

The complaint

X complains that ReAssure Life Limited (ReAssure) hasn't provided the administration service for their pension policy that was provided by their previous administrators. X also complains about the charges levied.

What happened

X started a unit-linked personal pension contract in March 2000, with an initial investment of £8,497. At some point, a business I'll refer to as business A took over the administration of the contract.

Business A wrote to X in May 2020 to tell them that it would become ReAssure Life Limited with effect from 13 June 2020. The letter said that X didn't need to take any action. It said:

"You'll still be dealing with the same company, but with a different name, and there will be no changes to the terms and conditions of your policy as a result of the rebrand."

ReAssure sent X their annual statement on 19 December 2020. This statement was five pages long and contained very similar information to the 2017 statement provided by business A. The 2020 statement recorded that X had a financial adviser and that it had provided them with a copy of the statement. The 7 November 2021 statement recorded the same thing.

The 2020 and 2021 statements gave the monetary amount of the explicit charges on X's policy. And explained that there were also implicit charges related to the size of the fund.

ReAssure sent X the yearly review of their pension on 22 September 2022. This was in a completely different format to the 2020 and 2021 annual statements. It showed that the value of X's fund had fallen since the previous year. It no longer recorded X's financial adviser's details. And it listed the charges in a different way – it showed a monetary amount for the total of the implicit and explicit charges.

X called ReAssure after receiving this letter. They said they weren't happy as the value had fallen. They wanted ReAssure to look into the fund and tell them what had happened.

ReAssure wrote to X on 5 October 2022 in response to their query. It said that X's investments were linked to volatile stock markets and would therefore rise and fall. It also stated the charges that applied to X's contract.

X still wasn't happy with the way their funds were performing. So they called ReAssure again on 6 October 2022. ReAssure explained that it had no control over the value fluctuation of the investments and that it couldn't provide advice. It told X that they could fund switch if they wanted to. X wanted to know how to contact the fund managers or a governing body to complain.

X spoke to ReAssure again on 10 October 2022 as they wanted to know who the fund managers were. They also still wanted to know why their investments hadn't performed well.

ReAssure wrote to X on 12 October 2022 to tell them who the fund managers were for the funds they were invested in. It said that it didn't liaise with fund managers, and that they were independent.

X called ReAssure on 14 October 2022 as they were still unhappy about the fund management and didn't understand why they couldn't speak with fund managers. X wanted to know if the fund managers were going to change the funds due to their value dropping.

ReAssure wrote to X again on 19 October 2022. It sent a current unit statement for their policy as at 19 October 2022. And provided the current value. It also said that it wasn't authorised to provide advice.

X called ReAssure again on 25 October 2022 as they wanted to know why the fund managers didn't keep an eye on their invested funds and move them when necessary, as they felt business A had done this.

ReAssure wrote to X on 27 October 2022. It said its role was to administer requests received on policies, but that it didn't manage investments. It said it couldn't make changes to X's investment without their direct instruction to do so. ReAssure also said that it wasn't authorised to provide advice.

X complained to ReAssure in January 2023. They made the following points:

- They felt that the explanation ReAssure had provided in its 27 October 2022 letter was at odds with the service they'd received from business A. They said that when their policy had transferred to ReAssure in 2020, business A had written to tell them that ReAssure would provide the same service.
- X said they'd previously received reports from business A on underperforming funds and advice to speak with advisers if they'd needed to change allocation. They didn't think ReAssure provided this service.
- X felt that the fund managers hadn't made any changes to their fund allocation since ReAssure took over the service. They said that when they'd originally taken out the policy, they were told that every now and then the fund allocation would be reviewed and adjusted to enhance the investment returns, taking into account the discussions they'd had with their adviser about the acceptable risk level. They didn't think ReAssure had provided this service.
- X was also concerned about the level of charges shown on their September 2022 statement. They felt this stated that £412.25 had been charged, compared with £44.88 the previous year. And that such increases weren't in line with the agreed terms.

ReAssure wrote to X on 7 February 2023. It provided the current value of the policy and a table showing the funds in which it was invested. It also provided a fund switch form in case X wanted to switch their investment funds.

ReAssure said that the administration fee was £4.28 each month. It also said that the Annual Management Charge (AMC) for the policy was 0.75%. It said that the AMC was charged from the fund and not taken directly from the policy. And that as the value of the fund fluctuated, it couldn't provide a definite monetary amount for this charge.

X wrote to ReAssure on 5 March 2023. They didn't think that the 7 February 2023 response had considered all of their complaint points.

ReAssure issued its final response to the complaint on 21 March 2023. It acknowledged that it hadn't provided a good service to X in respect of providing them with the information requested. And offered them £200 compensation. But ReAssure didn't address all of X's specific concerns.

ReAssure sent X fund and charging information on 22 March 2023.

X was unhappy with ReAssure's response. So they brought the complaint to this service in September 2023. They felt that they weren't receiving the service from ReAssure that they'd received from business A, despite business A's May 2020 letter telling them that nothing would change. They were concerned that this meant that ReAssure wasn't meeting the terms and conditions of the policy. X wanted ReAssure to provide the same service as business A, in line with their agreement. They felt this included providing financial advice on funds and their performance and recommending unit allocation changes.

Our investigator asked X to provide evidence of the services business A had provided, including advice on fund movements. X provided a copy of a letter received in 2018. This stated the following:

"In October 2016 we wrote to you about some improvements to the information we provide about your investments through a quarterly report to help you and your FA to review and monitor your investments. The report identifies any life and pension funds which have consistently underperformed over the past three years.

We are sending you the enclosed report because you are invested in one or more of the funds we have identified as underperforming. You may like to review this report alongside your annual statement."

X also told our investigator that they remembered an occasion when underperforming funds were replaced by others.

Our investigator also asked X if they could provide previous annual statements from business A. X provided a statement from 2017.

Our investigator asked ReAssure to provide the terms and conditions for X's policy. In lieu of these, ReAssure provided the relevant member booklet and some documentation from the start of the policy.

The original documentation stated that the AMC for the policy would be 0.75%. And that there'd be a monthly maintenance charge, which started at £2 each month. The member booklet stated the same charging information.

Page 8 of the member booklet stated, under the "*Changing your investment choice*" section:

"You can switch investments to different funds at any time."

Page 32 of the member booklet stated, under the "*Communication to and from [the original provider name]*":

"To protect members' interests, we require written instructions bearing your original signature to action switches, encashments or other such transactions."

Our investigator felt that ReAssure had done enough to address the time it'd taken to get the requested information to X. He felt that the £200 it had paid X was fair. He also felt that there was no requirement for ReAssure to provide the same quarterly performance reviews that

business A had provided, as the terms and conditions didn't require it. But he considered that ReAssure should give X a full breakdown of their charges since it took over the policy in 2020, or from the start of the policy if possible.

ReAssure agreed with our investigator. It said it had asked its Servicing Team to write to X to provide details of the charges applied to their policy.

X didn't agree with our investigator. They felt he hadn't considered the fact that business A used to send copies of fund performance annually to their financial adviser. They said that the covering letter accompanying the annual performance had invited them to contact either business A or their financial adviser to discuss any matters should that be required. They said they'd only discovered that ReAssure didn't provide this same level of service with their financial adviser after receiving the 2022 statement. X said that they relied on their statement being forwarded annually to their financial adviser so that they could then consider whether or not to change a poorly performing fund.

Our investigator told X that as far as he could tell from the 2022 and 2023 statements, ReAssure didn't have a financial adviser listed for them. He said the 2017, 2020 and 2021 statements included comments saying that X's statement had been shared with their financial adviser. He said that he felt the evidence showed that the financial adviser had received the 2020 and 2021 statements. And asked X if they'd told ReAssure that they still had a financial adviser who they still wanted their statements to be copied to.

X told our investigator that when they'd taken out the policy, the arrangement was that the reports produced on the performance of the fund would be shared with and monitored by the financial adviser. They said they didn't have regular annual meetings with the financial adviser because they saw little advantage of making changes if the figures of annual performance were moving in the right direction. They said that over the years, they would've contacted business A from time to time and it would've offered an explanation or put them through to the financial adviser. But they'd no longer been able to do this once ReAssure had taken over the administration.

X said they hadn't told ReAssure about the financial adviser as they'd expected it to continue the same level of service. They said that when they'd asked ReAssure during their September/October 2022 calls to put them in touch with the fund manager/financial advisory service, ReAssure had simply refused and indicated that it simply administered the funds and couldn't provide this service. They said the most important aspect of their complaint was the link with the financial advisory service which ReAssure hadn't provided since 2022.

Our investigator considered X's points. He felt that X had been aware from the 2022 statement that no financial adviser was listed, and that the onus was on them to have made ReAssure aware if this omission was an error. He felt that as ReAssure didn't have X's adviser listed, there was no reason for it to send the adviser any of X's information unless they'd specifically asked them to.

As agreement couldn't be reached, the complaint has come to me for a 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.

Having done so, I'm going to uphold it. I agree with our investigator that ReAssure needs to provide clearer charging information to X. I'll explain the reasons for my decision.

Before I start, I acknowledge that X felt that our investigator didn't consider in his view the fact that business A used to send copies of fund performance annually to their financial adviser. And that they relied on their statement being forwarded annually to their financial adviser so that they could then consider whether or not to change a poorly performing fund. But I can't see that X has ever raised these points with ReAssure. Therefore my focus will be on the points X raised with ReAssure in their January 2023 complaint.

However, I do agree with our investigator that X could've told ReAssure that they had a financial adviser, and that they wanted that adviser to receive copies of their statements, at the point that they found out that no financial adviser was listed. Having said that, if X wants ReAssure to consider this point, they will need to make an additional complaint for it to consider before this service can look into it.

X feels that they were provided with a service for 20 years before ReAssure took over. And that this service is no longer provided. They felt the May 2020 letter from business A told them the service would be unchanged when ReAssure took over.

The May 2020 letter stated: *"there will be no changes to the terms and conditions of your policy as a result of the rebrand."* It didn't specifically state that the service wouldn't change. Instead, it said the terms and conditions wouldn't change. So I've gone on to consider if ReAssure has provided the service its required to provide to X.

Has ReAssure provide the service its required to provide to X?

I can see that X feels strongly that the service they received from business A included the fund managers keeping an eye on their invested funds and then moving them when necessary. They also felt that they could contact business A for advice every now and then. And that this service included sharing fund and performance information with both X and their adviser. X has also told this service that they remembered an occasion when business A replaced underperforming funds with others. They didn't think ReAssure provided this service. They also didn't think that the fund managers had made any changes to their fund allocation since ReAssure took over the service. X felt that both of these failures showed that ReAssure wasn't meeting the terms and conditions of the policy.

X has provided this service with a letter they said they received in 2018. I've included some of the wording from this letter in the background to this complaint. I'm satisfied that this letter shows that business A did provide, for at least part of the time it administered X's policy, a quarterly report which identified any underperforming funds that had consistently underperformed over the past three years.

However, the letter also stated:

"Being invested in an underperforming fund is not necessarily a cause for concern, and switching out of a fund when it is underperforming may not be the best course of action for you."

I consider that this shows that business A wasn't providing its customers with advice. Instead, it was alerting them to the fact that they might be invested in underperforming funds. It was then up to the customer, potentially alongside their financial adviser, to decide what to do next.

I acknowledge that it may well be the case that X switched funds at some point, for example after adviser advice, or if X themselves wanted a change. But I've not seen any evidence that ReAssure can provide this sort of service under the terms of the policy without X instructing it to do so. I've also not been provided with any compelling evidence that business A

provided such a service.

I say this because X has confirmed that they didn't sign a new agreement with ReAssure when it took over the policy. Therefore I'm satisfied that the terms in place from the start of the policy were still in force when ReAssure took over as administrator. Page 32 of the member booklet clearly states that the administrator would require signed written instructions from X to action switches. This is in line with the process I would expect an administrator to follow.

I consider that this clearly shows that - from inception - the policy required X to instruct the administrator to change their investments. Therefore, although I don't doubt X's recollections that they'd made some switches in the past, I'm not persuaded that business A ever advised them to make the switch, or carried out the switch without their instruction.

I also note that the member booklet doesn't state that ReAssure needs to provide any specific updates on underperforming funds. So I agree with our investigator that it's likely that business A was providing this service outside of the terms and conditions.

I think it's important to explain that as the administrator of X's pension, ReAssure isn't authorised to provide any investment advice. It must act as directed by X in relation to any investment decisions relating to their pension.

So although X considers that ReAssure should've provided them with investment advice, I can't fairly agree. ReAssure wasn't authorised to advise X how to invest. Instead, it's X's, or their financial adviser's responsibility to monitor the performance of their investments and ensure they are suitable for their circumstances.

I do acknowledge that business A's 2018 letter shows that it did at least occasionally provide information about underperforming funds. But, as I noted earlier, I'm not persuaded that business A provided X with any advice. I can also see that ReAssure's annual statements contain information about where X can find the following:

"...current fund prices, investment objectives, past performance data, information about charges and a list of the funds available to you".

Therefore I'm of the view that the information X had previously relied on is still available to them. In saying this, I appreciate that it would take more effort on X's or their adviser's part to access the information on underperforming funds that X said business A routinely used to send. But I'm not persuaded that ReAssure is required under the terms and conditions of the policy to provide this to X. Therefore I'm not persuaded that ReAssure has failed to provide the correct service to X.

I also agree with our investigator that ReAssure seems to be providing the service outlined in the member booklet. And therefore I can't reasonably ask it to provide any additional aspects that might have been provided by a previous provider.

I next considered whether ReAssure has provided a reasonable response to X's question about charges. X felt that the 2021 statement reported that £412.25 had been charged, compared with £44.88 the previous year. And that such increases weren't in line with the agreed terms.

Has the charging information been clearly explained?

As I've noted earlier, the policy charges were outlined in the original policy documentation as an AMC of 0.75% of the fund value and monthly Maintenance Charges which started at £2

each month. Both of these charges could increase at a later date. The AMC hasn't changed but the Maintenance Charges have increased over time. At the start of the policy, there was also an initial transfer fee of 5% and a fee for X's financial adviser.

The 2017 statement X has provided contained a description of the charges. This was very similar to the description provided in the 2020 and 2021 statements. The following wording was included in the 2020 statement:

"Amount taken from your plan value to pay ReAssure charges £44.36*

**Please see the table below for a breakdown of the charges. Other charges are included in the unit price of your fund and these are shown in the second table."*

The £44.36 Maintenance Charge was then described as follows:

"This is a variable monthly charge for the plan administration costs. The amount shown is the total deducted in the statement period

- We review the charge each year to take inflation into account and may apply this increase to your charge."

I consider that this statement clearly shows that the £44.36 shown on the statement was only in respect of the Maintenance Charge. I'm also satisfied that the statement explained that this charge could increase over time.

The other charges that ReAssure said were included in the unit price of X's funds, and not therefore explicitly shown as a monetary amount of charges, were described as follows:

"Fund Manager/ReAssure Total expense ratio (TER)

The TER for the fund(s) you are currently invested in is shown in the 'Your funds and valuation' table.

Fund unit prices include a charge payable to the fund managers. This amount, called the total expense ratio, is the annual cost an investor in a fund can expect to incur and is expressed as a percentage of the investment. This charge includes the fund manager's annual management charge (AMC) as well as other charges and fees associated with running the fund, less any rebate being reinvested into the fund (most fund managers rebate part of their AMC to ReAssure who in turn may reinvest some of this rebate for the benefit of policyholders.)

ReAssure AMC 0.75%

Our charge for providing the plan is 0.75% per year of the plan value. It is reflected in the daily pricing of the units, meaning you will not be able to see it as a deduction from the plan.

For example, if you had accumulator units valued at £10,000 each throughout the year, the charge would be £75.

Another way of looking at this is that if the value of your accumulator units grows by 5%, the AMC has the effect of reducing the growth to 4.25%."

I consider that these statements clearly explain that the value of the fund is reduced by the charges outlined. But I acknowledge that these statements didn't provide X with the monetary amount of charges that had been deducted from their fund. Therefore I understand

why X became concerned when their 2022 statement stated that £412.25 had been taken as “Charges paid to ReAssure”. This was a large increase on the charge amount shown on the 2021 and 2022 statements.

However, the 2022 statement did explain the following about the £412.25 charge:

“The policy charges shown include two types of charges: Implicit charges and Explicit charges. Explicit charges are taken from your policy value and premiums and can include charges such as policy fees and bid-offer spread. Implicit charges are taken from the daily prices of every unit you’re invested in. These include Annual Management Charges (AMCs) and Investment Management Charges (IMCs) and are used to cover the cost of administering your policy. To find out more about policy charges go to www.reassure.co.uk/charges”

So while I consider that there was enough information in the 2022 statement for it to have been possible for X to have realised why the monetary amount of the charge seemed to have gone up so much, I don’t consider that it was unreasonable for them to have asked ReAssure for further information about the level of charges shown on their September 2022 statement. And I would’ve expected ReAssure to have provided that information clearly and in a reasonable time. But, from what I’ve seen, ReAssure has yet to do so. Therefore I agree with our investigator that ReAssure hasn’t treated X fairly in this regard. And I uphold the complaint.

ReAssure has acknowledged that it didn’t get the requested information to X as quickly as it could have. I understand that it has paid X £200 for the distress and inconvenience this caused. I agree with our investigator that this is reasonable under the circumstances. I also agree with our investigator that ReAssure should provide X with the additional charging information he outlined in his view.

Putting things right

ReAssure Life Limited must provide X with a full breakdown of their charges since it took over the policy in 2020. The information should be provided to X in a clear and simple format.

My final decision

For the reasons explained above, I uphold X’s complaint. I require ReAssure Life Limited to take the steps detailed in the “Putting things right” section above.

Under the rules of the Financial Ombudsman Service, I’m required to ask X to accept or reject my decision before 29 May 2024.

Jo Occleshaw
Ombudsman