

The complaint

Mr T has complained about the administration of his Executive Pension Plan (EPP) that is managed by ReAssure Limited (ReAssure). He has faced several problems trying to claim his pension benefits and questioned whether the fund value he's been told is correct.

To resolve matters, Mr T would like ReAssure to pay out his pension benefits, but at the point of its highest value since he began trying to claim them

He would also like ReAssure to compensate him for the distress and inconvenience this has caused him.

What happened

Mr T held an EPP with ReAssure, the policyholders of which were his former employer. In March 2023, Mr T contacted ReAssure on three occasions to find out how he could take his pension benefits as he intended to retire very shortly. Mr T was told that as his employer was listed as the policyholder, all retirement information was sent to it, rather than to him.

Once ReAssure informed him of this, Mr T asked for the policy rights to be reassigned to him. On 5 April 2023, ReAssure advised Mr T that he would need to speak with his former employer to gain its permission for this.

After Mr T contacted the employer, it contacted ReAssure on 6 June 2023 to confirm that Mr T had left the company. Mr T got in touch with ReAssure to complain that he was still unable to access his pension.

ReAssure subsequently issued another retirement pack to the employer. Around the same time, Mr T also raised concerns that the premiums for his policy hadn't been applied correctly.

ReAssure wrote to the employer on 27 July, responding to Mr T's complaint. It apologised that it had provided incorrect information relating to his policy payments and said that it would arrange for a new unit statement and premium history to be sent to him. It also offered Mr T £300 compensation for the mistakes it had made.

On 21 June 2023, ReAssure wrote to the employer to inform it that it could not provide Mr T with access to his pension benefits until the employer had submitted a written request to reassign the policy benefits to Mr T. Mr T contacted ReAssure on 22 June to state that he wanted the plan to be made paid up and to query the contribution history. The employer subsequently sent ReAssure a written request to reassign the benefits to Mr T, but not until 9 August 2023.

ReAssure subsequently sent the forms to the employer on 7 September 2023.

The employer completed and returned the forms on 19 September 2023. ReAssure wrote to the employer again on 17 October 2023. It enclosed a deed of reassignment that needed to be signed by the directors of the employer and returned to ReAssure.

The employer completed the relevant deed document and returned it to ReAssure on 1 November 2023. A retirement options pack was emailed to Mr T directly on 3 January 2024, and on 8 January 2024, ReAssure wrote to Mr T confirming the policy rights and benefits had now been assigned to him.

Prior to confirmation of the deeds being reassigned, Mr T called ReAssure asking for a valuation. The call agent explained this wasn't possible as the calculations needed to be done manually. Mr T remained concerned that ReAssure still hadn't been properly applied the contributions to his policy and he made second complaint.

ReAssure responded to his complaint on 26 February 2024, This letter explained that due to a system error, the premiums on Mr T's policy were not shown correctly on the system. This was why ReAssure was unable to provide him an accurate valuation when he called to ask for it.

ReAssure went on to reassure Mr T that his policy was being correctly administered, although it was important for them to manually recheck the calculations to avoid giving him incorrect information.

ReAssure also said that he had been sent information to confirm showing his contribution history and policy values, along with the offer of a further £200 in compensation for his distress and inconvenience.

Unhappy with ReAssure's response, Mr T brought his complaint to our service.

Our investigator examined all the evidence provided and recommended that owing to the problems Mr T had encountered when trying to take his benefits, ReAssure should pay him a further £200, making a total of £700 in all. ReAssure agreed to this, but Mr T remained unhappy, so the complaint has been brought to me to make a final decision.

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 agree with our investigator and uphold this complaint. I also agree with their conclusions in terms of what would be a suitable level of compensation.

I can appreciate that this will be disappointing to Mr T, so I will explain how I have reached my decision.

Firstly, I think it's important to reflect upon the role of this service. Our role is to impartially review the circumstances of a complaint and make a decision on whether a business has made errors or treated a customer unfairly. Where it has, we expect a business to compensate a customer for any financial loss and distress and inconvenience they have suffered as a result. Our aim when awarding compensation is not to seek to punish a business for the mistakes it makes, rather to put the consumer back in the position they would have been in had the mistakes not been made.

In this case, I can see that ReAssure made some errors and I can fully understand Mr T's frustration as he wanted to take his pension benefits. I see from the file that Mr T first contacted ReAssure in March 2023 and had still not taken his benefits over a year later.

Having said that, however, I think that it's important to note that realising Mr T's pension benefits, as they were held in an EPP, was more complicated than some other products. In particular, the policyholder for an EPP is typically the member's employer, rather than the member themselves, so any initial contact is with the employer rather than the consumer. This obviously means that the employer plays a key role in facilitating the withdrawal of a members benefits. This situation was complicated further by the employer wishing to wind up the pension scheme, which required more forms to be completed.

I can see that the reassignment of benefits did not take place until January 2024, some nine months after Mr T first asked to take his benefits. While ReAssure is undoubtedly responsible for some elements of the delay, I can also see some significant elements of the delay that were caused by the employer not responding as quickly as Mr T would have preferred. For example, between 5 April 2023, when ReAssure informed Mr T that the employer was the policyholder and 6 June 2023 when the employer contacted ReAssure to commence the process of reassigning the benefits.

I also can't say that ReAssure made any errors when sending retirement documentation to Mr T's employer, rather than to him personally, as it was the policyholder at that time. Consequently, any delays related to these communications are also not the responsibility of ReAssure.

I've also carefully considered the point that Mr T was always able to take his benefits with his employers' authorisation, regardless of whether he or the employer were the policyholder. Consequently, Mr T could have taken his benefits at a much earlier stage. While this is undoubtedly true, I've looked at the correspondence on file and consider that this was not clearly explained to Mr T at any time.

It's also clear that Mr T has had some significant concerns about the management of his policy, in particular the contribution records, which he also understandably wanted to have resolved before taking his benefits. ReAssure itself recognises these problems, and has upheld his complaints about them, paying him some £500 in compensation for distress and inconvenience.

The fact remains, however, that Mr T had not at any point completed the documentation that would have allowed him to take his benefits, which means I can't see that he's suffered a financial loss – without instructions to begin the process of taking benefits, it would not be reasonable to consider the effect of any delays caused by ReAssure in this way.

Having said that, ReAssure clearly made significant errors in the management of Mr T's pension benefits, which it states were the result of a systems error. This has understandably caused Mr T a loss of confidence in ReAssure as well as considerable distress and inconvenience. ReAssure has already offered Mr T £500 in respect of this and our investigator recommended this be increased to £700. I must also decide whether I think he has been fairly compensated in this respect.

To do this, I've considered the mistakes ReAssure has made and the effect these have had on Mr T. When deciding if I believe that a proposed level of compensation is appropriate, I have to consider the guidelines this service has published to ensure consistency and fairness of awards as well as the impact the mistakes have had on Mr T and his wellbeing. I've not only considered the systems errors that ReAssure has made, but also the fact that some of the communications it had with Mr T did not explain as clearly as it should that he could still take his benefits regardless of the process of reassigning the policy benefits to him and winding up the EPP.

In the circumstances of this complaint, I agree with our investigator that a payment of £700 in total would be fair and reasonable and also in line with the guidance this service has published.

Putting things right

ReAssure Limited should pay Mr T a total of £700 in respect of the distress and inconvenience he has suffered.

My final decision

For the reasons explained above, I uphold Mr T's complaint.

To resolve this complaint, ReAssure Limited should increase its payment to Mr T in respect of distress and inconvenience to £700 in total.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 20 August 2024.

Bill Catchpole
Ombudsman