DRN-4296420

The complaint

Mr C complains that ReAssure Limited has failed to manage his pension investments in a professional manner.

What happened

Mr C holds pension savings with ReAssure in a personal pension plan. All his pension savings are invested in a single UK Fixed Interest fund. Mr C saw the value of his savings decline during the second half of 2022. He complained to ReAssure that it had failed to properly manage his pension investments. He also complained that ReAssure had set his retirement age at 85 without any consultation with him. And he said that the information ReAssure had provided on its annual statements about the pension income he might be able to obtain in the future was confusing.

ReAssure didn't agree with Mr C's complaint. It responded to his concerns over two decision letters. ReAssure told Mr C that his pension savings were invested in funds linked to the stock market. It said that meant that changes in the value of the underlying assets would affect the value of Mr C's pension policy. It explained that it had a range of funds that Mr C could make use of if he wished to make alternative investments. And it said that it wasn't able to provide Mr C with any advice about which of the dates shown in its projections would be best for him to take his pension benefits. Mr C remained unhappy with what ReAssure had said so brought his complaint to us.

Mr C's complaint has been assessed by one of our investigators. He didn't think that ReAssure had done anything wrong. He said it was for Mr C to manage the investments he made with his pension savings, and that the change of retirement age had no material impact on Mr C's pension plan. So he didn't think Mr C's complaint should be upheld.

Mr C didn't agree with that assessment. So, as the complaint hasn't been resolved informally, it has been passed to me, an ombudsman, to decide. This is the last stage of our process.

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.

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 C 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.

At the outset I think it is useful to reflect 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 think it is important to first set out the basis of the relationship between Mr C and ReAssure. Mr C's pension has been with ReAssure for a number of years since ReAssure took it over from a previous provider. At the time of that switch, and subsequently, Mr C's pension savings were invested in a UK Fixed Interest fund.

ReAssure is not Mr C's financial advisor. So it simply acts on the instructions he provides. It isn't for ReAssure to ensure that any investment choices are suitable for Mr C's needs – those are essentially decisions he needs to make for himself. And I have seen that ReAssure's website provides comprehensive information for investors about the range of funds that are offered.

Mr C has said that the information he received from ReAssure said that it applied charges for managing his pension plan. Mr C says that he considers the management of his plan to mean the management of the pension investments that are held within it. But, as I will now go on to explain, I don't agree.

Mr C's pension plan is essentially a receptacle into which his investments can be placed, to receive the beneficial tax treatment that is offered to pension savings. The responsibilities of ReAssure extend to the operation of the plan to ensure that any investments held within it comply with the rules put in place by HMRC and the relevant legislation. But, most importantly here, those responsibilities don't extend to ensuring the suitability of the investments that are held within the plan.

I have noted that in the annual statements ReAssure sent to Mr C, a number of comments are made that highlight his responsibility to ensure the suitability of the pension investments that he holds. For example they suggest that Mr C should regularly review the funds he's invested in to make sure they match his attitude to risk and what he has planned for his money. The documents tell Mr C that ReAssure offers a range of funds and investment approaches to choose from. And they recommend that Mr C might find it useful to seek advice from an independent financial advisor if he is unsure about what to do.

So I don't think it would have been reasonable for Mr C to conclude that ReAssure was solely responsible for ensuring that his pension savings were invested suitably. It had no knowledge of Mr C's personal circumstances, such as his attitude to risk on which to base any investment decisions.

Mr C's pension investments were held in a single fund. That fund was described by ReAssure as *"a managed fund primarily investing in high quality, sterling dominated fixed interest stocks. Although the income from fixed interest stocks is fixed, the price of the underlying assets can go down as well as up due to changes in interest rates."*

A fund such as the one in which Mr C's pension investments were held might generally be considered to be of a lower risk than for example some equity investments. But that doesn't mean it carried no risk at all. During 2022 the prevailing market conditions led to falls in what are generally seen as "safer" investments due to Government economic policy, and rising interest rates. Many commentators noted that what are considered to be more risky investments, such as equities, suffered smaller losses during that time. I haven't seen anything that makes me think that the investment decisions made by the fund manager were outside what could be considered normal industry practice.

I agree with Mr C that part of the explanation he was given by ReAssure about why his pension savings had fallen in value might have been better expressed. His pension savings were not directly affected by changes in the values of stocks held on global stock markets. So the recovery that Mr C saw in the FTSE indices were not reflected in changes in the value of his pension investments. But I think that should have been clear to Mr C from the other information that was available to him both on his annual pension statements and that shown on ReAssure's website.

Mr C's pension savings did not have any lifestyling approach applied to them. That meant that there were no automatic changes made to the investments to reflect the proximity of Mr C's selected retirement date. That retirement date was originally set as Mr C's 60th birthday. When Mr C didn't take his pension benefits at that time, his retirement date was automatically changed to his 75th birthday. And later, following a policy change by ReAssure, his retirement date was changed to his 85th birthday.

ReAssure cannot be sure that it told Mr C that it was changing his retirement date from his 75th to his 85th birthday. It says it sent letters to all affected customers, but no longer has a specific record showing that letter was sent to Mr C. But, importantly here, those changes had no impact on Mr C's pension investments. As I've said earlier, there wouldn't have been any automatic changes made to his investments as he approached retirement. And as each pension statement told Mr C, he was able to take his pension benefits at any time after his 55th birthday.

The annual statements that ReAssure sent to Mr C provided a very high-level summary on the cover page of what pension income (in today's terms) might be available to him if he took an annuity at various ages. But later in those statements is a far more comprehensive explanation of that information, and in particular that the income figures quoted are adjusted to take account of yearly inflation at a rate of 2.5%. It provided an example that, under that assumption, a yearly retirement income of £10,000 would only be worth the equivalent of £6,100 in today's money. Hopefully by reading those explanations Mr C can get a better understanding of the information provided by ReAssure on his statements.

I appreciate that this decision will be disappointing for Mr C. It must be difficult as he is approaching the point he wishes to make use of the retirement savings he has made over his working life to see their value fall so sharply. But I don't think that ReAssure was responsible for the way in which his retirement savings were invested. It is possible that ReAssure failed to advise Mr C that it was increasing his retirement age to 85, but even so I don't think that had any material impact on his pension savings. And whilst it might have been helpful for ReAssure to better explain the pension projections to Mr C when he called, I think all the information he reasonably needed was contained in the pension statement.

On balance I'm not persuaded that ReAssure has done anything wrong so I don't think it needs to pay any compensation to Mr C. I don't think the complaint should be upheld.

My final decision

For the reasons given above, I don't uphold the complaint or make any award against ReAssure Limited**.**

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 19 October 2023.

Paul Reilly

Ombudsman