

The complaint

Mr W complains about the service he received from ReAssure Limited trading as ReAssure (ReAssure) in relation to the administration of his stakeholder personal pension (SPP).

What happened

Mr W explains that his employer made a lump sum contribution into his SPP in 2002. The administrator of his SPP at the time was Firm L. However, following a transfer in 2020 ReAssure took responsibility for any complaints raised from the inception of Mr W's pension. As such I will refer to ReAssure throughout this decision even where Firm L were the ones at the time to issue correspondence or interact with Mr W.

Mr W didn't make any further contributions into his SPP as he changed jobs not long after the contribution had been made.

In 2014/2015 Mr W was considering taking his pension benefits. Prior to this consideration his SPP was invested 100% in the L&G Fixed interest Fund. Mr W moved his funds to a different provider. But Mr W changed his mind.

In June 2014 ReAssure wrote to Mr W. They said that they would accept his funds back, but that they couldn't put them back into the original arrangement. A new plan would be set up with a new plan number. ReAssure set out that Mr W would only be able to invest in the funds available at the time. When the funds were received back they were placed into the cash fund.

In July 2014 ReAssure wrote to Mr W with a new plan number. And then in December 2014 they wrote to him because his funds were all still sitting in the cash fund. The letter header said **'IMPORTANT INFORMATION – Action required'**. This letter provided information about the cash fund. That it was dependant mainly on interest ReAssure received and interest rates had been low for some time. It finished by saying:

"What do I need to do?"

If you're happy to stay invested in the Legal & General Pension Cash Fund, then you don't need to do anything. If you're unsure what you would like to do, we strongly recommend that you speak to your adviser. If you decide to make any changes, you need to make sure that you fully understand the implications of your decision."

ReAssure provided a link within the correspondence to a page on their website. Which provides information about their funds, points to Pension Wise and Unbiased who provide a list of regulated financial advisers.

ReAssure's file shows that in June 2015, an internal note was added on to Mr W's file which said he had called for an annuity quote. Later that month ReAssure sent Mr W a letter with information about how he could access his benefits. The letter set out:

“Thanks for contacting us about your pension. We’ve enclosed information on the options available when accessing your pension pot from age 55.

*This is an important decision and you must consider all of your options carefully. To help you understand your retirement options the government has set up a free and impartial pension guidance called **Pension Wise**. We have included a letter to you from the government explaining what the service will offer and we strongly recommend you take this guidance before you make your decision.”*

It went on to provide details of how to contact Pension Wise and then had a section on what Mr W could do next:

“What should I do next?”

- 1. Seek the free and impartial guidance from Pension Wise*
- 2. Read the **Money Advice Service** guide*
- 3. Shop around to get the best deal and product for your retirement*
- 4. If you’re still unsure what to do, you should speak to a financial Adviser”*

On 30 October 2015 there is a note within Mr W’s file that states he contacted ReAssure to move his fund into the L&G Fixed interest fund accumulator (series 17) and L&G Index linked gilt fund accumulator (series 17) in a 50/50 split. This was actioned on 2 November 2015.

Mr W was sent annual statements which set out his fund value, how much the charges had been for the year and some other information. I have been provided with a number of these statements. On 10 June 2016 Mr W was sent his annual statement. Page two sets out the current fund value, the fund value from the previous year and the charges deducted for the year. About the charges it sets out:

“We calculate management charges daily but some are deducted monthly in arrears.”

Page six provides some market commentary and page seven a breakdown of the investment funds Mr W is invested in. This shows that there can be a fund charge as well as an annual management charge. But both of Mr W’s funds state the fund charge is 0%.

Page 8 is entitled ‘PLANNING FOR YOUR FUTURE’. It sets out some information about accessing Mr W’s pension pot. And explains that more information will be provided to him closer to his selected retirement date. But, if he would like to take his pension earlier he can get in touch with them for more information. This page also explains ‘THINGS YOU CAN DO NOW’. It sets out that Mr W should consider where his pension pot is invested and if he is happy with the amount of risk. It points him to take financial advice and provides the government’s Pension Wise service information. On the next page is a table which provides high level detail about the ways pension benefits can be taken.

In the frequently asked questions section of the statement a question asked is ‘What do the charges pay for?’, the answer is stated as:

“The charges are used to pay for the setting up and ongoing administration costs of running your plan and to cover the fund management charges for the funds you’re invested in. There may also be sales costs, your adviser would have told you about these if they applied to you.”

In the June 2020 statement Mr W’s pension value was £41,865.56, this was the final statement received from Firm L. I’ve been provided with Mr W’s 2022 and 2023 statements,

these were in a different format to the pre-2020 statements. The front page provides an overview of what is contained within the statement, and the current valuation. Page three is a leaflet from Pension Wise which provides details of what the service offers, how to get in touch and lets Mr W know that Pension Wise are a free advisory service provided by the government.

The annual statement goes on to set out where Mr W's funds are invested and says:

“Review your investment

You should regularly review the funds you're invested in especially if your circumstance or plans have changed. You should always make sure that the funds you're invested in match your attitude to risk and what you have planned for your money. For example:

- If you stay in low risk funds too long you may miss out on strong growth in financial markets and your policy could be more vulnerable to the effects of inflation.*
- On the other hand, if you're planning on taking a large proportion of your savings soon, being in higher risk funds puts you at risk of sudden movements in the stock markets affecting what you may get back.*

If you're not sure about what funds to invest in, you should seek guidance or independent professional advice.”

And:

“We recommend you get independent professional advice from a Financial Adviser if you're unsure what to do. A Financial Adviser can make a personal recommendation based on your individual circumstances and the options available to you. If you don't have an adviser MoneyHelper.org.uk can provide you with impartial guidance, useful tools and calculators or help you find a financial adviser.”

ReAssure go on to provide information about how Mr W can reduce his charges. And they set out a step by step guide about how he can check how much he pays in management charges for each fund. And how he can get information about the other funds ReAssure have. The value of Mr W's pension in his June 2023 statement was £28,524.81.

Mr W got in touch with ReAssure a number of times in February 2024. He asked some questions about his SPP because the value had dropped significantly since 2020. And he wanted to know how much it would have been worth had it remained in the cash fund. Mr W raised a complaint. He said that he thought ReAssure had been looking after his funds and had he known they were not he would have transferred away from them. He decided to take his 25% tax free cash and transfer away from them.

ReAssure provided their final response to Mr W's complaint on 16 February 2024. They didn't uphold it. They said that due to the fluctuations in the world markets there had been an effect on returns. That is why Mr W's fund had reduced in value. And they explained they could not make investment decisions for Mr W – that was his responsibility. The investments had remained the same since he chose them in October 2015.

Mr W wasn't happy with the response and so he referred his complaint to this service. He said that ReAssure had charged fees but not provided him with any service or guidance. That a change of investment funds in October 2015 was in response to the letter he received from them in December 2014. Mr W said that the December 2014 letter was inadequate as it

had warned him not to stay in the cash fund, but not provided him with any assistance or guidance.

Whilst the letter suggested he seek advice, Mr W says that it's not suitable to obtain advice for such a small fund. And ReAssure ought to have provided more information about the investment pathways to him at the time. And the cash fund has performed better than the investment funds.

An investigator considered Mr W's complaint. They didn't uphold it. They said the drop in value of Mr W's SPP had been due to market fluctuations and not mismanagement by ReAssure. And so, they weren't responsible for the fund value decreasing.

Mr W remained unhappy and so he asked for an Ombudsman to consider his complaint. He said:

- He didn't expect ReAssure to advise him of a better choice. But he didn't think he had to make all the investment decisions about ReAssure's funds.
- There should be recourse if the funds underperform.
- Other pension administrators provide information about their different funds and the risk levels of those funds.
- The correspondence he received from ReAssure in 2014 encouraged him to change his fund. They should be accountable for the change.
- ReAssure have not provided Mr W a professional service when considering his complaint, and questions about his policy. Namely if he would suffer detriment if he transferred his fund whilst considering his complaint.
- ReAssure had provided him with a key facts document about their Retirement Account, when he asked them about taking his benefits. This is the kind of document he feels they ought to have provided to him in the past. And, had they done so his pension would now be worth more.

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.

When considering what's fair and reasonable in the circumstances, I need to take account of relevant law and regulations, regulator's rules, guidance and standards, codes of practice and, where appropriate, what I consider to have been good industry practice at the relevant time.

I can understand why Mr W is frustrated with the drop in value of his pension fund and why this has given him cause to worry. However, I can only uphold this complaint if I think ReAssure has caused the drop in value. And based on everything I have seen I don't think they have.

I have been provided with all of the annual values of Mr W's SPP from 2016 to 2023. The value in the main increases to a peak in June 2020. At which point the fund begins to reduce in value.

ReAssure are not able to provide Mr W with individual advice and he has said he understands this. The point Mr W has made is that ReAssure ought to have provided him with more information and guidance than they did, either in 2014/2015 when he made changes to the investment funds, or in 2020 when his SPP was transferred to ReAssure. And Mr W sets out that he has not received a service from ReAssure to reflect the fees he has paid.

Administration fees

As Mr W is aware, ReAssure are the administrator of his SPP. ReAssure describe the management charge his SPP is paying within the annual statements Mr W received. A SPP's management fees are capped, I can see from Mr W's statements that he has not paid an annual fee that is more than that cap. The fee is to cover the day-to-day administration of running his SPP.

ReAssure have run Mr W's SPP throughout the time he has held it with them, and so it is fair that they have made this charge. I appreciate Mr W feels that the service they provided fell short of what he thinks they ought to have provided. I will go on to consider this point below.

Service received

As administrator of Mr W's SPP, ReAssure are responsible for administering his SPP. Mr W has said that he understands they can't provide him with advice. And that they can't make investment decisions on his behalf without his instruction.

I have considered where Mr W's fund has been invested over the years and can't conclude that ReAssure did anything wrong. They acted on Mr W's instructions which is what I would expect them to do.

Mr W has said that he wasn't provided with enough information in the December 2014 letter and ReAssure encouraged him to make changes to his investment fund. I have considered this letter, and the surrounding circumstances.

The contents of the letter in December 2014 draws Mr W's attention to the fact that his SPP is invested within a fund that is mainly reliant on interest rates. At the time of the correspondence interest rates were very low, and had been for a number of years. I think it was right for ReAssure to point this out to Mr W. The letter is very clear and finishes by telling Mr W that if he was happy with where the funds were invested, he didn't need to do anything. And, this letter didn't make any suggestion about which funds Mr W should invest in. Instead, they provided him with a link to their website which set out clear information about the funds they provided. So, I can't agree that the contents of this letter encouraged Mr W to change the way his fund was invested. Instead, I think it was clear that ReAssure were suggesting Mr W consider where his fund was invested and if that was in line with his objectives. And ReAssure also said within the letter that if Mr W was unsure he should seek financial advice.

Additionally, Mr W received the letter from ReAssure in December 2014 but didn't make any changes to his investment funds until October 2015, ten months after receipt of the letter. Between December 2014 and October 2015 Mr W had contacted ReAssure for information about taking his benefits – which they provided to him. In the correspondence of June 2015 ReAssure again pointed Mr W to seek guidance or independent financial advice. Presumably at this time Mr W was making enquiries and considering his options in relation to taking his pension benefits. So, it's not the case that Mr W received the letter of December 2014 and then made an investment decision based solely on the contents of that letter. Instead, he was considering things until he made an investment decision in October 2015.

Whilst the purpose of ReAssure's letter of December 2014 was to prompt Mr W to consider his options, I don't agree that the contents were encouraging. And, whilst the contents of the letter may have prompted Mr W to consider making a change to his investments. He didn't act on it straight away, and it wasn't the only correspondence he received. So, I don't

consider that this letter was inappropriate. And I don't think it means that ReAssure are responsible for the investment decision Mr W made.

Mr W has said that it is not worth seeking advice for a SPP with such a small value. It's important for consumers to carefully consider any decisions they make with their pensions. That is why ReAssure, rightly, pointed Mr W towards Pension Wise and suggested he seek financial advice. Pension Wise offer appointments and provide guidance to consumers for free. It was up to Mr W to decide whether or not to attend one of these meetings. And it was for Mr W to decide if he felt paying for independent financial advice was worth it based on his circumstances. Mr W decided that he didn't think paying for advice was worth it. I can't hold ReAssure responsible for the decision that Mr W made when he changed his fund in October 2015. Or for the decision he made not to seek financial advice.

Mr W has mentioned recourse where a fund has underperformed. ReAssure aren't responsible for the fund's performance. Their role is to administer his SPP which they have done.

I have considered the information that Mr W was provided with from ReAssure each year within their annual statements. They can't provide detailed information about all of the options a consumer can select when they take their benefits within this document. The example Mr W has provided to this service is the key facts document of one of the many products that ReAssure offer. I wouldn't expect ReAssure to provide this level of detail about all of the retirement options within their general communication with Mr W.

Within Mr W's annual statements he has been provided with details about the value of his pension and where it is invested. And ReAssure provide information about the ways that Mr W can take his benefits in retirement. The documents point to him contacting them for more information if he requires it. And gives him information about the free Pension Wise service. I'm satisfied that ReAssure provided Mr W with the information that I would have expected them to. It is enough for Mr W to be informed about his SPP and understand his options should he want to gain any further information.

I was sorry to hear that Mr W didn't receive a straight answer when he asked if his complaint would be impacted if he transferred his pension away from ReAssure. But note that Mr W did take his tax free cash and transfer away from ReAssure.

Based on everything I have seen, I don't think that ReAssure have treated Mr W unfairly. So, I'm not suggesting they make an award of compensation to him.

Loss of value

The years leading to Mr W taking retirement coincided with changes in the market due to the economic and political instability due to events such as the pandemic and the Russian war. These events affected the markets greatly and in turn affected the value of Mr W's pension, as well as most investment products generally.

It's unfortunate that Mr W's fund value dropped, so close to his retirement date. And I can appreciate why that has caused him concern. However, I'm satisfied the drop in the value of his SPP was due to the change in market conditions, rather than because ReAssure mismanaged the fund. ReAssure provided Mr W with information in order for him to access reputable financial advisers, or free guidance. And they recommended that he seek advice to make sure that his pension remained suitable for his retirement goals. I appreciate that this will come as a disappointment to Mr W. But, this was enough, in my opinion, and it was up to Mr W to take appropriate action to ensure the funds remained suitable for him.

My final decision

I don't uphold the complaint Mr W has raised against ReAssure Limited trading as ReAssure (ReAssure).

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 6 January 2025.

Cassie Lauder
Ombudsman