

## **The complaint**

Ms D complains about the administration of her stakeholder pension plan by ReAssure Limited (ReAssure). She says ReAssure hasn't provided sufficient information about the charges deducted from her plan. Ms D complains that information about charges was provided to her in a percentage form rather than as a monetary value.

Ms D also complains that ReAssure hasn't provided her with the total aggregate charges applied to her plan each year since September 2020, when her plan was moved to ReAssure and with information about the Investment Management Charge (IMC).

## **What happened**

Ms D took out her stakeholder pension plan with another provider in 2007.

In September 2020 ReAssure took over the administration of her plan.

On 22 March 2023 ReAssure wrote to Ms D with some information about the annual management charge (AMC) applicable to the fund that her pension plan was invested in. It said the information displayed on the fund fact sheet was incorrect and the AMC for that fund was between 0.4% and 1.4%. ReAssure also said because the AMC for her plan was tiered, the rate she paid would depend on how much she had invested in the fund.

On 25 March 2023 ReAssure sent Ms D a yearly review of her pension plan which set out the value of her pension plan, some projections and the charges applied by ReAssure. That review indicated that an annual charge of 0.98% had been deducted from Ms D's pension to pay for the costs of running her plan.

Ms D then contacted ReAssure to ask for some information about the charges applicable to her plan.

On 11 April 2023 ReAssure responded and confirmed the name of the fund her plan was invested in and the annual management charge that applied to her plan. ReAssure explained that the AMC had a tiered structure, with different rates applying to different parts of the value of her plan. So, it said for an investment between £0 to £25,000 a 0.9% AMC applied; between £25,000 to £50,000 a 0.8% AMC applied and from £50,000 (and anything above) a 0.7% AMC applied. ReAssure said no further charges applied to her plan.

Ms D then contacted ReAssure again and asked for a further explanation of the charges including the monetary value of the charges.

On 20 April 2023 ReAssure responded to Ms D and said that it didn't provide monetary values for implicit charges. It said that implicit charges were taken from the daily price of the fund and included Annual Management Charges (AMCs) and Investment Management Charges (IMCs).

It said as the AMC was calculated as a percentage of the value of the fund the plan was invested in, it was variable and changed daily.

ReAssure set out the tiered values again and also explained that the fund Ms D's plan was invested in, had an additional AMC. So, it said the AMC was made up of the base AMC applied to Ms D's pension pot, plus a further 0.15%.

On 21 April 2023 Ms D contacted ReAssure again and asked for a further explanation and information in relation to several issues. She asked for the total aggregate costs incurred on her plan each year, since September 2020. Ms D also asked ReAssure to present the charges incurred on her plan as a monetary value, as well as a percentage.

Ms D asked ReAssure to provide details of the value the 0.15% charge was applied to. She also asked for more information about the Investment Management Charges that ReAssure had referred to. In summary, she asked ReAssure to provide a full and transparent charges statement.

Ms D also complained that ReAssure had sent her more than 50 pages of data without any explanation or calculation.

In addition Ms D complained that she was unable to download emails from ReAssure's portal to her own computer.

On 23 May 2023 ReAssure issued its response to Ms D's complaint. It said that it believed it had complied with regulatory requirements by providing the charges on her yearly review in a percentage form.

ReAssure said that due to the complexity involved in calculating the monetary value of implicit charges, it didn't provide these as a matter of course. However ReAssure said it was transitioning its approach and it would be providing this information as standard, moving forward.

ReAssure acknowledged that some of its responses to the issues raised by Ms D had been disappointing as it hadn't fully investigated or addressed her concerns and it said this had been relayed to the individuals concerned.

ReAssure noted Ms D was unable to download attachments from its portal. It said unfortunately that part of the portal wasn't working properly and a workaround of taking screenshots was the only option available at that time. It highlighted that the portal was a propositional rather than a contractual service but that it was working to improve its functionality.

On 25 May 2023 ReAssure provided a list of the annual management charges for that year (2022-2023) which totalled £726.47. It said the tiered annual management charge was the only charge that applied to her plan.

In July 2023 Ms D contacted ReAssure again and said it had failed to properly answer the questions she had raised about the charges applied to her plan. She referred her complaint to our service.

Our investigator considered Ms D's complaint and the information provided by ReAssure and concluded her complaint should be upheld.

She noted ReAssure had sent a letter on 22 March 2023 which indicated the annual statement would contain information about the policy charges in pounds and pence. But that wasn't the case.

The investigator noted that a later letter issued on 20 April 2023 explained that the Annual Management Charge (AMC) was tiered and it made reference to an additional AMC of 0.15% but it didn't provide any monetary figures.

The investigator felt that Ms D's request for her costs to be provided in a monetary form were reasonable in the circumstances. She took into account the requirements of the Markets in Financial Instruments Directive II (MiFID II) and the investigator noted that the disclosure rules required businesses to disclose costs and charges as cash amounts as well as percentages.

Overall, the investigator considered ReAssure had failed to action Ms D's reasonable request for disclosure of the costs on her plan. The investigator felt that not being provided with details of the full costs on her pension had caused Ms D some distress. So, considering the impact on Ms D, ReAssure should pay her £150 for the distress and inconvenience caused.

ReAssure accepted the investigator's outcome.

Ms D didn't agree and said the proposed compensation was too low. She said ReAssure still hadn't provided all the information she had asked for in her questionnaire and that there had been a long delay by ReAssure.

As no agreement could be reached Ms D's complaint was referred to me for review.

### **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 also taken account of all applicable law, relevant regulatory rules and good industry practice at the time.

Ms D holds a stakeholder pension plan which means the charges on her plan are capped at an annual amount of no more than 1.5% of the fund value for the first ten years, and 1% thereafter. As she took out her plan in 2007, the relevant limit is 1% of the fund value.

Ms D is unhappy with the information she has been provided about the charges incurred on her plan and says ReAssure hasn't complied with its regulatory responsibilities.

It is important to highlight that our service doesn't regulate financial businesses – that is the job of the Financial Conduct Authority (FCA). We consider individual complaints and where we conclude that the business hasn't acted correctly, we will look to see whether there was any resulting impact on that individual.

So, I can look at whether ReAssure has provided Ms D with sufficient information about the charges applied to her plan taking into account its regulatory responsibilities and whether the information it provided to Ms D was fair, clear and not misleading. And if I consider ReAssure hasn't satisfied those points, I can then consider what impact any failing has had on Ms D.

#### Information provided by ReAssure to Ms D about total charges

In March 2023 ReAssure gave Ms D information about the total charges deducted from her plan for that year. However, it was expressed as a percentage, namely 0.98%.

It explained this as follows:

*“You pay for the costs of running your policy, such as administration and investment fees, directly from your policy. These costs are taken into account each day when we work out the price of your investment units.*

*Since your last review, you paid an annual charge of 0.98% to cover these costs.”*

So, I consider ReAssure gave Ms D some general information about the nature of the charges applied to her plan and the total amount that had been deducted. However, at that stage ReAssure didn't provide a monetary value, and it didn't give very specific information about what was included in that 0.98%.

I note that in a letter sent shortly before, on 22 March 2023, ReAssure had indicated that a monetary value would be provided as it had said, in a section entitled *“Where can I see how much has been deducted in charges?”*

*Your annual statement contains more information about the actual charges you pay in pounds and pence.”*

I can see that in May 2023, ReAssure did provide Ms D with the monetary value of the charges applied to her plan for the year 2022-2023, in addition to the charges expressed as a percentage, which it had provided in March 2023. And I also note that ReAssure has said that going forward, it will provide a monetary value for those charges.

I take into account that the Mi FID II Directive, which came into effect in 2018, requires investment businesses to provide retail customers with information setting out the fees and charges associated with their investment, with the aim of making costs comprehensible for the customer.

This is also set out in the FCA Conduct of Business Sourcebook (COBS) at 6.1ZA which gives some explanation as to how this should be achieved. I note it indicates that *“ the aggregated costs and charges shall be totalled and expressed both as a cash amount and as a percentage.”*

I also take into account that ReAssure should provide information to Ms D that is clear, fair and not misleading.

I consider that providing a monetary value for the charges incurred on her plan, as well as a percentage, would've assisted Ms D in understanding what amount of charges had been deducted from her plan and would therefore have helped her to assess the benefit versus cost ratio, when looking at how her plan had performed.

I appreciate that providing a monetary value was not the standard format used by ReAssure at the time of the yearly review in March 2023, although I understand it is now moving to that format. However, I consider Ms D's request to have her charges provided to her as a monetary value was a reasonable one in the circumstances and I think it took some time for ReAssure to provide that information. So, I agree with the investigator that ReAssure should pay Ms D compensation for the distress and inconvenience caused as a result of that delay.

#### Information provided about what was included in the charges

ReAssure has since confirmed that the 0.98% quoted in the yearly review included the additional AMC charged because the fund Ms D was invested in, was an externally managed fund and it also included the Investment Management Charge. It has provided a percentage value for the IMC for that year.

ReAssure has also explained that the tiered AMC percentage applied to the fund varies from day to day because it is calculated by reference to the fund value, and the fund value regularly fluctuates as it can increase or decrease depending on market movement.

I don't think that the information provided to Ms D in March and April about the type and level of charges applied to her plan was as clear as it could have been.

Initially Ms D was given a range of values for her Fund AMC of between 0.4% and 1.4%. The yearly review then indicated the total charges for that year were 0.98%. Subsequently ReAssure gave Ms D a range for the AMC applied to her plan of between 0.7% and 0.9% depending on the value of the fund. However, it gave her those tiered percentages without referencing the additional 0.15% applied because her fund was externally managed.

The information about that additional AMC wasn't provided until later on in April 2023 and I think it was only provided because Ms D asked for further clarification, when I think it could have reasonably been provided before as part of the explanation.

I appreciate the point ReAssure makes that because the tiered percentages are calculated with reference to the value of the fund and that value fluctuates from day to day, it is difficult to give a precise percentage. However, I think ReAssure could have given Ms D a more comprehensive explanation of how the charges were applied and how the 0.98% on her yearly review was made up when she first contacted ReAssure.

#### Response to request for information about aggregate charges incurred on her plan since September 2020 and for information about the Investment Management Charge

In April 2023 Ms D asked ReAssure specific questions about the charges applied to her pension plan. She wanted to know the total aggregate charges incurred on her plan since September 2020, when ReAssure took over the administration of the plan. Ms D also wanted further information about the IMC that had been incurred by her plan. Ms D also asked whether any VAT was paid on her plan.

I don't consider that ReAssure answered those questions, until fairly recently. It has now provided the aggregate costs for the relevant time periods, further detail about the IMC and confirmed that VAT doesn't apply to her pension plan.

I appreciate that the aggregate costs might have taken some time to prepare because I think it is more likely than not, that they would have required some manual input. However, Ms D asked for this information in April 2023, and ReAssure didn't provide it until February 2024.

ReAssure has confirmed that the 0.98% set out in the yearly review included the IMC and has set out what proportion of that percentage it represents for that year.

I note that the IMC typically includes trading costs such as stamp duty and dealing commissions, and administration costs such as investment management and custodian fees. These charges fall within the remit of the fund manager and are applied to the base fund. So I don't think that information is as readily available as the AMC. And I don't think therefore that it would be proportionate in the circumstances to ask ReAssure to provide details to Ms D of every expense deducted from the base fund and how that in turn relates to her fund value. I consider it is sufficient in the circumstances to give her the proportion of her charges which is made up by the IMC, as ReAssure has now done.

I consider the most important issue for Ms D, as the investor, is the impact of any charges on her return. And I am satisfied she has now been provided with sufficient information to see the monetary value of the charges she has incurred and broadly see what proportion of those charges were made up by the IMC last year.

I note that Ms D wants the questions she posed to be answered in a specific format and also points out that ReAssure hasn't provided her with a statement confirming that no VAT applies.

But on a fair and reasonable assessment of the situation now, I am satisfied that overall ReAssure has now given Ms D sufficient information about the charges incurred by her plan. So, I'm not going to stipulate that it provides the information in a specific form.

#### Ability to download attachments from portal

I sympathise with Ms D's frustration at not being able to download attachments from ReAssure's portal. However, as this isn't a contractual right, but an additional service

provided by ReAssure, I won't be asking ReAssure to do anything further on this point. I also note ReAssure has indicated it is working to improve the functionality of its portal.

### Summary

I am satisfied on balance that what ReAssure has provided overall, including the information provided more recently, is sufficient to enable Ms D to see how much has been incurred in charges and in broad terms what those charges relate to.

However, I consider that ReAssure's explanations at times have been unclear and potentially confusing. I also consider there has been an unnecessary delay in providing information to Ms D. So, I consider the compensation for the distress and inconvenience caused to Ms D as a result should be increased by a further £100 to £250.

### **Putting things right**

ReAssure should pay Ms D a total of £250 for the distress and inconvenience caused as a result of the lack of clarity in some of the information it has provided and the delay in providing information.

### **My final decision**

My final decision is that Ms D's complaint against ReAssure Limited is upheld and it should pay compensation as outlined above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms D to accept or reject my decision before 2 April 2024.

Julia Chittenden  
**Ombudsman**