

The complaint

Mr G complains that ReAssure Limited failed to apply several contributions to his pension plan that had been made by his employer. And he complains that over an extended period of time ReAssure has failed to take appropriate corrective actions to ensure the successful addition of those missing pension contributions.

What happened

I issued a provisional decision on this complaint in January 2024. In that decision I set out the background to Mr G's complaint, and what I thought 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;

Mr G holds pension savings with ReAssure. Those pension savings have benefitted from regular contributions made on behalf of Mr G by his employer. I note for completeness that Mr G is the owner of the business that employs him and is able to dictate (to some extent) the timing and amount of those contributions.

In September 2021 Mr G was sent a statement on his pension plan by ReAssure. From that statement he was able to determine that ReAssure had failed to apply the regular contributions made by his employer since the middle part of 2020 – around the time that ReAssure took on responsibility for the administration of Mr G's pension plan from another firm. He complained to ReAssure about the missing contributions.

I am only summarising here what has happened – but Mr G's, and our, engagement with ReAssure has been lengthy and protracted. But as I will go on to explain ReAssure is now confident that it has correctly applied, and backdated as appropriate, the contributions that Mr G says have been made on his behalf by his employer. It has provided evidence, that I will discuss as part of my findings, of those contributions being added to Mr G's plan, and the value of the units that were purchased with the relevant contributions.

Since the problems arose, Mr G stopped the company making further pension contributions. He says that was because he had little confidence in ReAssure's ability to manage his existing pension investments, let alone the addition of new contributions. So he says that he has suffered a reduction in the pension savings available to him to fund his future retirement. And he says that he has needed to delay his retirement plans until he can gain a fair view of the value of his pension savings.

Mr G's complaint has been reviewed over the past two years by one of our investigators. He has issued a number of assessments about what ReAssure needed to do in order to put things right. In summary, as well as dealing with the historical problems that have now been corrected, he has asked ReAssure to allow Mr G's pension plan to receive backdated payments equal to the contributions his company would have made if nothing had gone wrong. And given that there might be some taxation consequences of those backdated payments, to compensate Mr G for any

accountant's fees he incurs, or tax liabilities. Initially ReAssure paid Mr G £300 for the distress and inconvenience he'd been caused. But it later agreed (in May 2023) with the investigator's recommendation that a further payment of £1,500 should be made. The investigator made ReAssure aware that he thought the amount of that payment should be kept under review depending on how long matters took to be resolved

Mr G remains unhappy with how ReAssure has dealt with his pension savings. He is concerned that the corrections ReAssure says it has performed might not be accurate, and thinks that a third party should be engaged to provide an independent audit of his pension investments. So in order to attempt to move this complaint towards a conclusion I am now issuing my provisional decision.

I want to stress that I entirely understand the frustration and disappointment that Mr G has felt whilst these problems have been ongoing. It is entirely understandable that he has little faith in the administrative capabilities of ReAssure in respect of his pension savings. Whilst ReAssure has explained to us some of the background to the problems Mr G has experienced, those don't in any way excuse what has been a significant failure – a failure to apply the contributions it has received on behalf of Mr G to his pension plan in a timely manner.

But I think there is little benefit in further analysis of what has gone wrong. As I've explained above, this service simply looks at individual complaints, and looks to ensure that a consumer is placed back into the position they would have been had nothing gone wrong. As I will explain below I think that aim has been achieved in respect of the contributions Mr G's employer has previously paid to ReAssure on his behalf. It is a matter for the FCA to consider whether any greater systemic problems remain and so not something to be looked at as part of this decision.

In order to put things right I would expect ReAssure to add the contributions it received from Mr G's employer to the pension plan as if that work had been done at the time the payments were received. So that would require ReAssure to ensure that the investment units purchased by each contribution were correctly back valued to the date the contribution was received. ReAssure has sent us extracts from its systems showing the purchase of the required units at the prices it says were applicable on that date. I can see that the price of the units does change over time to reflect historic valuations.

Mr G is understandably concerned about whether the information ReAssure has sent us is an accurate reflection of what has happened to his pension investments – or even whether the changes that have been made are correct. He has asked that I direct ReAssure to engage to third party to provide some independent verification of the corrective actions it has taken.

I've thought carefully about whether the request made by Mr G is something that I should direct. I will first say that it would be very unusual for me to make such a direction – generally I would expect that the information submitted by a regulated business is a fair and correct representation of what has happened. But I think the circumstances here – where ReAssure has needed an extended period of time to make the required corrections – should reasonably lead to further consideration of whether any remedial activities might be incorrect.

But even if I directed that ReAssure should engage a third party to provide some form of audit of Mr G's pension savings I doubt that analysis would be based on a great deal more than the information ReAssure has already provided to us and Mr G.

I don't think it would be reasonable for me to direct that a third party should have unfettered access to the background processing systems of ReAssure. So I think that, if Mr G remains concerned about the corrective actions taken by ReAssure, it would be for him to consider commissioning an independent audit of his pension investments. And I think he has the information that would be needed for that work to take place. I have no reason whatsoever to think that the information ReAssure has provided is anything other than a full and accurate reflection of Mr G's pension investments.

Whilst I am satisfied that ReAssure has now correctly added the previous contributions, that isn't the end of this matter. Since the problems came to light Mr G has been, quite understandably, reluctant for his company to make further contributions on his behalf. It wouldn't be unreasonable for him to have concluded that further contributions would be unlikely to be correctly applied in the same way as those that had been made earlier. So he suspended the contributions being made to his pension plan.

But that has left Mr G's retirement savings lower than they would have been had his contributions continued unchanged. I think there is a clear pattern to the previous contributions that allows us to reasonably determine what it is likely the suspended payments would have been. I have seen no other reason, such as a lack of available funds for making any contributions, that those payments wouldn't have been made.

So I think it reasonable that Mr G (or his company on his behalf) should have the opportunity to make some, or all, of those missed contributions. And I think ReAssure should treat them as if they had been made at the time they would have, in line with the past contribution history that I have set out above. It would be helpful if, in response to this provisional decision, Mr G could set out the contributions he intends to make so that I can detail them in my final decision.

I am mindful that it is now some time since Mr G's company suspended the contributions. That might have some impact on how ReAssure needs to deal with Mr G when restarting any contributions to his plan in order to comply with any relevant legislation such as that regarding anti-money laundering and Know your Customer. I would expect ReAssure to ensure that any information it needs from Mr G is collected by the least onerous method possible.

Whilst I can ask ReAssure to backdate any contributions Mr G makes, he will need to ensure that any contributions remain within the annual contribution limits set by HMRC (after taking account of any allowance he might be able to carry forward from those years that his contributions were suspended). My understanding is that his contributions will be treated by HMRC as having been made on the date they are received by ReAssure rather than taking account of any backdating ReAssure applies. So I think it likely he will need to engage his accountant to provide him with support in this regard. ReAssure has agreed to meet the costs of that advice. Again, in response to this provisional decision, it would be helpful for Mr G to provide an estimate from his accountant of what those costs will be.

This matter has been outstanding for a lengthy period of time. There is no doubt that Mr G will have been caused a significant amount of distress and inconvenience by the errors that ReAssure has made. Initially, when it first dealt with Mr G's complaint, ReAssure paid him £300 to reflect the inconvenience he'd been caused. And in response to our investigator's assessments, ReAssure has agreed to pay a further sum of £1,500 to Mr G.

We have set out on our website the types of award we would generally make for distress and inconvenience. It seems clear to me that Mr G's complaint is very much towards the higher end of those ranges given the length of time that ReAssure has needed to take in order to make the necessary corrections. But any awards of this nature are not intended to be punitive – or designed to make businesses less likely to cause similar problems in the future. They simply act as a reflection of the inconvenience or distress caused to a consumer by a specific complaint.

So taking all that into account I've thought carefully about what would be a reasonable amount to direct ReAssure to pay to Mr G as compensation for his distress and inconvenience. Having done so I'm not currently minded, as Mr G suggests, that it would be reasonable to direct ReAssure to pay more than the £1,500 recommended by our investigator. Generally, whilst I do accept this situation has had a significant impact on Mr G, I wouldn't expect to make an award of that size in circumstances such as these, even when considering the length of time for which the complaint has been ongoing. But since ReAssure has already agreed to pay that amount I don't think it necessary at this stage to consider any reduction in the investigator's recommendation.

I appreciate that some parts of this decision will be disappointing for Mr G. I am satisfied that the steps ReAssure has now taken are sufficient to correctly apply the historic contributions to Mr G's pension savings, and with appropriate backdating. I don't think it necessary to direct ReAssure to have those amendments further verified by a third party. But I think it reasonable that ReAssure should now allow Mr G to pay the pension contributions that he has withheld during the life of this complaint. I think ReAssure should pay Mr G a further sum of £1,500 in respect of the distress and inconvenience he has been caused.

I invited both parties to provide us with any further comments or evidence in response to my provisional decision. I have received responses from both Mr G and ReAssure. Although I am only summarising below what has been said, I want to confirm to both parties that I have read, and carefully considered, their entire responses.

ReAssure says that it accepts my provisional decision. But it notes that the complexity of the processing required to backdate any additional pension contributions means that the work cannot be completed within the ten business days I suggested. It has said however that it can provide a confirmation of receipt within that timeframe, and further information once the work has been completed. It wants to make it clear that this sort of manual intervention will only be offered for the backdated premiums, and not any future contributions that Mr G might make.

Mr G remains unhappy with the steps ReAssure has taken to put things right. He says that given the administrative failings, allowing ReAssure to proceed unchecked is akin to allowing a student to mark their own homework. So he repeats his request for me to require independent verification of ReAssure's remedial activities.

Mr G has highlighted some differences in the dates at which ReAssure has applied his missed contributions. He says that his regular contributions were paid on the 28th of each month, and have been added to his plan on the 2nd of the month. But the one-off payment that was made, on 4th March, was applied to his pension plan on the same date. Mr G questions whether ReAssure has manipulated those dates to reduce the costs of any backdating that was needed.

And Mr G has said that he would want to understand in more detail what prices ReAssure might use for any backdated contributions in order to ensure that it is financially prudent for those contributions to be paid. Mr G has provided an estimate from his accountants of its fees in supporting him with the remediation activities.

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 set out 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 Mr G 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 continue to have great sympathy for the position in which Mr G found himself due to ReAssure's failures. And it is entirely understandable that he will remain sceptical about the ability of the firm to fairly correct the past mistakes, and deal with any future contributions. But I'm sorry to tell him that I don't think that means I should appoint, or require ReAssure to appoint, an independent party to review the redress that has been provided.

Instead, in this decision, I will repeat my earlier expectations that Mr G should be placed back into the position he would have been had nothing gone wrong. And I will direct ReAssure to check that it remains satisfied that it has completed that exercise correctly. Should Mr G ultimately remain unhappy with the redress I have directed here, or the way in which ReAssure had implemented those directions, he would need to seek judgement from the Courts – as ultimately he would be concluding that ReAssure has failed to comply with a legally binding decision that I have issued. And it would be for Mr G to engage whatever specialist assistance he might need to prove that allegation.

So in terms of correcting the contributions that have previously been paid, I repeat my expectations of ReAssure. Essentially the firm needs to ensure that Mr G is put back into the position he would have been had nothing gone wrong. In practical terms that means each contribution should be applied to his pension plan as at the date it would have been applied had nothing gone wrong. It is for ReAssure to decide those dates, and I don't think it necessarily unreasonable that regular and one-off contributions might be treated differently in when they are added to the policy. What is important is that ReAssure can demonstrate, on a consistent basis, that any remedial actions match what would have happened but for the processing problems.

And I would expect ReAssure to take the same approach should Mr G choose to pay any of the contributions he suspended whilst this complaint has been ongoing. They too should be added to his pension plan as if they had been made at the time they otherwise would have been.

But I'm not persuaded that it is fair to allow Mr G to generally pick and choose which contributions he wishes to reinstate. I think he paid two different types of contribution – regular and one-off. Should he wish to reinstate the regular contributions I would expect him, or more likely his company, to pay all the regular contributions that were missed. But I accept there is some greater latitude in terms of the one-off payments. By their nature, it would have been Mr G's choice, at the relevant time, to decide whether, and how much, to add to his pension savings. And so a similar choice should be offered now.

I accept the representations that ReAssure has made about the time it would take for future backdated contributions to be added to Mr G's pension plan. It is clearly unreasonable for those contributions to be subject to the same delays that have led to this complaint. But I think it important that ReAssure is given sufficient flexibility to ensure that its work is performed accurately. So I will make the appropriate changes to my direction in that regard below.

I appreciate that my decision will continue to disappoint Mr G. But I am not satisfied that it would be appropriate for me to direct an independent review of the corrective actions that ReAssure has taken. I am satisfied that I have reasonably set out the steps that ReAssure needed to take, and the firm has confirmed those steps have been taken. But Mr G should be allowed to catch up any suspended contributions in line with the directions I gave in my provisional decision and those below.

Putting things right

In order to put things right, and complete the work needed to resolve this complaint, ReAssure should;

- Recheck that it has now applied all the contributions Mr G has previously paid, and that those contributions have been added to his pension plan as at the date they would have been, had nothing gone wrong. ReAssure should write to Mr G to confirm that validation has taken place and that it considers it has met my directions in this regard.
- Provide Mr G with a dedicated contact in order to complete the remainder of my directions below.
 - It should allow Mr G to make any pension contributions he has withheld during the lifetime of this complaint. Those contributions should be backdated to the date at which they would otherwise have been added to the plan had nothing gone wrong.

But I think it reasonable that Mr G be expected to either make all, or none, of the regular contributions that were withheld. Mr G may choose to pay any, or all, of any one-off contributions that would normally have been paid, in line with his previous contribution pattern. Mr G should notify ReAssure of his intentions within 30 days of his acceptance of this final decision, otherwise ReAssure can lapse his entitlement to make backdated contributions.

ReAssure should acknowledge receipt of any backdated contributions paid within ten business days of them being made. They should be applied to Mr G's pension plan in a timely manner, and confirmation of their addition should be provided to Mr G in writing.

- Reimburse to Mr G any reasonable accountancy fees he incurs in determining the contributions that can now be paid. His accountant has estimated those costs to be £360.
- Pay Mr G £1,500 compensation for the distress and inconvenience he has been caused.

My final decision

My final decision is that I uphold Mr G'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 Mr G to accept or reject my decision before 19 April 2024.

Paul Reilly
Ombudsman