completed. The value of the transfer was lower than both the value quoted for 1 February, and the value Mrs M had been given on 14 February. She complained to ReAssure about what had happened. ReAssure explained that it couldn't accept Mrs M's application until she confirmed she had received and read the "Options" information. And it told her that the value of the transfer would be set at the close of business on the day her application was received. So the value she'd been given on the call was only indicative, and the final transfer value couldn't have been known until the following day.

I think that the key aspect that underpins all of Mrs M's complaint is the phone call that she says she made to ReAssure around 25 January 2022. She says that if ReAssure had done what it offered on that call, her application received on 1 February would have been accepted, and the value of her transfer would have been higher. So I think the key matter for me to consider here is what happened, or what I think is most likely to have happened, around that time.

Mrs M has given us what appears to be her complete and honest testimony about her dealings with ReAssure. Her testimony has been consistent throughout, and I have been given no reason to doubt what she says. So on balance my conclusion is that it is most likely she did call ReAssure around 25 January to discuss the transfer of her pension savings to the Retirement Account product.

I've listened carefully to the call that took place on 14 February. It was on that call that ReAssure told Mrs M it couldn't proceed without her having received the "Options" document in the previous six months. Mrs M's instant reaction to that information was to say that she had made a call around three weeks before, and that ReAssure had failed to send the information at that time. She seemed very aware of the importance of the "Options" document – something I think she'd only have been aware of if a previous discussion had taken place. And she repeated her assertions about the earlier call a number of times during that conversation. I think that strongly supports the testimony she has provided.

I accept that ReAssure says it has no record of the call from Mrs M. But I don't think that should lead me to a conclusion that the call didn't happen. There could be a number of reasons why the conversation, and Mrs M's request for the transfer information, might not have been correctly logged against her pension policy. And, if that had happened, I think that would reasonably explain why no information was sent to Mrs M.

When Mrs M spoke with ReAssure on 14 February she was told that the "Options" information could be sent to her by email or by post. Mrs M asked for it to be sent by email as that would be quicker. I think it reasonable to conclude that the same offer could, and should, have been made to Mrs M when she called around 25 January. So I think it reasonable to conclude that she should have received the "Options" information on the same day as her initial call.

There was a short delay between the call that Mrs M says she originally made, and her completing the application form for the transfer. Potentially that delay might have been as a result of her waiting for the information ReAssure had said it would send to her. But it wouldn't seem unreasonable that the delay might have been for other reasons such as Mrs M finding and completing the necessary application form. So I don't think I should reasonably conclude Mrs M's initial application was delayed by any failures on the part of ReAssure.

So on balance, I currently think that ReAssure failed to provide the information it had agreed to send to Mrs M around 25 January. Had that information been sent then I think ReAssure would have considered Mrs M's application form of 1 February to be valid, and her transfer would have been processed as at that date. So I think that ReAssure's failures have delayed Mrs M's transfer by a period of two weeks, and ReAssure needs to establish whether that has caused Mrs M to lose out.

There is no doubt that these problems will have caused some disruption to Mrs M's retirement plans, and caused her disappointment. I think the compensation of £150 that our investigator recommended is reasonable in that regard.

I invited both parties to provide us with any further comments or evidence in response to my provisional decision. Both Mrs M and ReAssure have provided further comments. Although I am only summarising here what each have said, I want to reassure both parties that I have read, and carefully considered, their entire responses.

Mrs M says that she is happy with my provisional decision. She confirms that following her initial phone call with ReAssure she waited a few days for the Options pack to arrive. Following that she completed and sent the application form that ReAssure had told her could be found on its website as she didn't want any further delays to the transfer. Mrs M says that, given what has happened, she has some concerns whether ReAssure will correctly calculate the compensation that is due to her.

ReAssure doesn't agree with my provisional findings. It says the provisional decision relies heavily on a phone call that there is no evidence of it receiving, let alone any details of what was discussed on the call. It suggests that its records should be better relied on as evidence than Mrs M's recollections. It says that a middle road should be used whereby the call is not used as the basis for the outcome or redress calculation.

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.

As I explained in my provisional decision, in deciding this complaint I've taken into account the law, any relevant regulatory rules and good industry practice at the time. I have also carefully considered the submissions that have been made by Mrs M and by ReAssure. Where the evidence is unclear, or there are conflicts, I have made my decision based on the balance of probabilities. In other words I have looked at what evidence we do have, and the surrounding circumstances, to help me decide what I think is more likely to, or should, have happened.

And I repeat my reflections on the role of this service. This service isn't intended to regulate or punish businesses for their conduct – that is the role of the Financial Conduct Authority. Instead this service looks to resolve individual complaints between a consumer and a business. Should we decide that something has gone wrong we would ask the business to put things right by placing the consumer, as far as is possible, in the position they would have been if the problem hadn't occurred.

I've thought carefully about the comments made by ReAssure in response to my provisional decision. But having done so I am not persuaded that I should alter those provisional findings. I do however think it would be useful to provide some further reasoning about the matters it has raised in its response.

It is clear that the phone call Mrs M says she made around 25 January is fundamental to my consideration of this complaint. I entirely accept that ReAssure has no record of that call being made, or what was discussed. But as I explained in my provisional decision that doesn't necessarily lead to a reasonable conclusion that the call didn't take place. And I don't think, as ReAssure suggests, that there is any middle ground here. I simply need to decide whether, on the balance of probability, I think that call was made by Mrs M.

Mrs M's testimony is an important factor in my consideration of that point. As I have said, and ReAssure appears to accept, I have no reason whatsoever to doubt what she says about her making the call. And her understanding on the later call of the importance of the Options pack would suggest the discussion had taken place as she recalls. And Mrs M's further testimony, in response to my provisional decision, explains the short period of time between her initial call and the submission of her transfer request. She says that she was simply waiting for the information ReAssure had said it would send – but ultimately she decided she could wait no longer and submitted her application that she had downloaded from ReAssure's website as she had been instructed to do on the earlier call.

In matters such as these I can never be entirely sure what happened. That is why I am required to decide complaints on the balance of probability. Here I am persuaded that it is more likely that the call took place and failed to be correctly logged by ReAssure, than a conclusion that the call wasn't made. And if the call took place I think it most likely that Mrs M would have been told she would be sent a copy of the Options document for her consideration before her transfer could proceed.

So on balance, I think that ReAssure failed to provide the information it had agreed to send to Mrs M around 25 January. Had that information been sent then I think ReAssure would have considered Mrs M's application form of 1 February to be valid, and her transfer would have been processed as at that date. So I think that ReAssure's failures have delayed Mrs M's transfer by a period of two weeks, and ReAssure needs to establish whether that has caused Mrs M to lose out.

Putting things right

I think that, had nothing gone wrong, ReAssure would have accepted the transfer application it received from Mrs M on 1 February 2022. So ReAssure needs to calculate what the value of Mrs M's pension transfer would have been if the application had been processed as at that date, rather than the 14 February date that was actually used.

If the value Mrs M actually received is lower than she would have received at the earlier date, Mrs M has lost out. ReAssure should pay her compensation equal to the difference between the values on the two relevant dates. ReAssure should add (or subtract) investment returns from that compensation in line with the performance of Mrs M's remaining pension savings in her retirement account, from the day the transfer should have happened (14 days earlier than it did) to the date of this final decision. ReAssure should provide Mrs M with a clear and easily understandable calculation showing how it has derived the compensation amount

The compensation should be paid into Mrs M's retirement account. The amount paid should allow for the effect of charges and any available tax relief. 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 total amount into Mrs M's retirement account, it should pay that amount direct to her. But had it been possible to pay into the plan, it would have provided a taxable income. Therefore the total amount should be reduced to notionally allow for any income tax that would otherwise have been paid.

The notional allowance should be calculated using Mrs M's actual or expected marginal rate of tax at her selected retirement age. I think that it's reasonable to assume that Mrs M is likely to be a basic rate taxpayer at the selected retirement age, so the reduction would equal 20%. However, as Mrs M would have been able to take an additional tax-free lump sum, the reduction should be applied to 75% of the compensation, resulting in an overall reduction of 15%.

As part of the transfer Mrs M took a pension commencement lump sum ("PCLS" – often called tax free cash). It seems that the payment of that would also have been delayed by two weeks. So ReAssure should pay Mrs M 14 days simple interest at a rate of 8% per annum on the net PCLS amount. HM Revenue & Customs requires ReAssure to take off tax from this interest. ReAssure must give Mrs M a certificate showing how much tax it's taken off if he asks for one.

ReAssure should additionally pay Mrs M £150 to reflect the distress and inconvenience she has been caused.

My final decision

My final decision is that I uphold Mrs M's complaint and direct ReAssure Limited to put things right as detailed above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs M to accept or reject my decision before 29 August 2023.

Paul Reilly
Ombudsman