The complaint

Mr S complains that when ReAssure Limited transferred his pension to a SIPP with Interactive Investor the value of the transfer was less than he expected and it took longer than it should have.

Mr S wants ReAssure to provide full details of the transfer and an explanation of the delay.

What happened

Mr S held a pension with ReAssure that he wanted to transfer to another provider - Interactive Investor. In late November 2020, Interactive Investor asked ReAssure to transfer Mr S's pension using the Origo platform. Mr S expected the transfer to complete by early December 2020 but this didn't happen until 10 February 2021.

Mr S complained to ReAssure about the delay and because the value of the transfer was less than expected. Mr S noticed that the Morant Wright Nippon Yield fund had disappeared from his account before the transfer took place.

Mr S asked ReAssure for details of what had happened but didn't receive a reply. After he complained, ReAssure apologised for the transfer delay and sent Mr S a cheque for £150 made up of £125 for the inconvenience and £25 for lost interest.

The investigator recommended that Mr S's complaint be upheld. He didn't think ReAssure's offer was reasonable as it hadn't assessed whether the delay caused Mr S a financial loss. The investigator asked ReAssure to carry out a full calculation to establish whether Mr S had suffered a financial loss, together with an improved offer of compensation of £250. The investigator thought it reasonable to say that Mr S's pension transfer should have completed by 7 December 2020 with the reinvestment being available from the next day – 8 December 2020.

The investigator asked ReAssure to tell Mr S what had happened with the value of the Morant Wright Nippon fund as he thought it had been removed from his pension plan without his knowledge.

ReAssure apologised and said that the loss assessment was part of its resolution to Mr S's complaint but that it hadn't told him about this. ReAssure initially told this service that it considered its compensation offer of £150 was reasonable. However, it later changed its mind and accepted the investigator's recommendation.

The investigator told Mr S that ReAssure now accepted his view, including that it was willing to carry out a full loss assessment. And that as ReAssure had offered to pay £125 in addition to the original £150 cheque, the amount of compensation would be slightly higher at £275. Mr S was reluctant to accept ReAssure's proposed outcome in case it didn't do what it had agreed, leaving him having to bring a fresh complaint later.

I issued a provisional decision on 6 October 2022 in which I said:

I realise that I've summarised this complaint in less detail than the parties and I've done so using my own words. I've concentrated on what I consider to be the key issues. The rules that govern this service allow me to do so. But this doesn't mean I've not considered everything that both parties have given to me.

ReAssure accepts that there was a delay in transferring Mr S's pension to Interactive Investor, so I don't intend repeating the timeline in my decision. Like the investigator, my decision is concerned with whether ReAssure has already done and offered enough to put things right.

I agree with the investigator that ReAssure's offer to pay £150 wasn't adequate and that his suggestion to pay £250 better reflects the uncertainty Mr S was left with after ReAssure failed to tell him that it intended carrying out an assessment of loss as part of its efforts to put things right for him.

Although the investigator told Mr S that ReAssure now wants to pay him £275, I don't think this is correct. ReAssure intended to make the offer in line with the investigator's recommendation – which was to pay £250 to include the £150 cheque already sent. I think the confusion stems from the fact that when ReAssure sent Mr S the cheque for £150 - £125 of this was for the inconvenience and £25 was for late payment interest. As ReAssure has agreed to calculate Mr S's loss as a result the delay – the recent offer to pay £125 is in addition to the original offer to pay £125 for the inconvenience caused. I consider that £250 in recognition of the inconvenience caused to Mr S is fair and reasonable.

In March 2022, ReAssure apologised for the delay calculating Mr S's loss. It said it had used a different calculation based on how much growth his funds missed out on during the delay. Having done so, ReAssure said that Mr S hadn't lost out on anything but offered to pay him £50.

ReAssure has since agreed to carry out an assessment of whether the delay caused Mr S to lose out financially in line with the investigator's recommendation. As far as I'm aware, it hasn't yet done this. ReAssure hasn't disagreed with the investigator's approach and Mr S has agreed, so I don't propose to change the redress here. So, my decision includes a direction to ReAssure to carry out the assessment taking 8 December 2020 as the starting point for when the transfer should've taken place. This should aim to put Mr S as close as possible to the position he would've been in now if the transfer from ReAssure hadn't been delayed.

It's possible that ReAssure's loss assessment may not result in any compensation being due to Mr S and I think he understands this. However, Mr S remains concerned about a drop in the number of units held in each of the funds before ReAssure transferred them to Interactive Investor. Mr S says that during a call with ReAssure in June 2022, he was given the number of units in each of the funds and the value of the funds at the transfer date. And that he was surprised that the number of units in each fund was less than in a valuation statement from ReAssure dated 2 September 2020. So, as part of putting things right, ReAssure should provide Mr S with details of the closing balance for the funds it held at the point of transfer, together with an easy to understand explanation of any difference (if there is one) between the number and value of units ReAssure held prior to the transfer (as outlined in the September 2020 valuation statement) and the number and value it transferred to Interactive Investor.

If it hasn't done so already, ReAssure should also confirm that it has sent any necessary notifications to HMRC as Mr S noted recently that his tax code showed two pensions when he now only has one.

I then outlined what steps ReAssure should take to put things right for Mr S.

Both Mr S and ReAssure responded to my first provisional decision. Mr S thought that I'd placed too much emphasis on the first part of his complaint which centres around the delay by ReAssure when making the transfer. Mr S said this represents a small amount of money to him. Instead, Mr S's main concern was to find out what happened with the missing units.

Mr S referred to a conversation he'd had with ReAssure when it said the number of units held in his pension had been reduced and that was why the amount transferred was lower than expected. Mr S wanted ReAssure to explain why it sold over 3000 units without his agreement.

ReAssure agreed with my provisional decision but changed the start date for calculating compensation from 8 December 2020 to 17 December 2020. Using this revised start date, ReAssure confirmed that it had carried out a loss assessment which showed a loss to Mr S of £2,165.80.

The investigator sent ReAssure's loss calculation to Mr S for comment. He came back to query why ReAssure had calculated his loss based on the funds he currently holds with Interactive Investor. Mr S said he no longer held some of the funds that ReAssure had based its calculations upon. Mr S also said he currently holds some of the balance in cash due to the present state of the market.

Mr S wanted ReAssure to acknowledge that almost 3020 fund units were missing from his pension on the transfer date, which meant he lost out on over £4,600. Mr S also wanted ReAssure to base its calculations of loss on the actual fund value, not what might have happened when trading with Interactive Investor.

On 17 July 2023, I issued a second provisional decision in which I said:

My understanding of the calculation of loss that ReAssure has provided is that it looks at how Mr S's investment would've performed at Interactive Investor had the delay not happened. In other words, the position Mr S would have been in had the right amount been transferred on the right day and invested as Mr S intended. I'm satisfied that ReAssure's methodology is reasonable.

My approach follows on the same lines, although I disagree with the dates ReAssure has used. ReAssure thinks 17 December rather than 8 December 2020 is the appropriate date but it hasn't explained why. So, I don't consider I need to change the original date of 8 December 2020 on which to base the loss calculation. Clearly ReAssure will need to update the loss calculation if Mr S accepts my decision.

However, Mr S has confirmed that he no longer holds some of the funds that ReAssure based its calculation on and that he also holds some of the balance in cash. As a result, I no longer think it would be fair for ReAssure to assume Mr S would have been invested in the same way until the date of settlement. My approach to redress, outlined below, reflects this.

Throughout this complaint, Mr S's most pressing concern has been to try and establish whether and/or why there were missing units from his pension at the point ReAssure transferred it to Interactive Investor.

When ReAssure first responded to my provisional decision, it didn't provide further information about why there was a difference between the number of units held in the fund in its valuation statement of early September 2020 and the units held at the point of transfer to Interactive Investors. So, I've been back and forth with ReAssure to try and understand what happened.

Having considered everything that both ReAssure and Mr S have told us, my view is Mr S's "missing" unts can all be accounted for. I should also say that the information provided by ReAssure has been confusing at times, making Mr S's complaint far more protracted than it needed to be.

Mr S gave us a very helpful spreadsheet detailing the movements in his funds. This shows the number of units held in each of Mr S's funds as at:

- *30 June 2020 – 20,317 units*
- *2 September 2020 - 20,377 units*
- *24 November 2020 – 17,357 units*

Mr S took the fund values from information he'd received from ReAssure. This included a valuation statement from 2 September 2020.

In late August/early September 2020, Mr S withdrew around £2,580 from his pension pot. The valuation statement of 2 September 2020 referred to this withdrawal. So, my understanding is that Mr S thought the unit figures for each fund on that statement already took account of this withdrawal. Mr S was therefore surprised to find ReAssure went on to sell less units and realise less money than expected in late November 2020.

As I've said, we asked ReAssure to explain what had happened to the units. Although ReAssure has given us some contradictory evidence in response to our questions, I'm satisfied that we now know what happened to the units that Mr S held.

In early September 2020, ReAssure sold some units so that Mr S could make the withdrawal. Although the valuation statement of 2 September 2020 shows the withdrawal that Mr S made, the figures weren't updated to reflect the sale of the units. ReAssure didn't process the reduction in units until later in September 2020.

If ReAssure had already taken account of the withdrawal at the time of the valuation statement, I would've expected to see a decrease in the number of units held in the fund from June 2020 to 2 September 2020. Instead, the number of units held in each fund as at 2 September 2020 had increased since 30 June 2020. This indicates that the figures in the valuation statement did not include the sale of the units. Unfortunately, ReAssure didn't produce a new valuation statement so it continued to use the same figures for the pension forecast it provided to Mr S.

If you deduct the number of units held in November 2020 from those held in September 2020 and then multiply each of the deducted units by the relevant bid price, this roughly equates to the amount of Mr S's withdrawal of £2,580. Again, this leads me to conclude that the reason for the drop in the number of units held at the point of transfer was that ReAssure sold them in line with Mr S's instructions in August/September 2020.

As part of ReAssure's responses to our recent enquiries, it says it carried out a manual fund fix around September 2020. This resulted in a further small drop in the *number of units held in each of Mr S's funds. ReAssure says this was due to exception records and was probably carried out to manually correct the policy records. There was also a further small reduction in units at the point of transfer in November 2020. ReAssure says that this reduction in units used to calculate the final value, was due to charges applied between September and the date of encashment.*

I'm satisfied this means the figures are an accurate reflection of the movement in Mr S's pension. So, I'm satisfied that ReAssure has now done enough to explain what happened to the units in Mr S's pension and that the figures it has provided are correct.

Finally, on the question of compensation, given the length of time that Mr S has been trying to find out what happened to the units he thought were missing and the difficulties he has faced trying to get a straight answer from ReAssure – I consider it reasonable to require ReAssure to pay more compensation than in my provisional decision. I consider £400 rather than £250 is fair in the circumstances.

I then outlined what steps ReAssure should take to put things right.

Further submissions

ReAssure didn't respond by the deadline in my provisional decision. But Mr S remains unhappy with the proposed outcome. He doesn't think ReAssure has fully explained why his fund was reduced in value. Mr S isn't satisfied with ReAssure's explanation that there was a manual fund fix. He also points out that ReAssure only applied charges totalling £285 in 2020 so wonders what charges ReAssure applied in September 2020 to account for the reduction in units.

Mr S is unhappy that we haven't insisted that ReAssure provide full disclosure and have instead accepted hypothetical numbers in order to close the complaint.

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 can fully appreciate Mr S's unhappiness with the way that ReAssure handled his funds and subsequent concerns. I can also understand his frustration with the information ReAssure has provided in response to his complaint. However, we offer an informal dispute resolution service - we are not a court of law. It's my role to decide what I think is most *likely* to have happened based on the evidence I've seen. Having considered everything again, I still think ReAssure has done enough to explain what happened to Mr S's pension.

It follows that I consider it reasonable to make my final decision along the same lines as my second provisional decision. I'm sorry if this comes as a disappointment to Mr S.

Putting things right

To compensate Mr S fairly, ReAssure should:

- Compare the performance of Mr S's investment with that of the benchmark shown below. If the *fair value* is greater than the *actual value*, there is a loss and compensation is payable. If the *actual value* is greater than the *fair value*, no compensation is payable.

- ReAssure should also pay any interest set out below.

- If there is a loss, ReAssure should pay into Mr S’s pension plan, to increase its value by the amount of the compensation and any interest. Payment should allow for the effect of charges and any available tax relief. ReAssure shouldn’t pay the compensation into the pension plan if it would conflict with any existing protection or allowance.

- If ReAssure is unable to pay the compensation into Mr S’s pension plan, it should pay that amount direct to him. But had it been possible to pay into the plan, it would have provided a taxable income. Therefore, the compensation should be reduced to *notionally* allow for any income tax that would otherwise have been paid. This is an adjustment to ensure the compensation is a fair amount – it isn’t a payment of tax to HMRC, so Mr S won’t be able to reclaim any of the reduction after compensation is paid.

- The *notional* allowance should be calculated using Mr S’s actual or expected marginal rate of tax at his selected retirement age.

- It’s reasonable to assume that Mr S is likely to be a basic rate taxpayer at the selected retirement age, so the reduction would equal 20%. However, if Mr S would have been able to take a tax-free lump sum, the reduction should be applied to 75% of the compensation, resulting in an overall reduction of 15%.

- Provide details of the calculation to Mr S in a clear, simple format.

- In addition, ReAssure should pay Mr S £400 for the distress and inconvenience caused by the delay in transferring his pension and not responding in a comprehensive manner to Mr S’s queries about his transfer. Mr S says he hasn’t cashed the £150 cheque that ReAssure sent him. It’s unlikely that Mr S’s bank would now accept that cheque given that more than six months has passed since it was written. So, if Mr S accepts my final decision, ReAssure will have to issue a new cheque to him for £400 and Mr S should not attempt to pay in the original £150 cheque.

- Confirm that it has sent any required notification to HMRC about the transfer of Mr S’s pension.

Income tax may be payable on any interest paid. If ReAssure considers that it is required by HMRC to deduct income tax from that interest, ReAssure should tell Mr S how much it has taken off. ReAssure should also give Mr S a tax deduction certificate in respect of interest if he asks for one, so he can reclaim the tax on interest from HMRC if appropriate.

Portfolio name	Status	Benchmark	From ("start date")	To ("end date")	Additional interest
Mr S’s transferred ReAssure	Still exists and	The investment portfolio Mr S	8 December 2020	Date of transfer	8% simple per year on any

pension	liquid	purchased with Interactive Investor following the transfer			loss from the end date to the date of settlement

Actual value

This means the actual amount payable from the investment at the end date.

Fair value

This is what the investment would have been worth at the end date had Mr S's transfer happened when it should have done and the transfer value Mr S should have had, had been available for reinvestment with Interactive Investor from 8 December 2020 and produced a return using the benchmark. I consider it reasonable to take Mr S's Interactive Investor portfolio as at the end of February 2021 as being representative of the portfolio he would have invested in had the transfer been completed on 8 December 2020.

Any additional sum paid into the investment should be added to the *fair value* calculation from the point in time when it was actually paid in.

Any withdrawal from the pension should be deducted from the fair value calculation at the point it was actually paid so it ceases to accrue any return in the calculation from that point on. If there is a large number of regular payments, to keep calculations simpler, I'll accept if ReAssure totals all those payments and deduct that figure at the end to determine the fair value instead of deducting periodically.

My final decision

My final decision is that I uphold this complaint. In full and final settlement, I require ReAssure Limited to take the steps outlined above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 31 August 2023.

Gemma Bowen
Ombudsman