

The complaint

Mr T complains about the outcome of a loss assessment calculation that ReAssure Limited (ReAssure) carried out following the delay it caused when transferring his two pension policies to a new provider. He says ReAssure hasn't included one of the policies in its assessment and has also used incorrect dates – which has led to ReAssure stating that he has made a financial gain and not suffered a loss.

What happened

Mr T held two pension policies with ReAssure which, following previous poor service, he wanted to transfer. So on 1 February 2022 his new provider requested the transfers.

Unfortunately the transfers were delayed, and it wasn't until 10 and 11 March 2022 that ReAssure confirmed payments of £185,345.98 and £914,514.61 had been made to the provider. However, the funds weren't cleared for investment with the provider until 14 and 15 March 2022.

Mr T had complained earlier in the process about what he thought was an excessive delay in transferring. In March 2022 ReAssure upheld the complaint and said that, as it should have released Mr T's funds no later than 15 February 2022, it would carry out a calculation to see if he had suffered a loss because of the delay. It also said it would pay compensation of £200 for the distress and inconvenience caused. However Mr T said this response only applied to one of his policies, so he complained about the lack of response about the other policy – which I understand had been investigated by another ReAssure office.

Subsequent discussions between Mr T, his adviser, his MP, and ReAssure failed to bring about a satisfactory loss assessment so in July 2022 Mr T brought his complaint to us.

ReAssure then completed the loss assessment calculation which suggested Mr T hadn't suffered a financial loss. But Mr T said the calculation didn't represent what should have happened and, in any case, only accounted for one of the policies.

ReAssure then offered Mr T £150 compensation for the distress and inconvenience caused by the delay in transferring the second policy.

So one of our investigators looked into the matter and set out what ReAssure should do. He said it should carry out a full loss assessment of both policies and provide both us and Mr T with a copy. In addition he said ReAssure should pay Mr P £750 total compensation for the trouble and upset caused by the delays.

Mr T accepted the assessment in principle, but he thought ReAssure should be made to use the dates the funds were cleared with the new provider as this was only when it was allowed to invest them. He thought ReAssure had benefitted financially from the days it took to clear the funds – which he didn't think was fair.

ReAssure said:

- It had provided a loss assessment which concluded that Mr T had suffered a 17 working day delay to the transfer but that this resulted in him making a gain of over £5,000. So he hadn't suffered a financial loss.
- It thought the transfer of the other policy had been investigated by us and the complaint closed. So it didn't understand why this should be reviewed.
- It thought the compensation of £350 it had already paid was sufficient and didn't think a total payment of £750 was appropriate.
- Unless it wasn't possible to make a payment through the BACS system it wouldn't usually use the CHAPS method of payment. This was a commercial decision ReAssure had previously made and used when making all such payments.

The investigator issued another assessment setting out how ReAssure should calculate any redress using more specific dates, but neither ReAssure nor Mr T agreed in full, and it was requested that an ombudsman look at the complaint – so it was passed to me to review.

My provisional decision

In my provisional decision I said that the complaint should be upheld and that ReAssure needed to put things right – but I set out a revised method for calculating the redress. I made the following points in support of my findings:

- It was unclear how ReAssure had tried to resolve this complaint as Mr T had to correspond with two different offices about his two policies. I made it clear that my decision related to the delay in transferring both policies.
- There was no dispute that ReAssure did delay in transferring the policies. It received a transfer request on 1 February 2022 but didn't complete the transfers until 10 and 11 March 2022. It accepted it had caused a delay and said it would carry out a loss assessment and calculation.
- The redress calculation covered one of the policies and concluded that Mr T had made a financial gain following the transfer of £5,815.71.
- I was mindful that Mr T and his family had suffered a number of medical issues subsequently – so I wanted to set out a method for calculating any redress that might be due that was fair and reasonable.
- I thought ReAssure needed to compare the notional value of Mr T's plan, had the transfers completed in line with the dates I'd set out, with the actual current value of his plan.
- I didn't think ReAssure should have to calculate the transfer value as of the date of the transfer as ReAssure's usual process was to calculate the value on the day that all the outstanding transfer requirements had been met. I thought that approach was fair and reasonable. I thought that by telling ReAssure to calculate any loss from the date the transfers should have completed would put Mr T as close as possible to the position he'd now be had the funds been transferred promptly and invested as soon as was practically possible after the transfer.
- I thought a total figure of £500 was reasonable as compensation for the impact of the distress and inconvenience caused to Mr T.

Responses to the provisional decision

Mr T made a number of comments about the events that happened to explain why he thought the dates that ReAssure had used for its calculations were incorrect and why he thought the compensation award was insufficient. He made the following points in support of his view:

- He didn't accept the dates that ReAssure had used for its loss assessment of the larger policy because he thought they were "irrelevant". And ReAssure hadn't set out the dates it used to calculate the value of either policy.
- ReAssure hadn't explained the interest rates it had used when doing the assessment for the smaller policy and over what period the interest ran.
- His complaint was about the loss he'd suffered because of the delay from 1 February to 14 March 2022. So he didn't understand the use of a date in November 2022 to work out the loss. He had also changed the original investment strategy of his funds before November 2022.
- ReAssure didn't give him the option of using the quicker "faster payment" method of transferring the funds which would have allowed him to invest his funds sooner and wouldn't have allowed ReAssure to earn interest on his money for longer. His new provider has used the CHAPS method of payment – which is quicker – so he didn't understand why ReAssure couldn't have used that method even if it wanted to charge him accordingly. He thought this meant ReAssure didn't treat him fairly.
- He said ReAssure charged him more in fees – in relative terms - because of the value of his plans.
- He confirmed that he was a basic rate taxpayer.
- He didn't think the compensation I'd awarded was fair because there were two policies involved here and he had to deal with two different offices who took different approaches to try and correct matters. He was concerned about the length of time he'd been pursuing this matter (over 11 months) and thought we should take into account his previous complaint from 2021 which demonstrated that ReAssure hadn't improved its administration since – a fact that was highlighted by recent press coverage of the number of complaints that were being made about ReAssure.

ReAssure said that it accepted the award of £500 for the distress and inconvenience caused but it questioned my view that it would be able to process a payment within 5 working days through the electronic process. It said that its SLA for transfer payments was 10 working days as has been accepted by an ombudsman through a recent decision on a similar matter of delays.

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.

And having carefully considered Mr T's considered response to my provisional decision – as well as ReAssure's additional evidence regarding its SLA's for such transfers, I see no reason to depart from my findings.

In my provisional decision I alluded to some possible confusion involving a previous complaint Mr T had made in 2021 and the confusion over whether ReAssure had included loss assessments for both of Mr T's plans in its calculation. Following Mr T's response, I'd like to confirm that my decision covers the delay in transferring both policies and I would expect to see this made clear within the details of the calculation ReAssure sends to Mr T.

The delay

I've seen that ReAssure received transfer requests from his new provider for both of Mr T's policies by 1 February, but the transfers didn't complete until 10 and 11 March 2022. ReAssure has said that its usual SLA for such transfers is around 10 working days so it accepted that the transfers had taken too long. It wasn't able to provide any explanation for why the transfers were delayed – so it said it would carry out a loss assessment to see if

Mr T had been financially disadvantaged.

So there was no dispute here that a delay occurred, but the complaint has arisen because Mr T didn't accept the outcome of the calculation. He said ReAssure used incorrect dates and didn't take into account his second, smaller policy. The outcome of ReAssure's loss assessment was that Mr T had actually made a financial gain of around £5,800.

Therefore my consideration is whether ReAssure's loss assessment is fair and reasonable or whether it needs to use a different calculation method.

The redress calculation

ReAssure said that, taking into account its SLA's for transfer completion (10 working days), it had delayed the transfers by 17 working days. Based on its calculation date of 23 November 2022, it said this showed Mr T was financially better off following the delays. But Mr T said the use of a date in November was incorrect when he was complaining about a delay from February to March 2022. He didn't understand why ReAssure had used a date that had nothing to do with the issue he'd had. He also said ReAssure hadn't included a calculation for his second policy either.

Mr T also thought that ReAssure, considering the problem it had caused, ought to have transferred his funds using a faster payment or even a CHAPS method. He thought that by continuing to use the BACS system ReAssure was able to benefit from holding his funds for longer, and it used those dates that it completed the transfer for its calculation rather than the dates the funds were cleared for investment with the new provider. He didn't think that was fair, especially as he hadn't been given the option of using a CHAPS payment at his own expense.

I've carefully considered ReAssure's calculation and the point it raised about using a 10 working day SLA for both transfer dates instead of the five working days I recommended for the electronic transfer (one transfer required additional physical forms to be completed). But I've decided not to depart from the provisional redress methodology I set out. I say that because, while I appreciate and understand its SLA's I don't think that means ReAssure has to necessarily take the full 10 working days to complete a transfer. In this case it has said that it ought to have completed the second paper based transfer within that same timespan, so I don't think it needed that amount of time to complete the simpler electronic one.

ReAssure hasn't provided any evidence to support the idea that the transfer was complex or required any additional information to complete. So when it received everything it needed to progress the transfer I don't think there was good reason why ReAssure couldn't have completed the actions it needed to electronically, thereby accepting the transfer out and starting the relatively simple and straightforward process of selling the assets.

I understand ReAssure's position here and it has provided details of another decision made by this service which seemed to accept its 10 days turnaround time. But it's important to take into consideration all the individual circumstances around a complaint and, although I believe the circumstances of the other decision to be somewhat different, I think ReAssure should have been able to complete the electronic transfer here within five working days.

As I said in my assessment I have had to make some assumptions regarding what ought to have happened here – but I think what I've decided is fair and reasonable and ought to have been achievable for ReAssure.

I have also carefully considered Mr T's additional points - particularly around the dates used and also the possible use of a faster payment method for transferring.

Mr T says he can't understand why ReAssure has introduced a date in November 2022 as part of the calculation. But that's because ReAssure needed to use an end date in order to crystallise any loss or gain he may have made. ReAssure needed to work out the current value of Mr T's plans if it had completed the transfer 17 working days earlier. In this case it used the date it carried out the calculation to obtain the current values. Mr T should note that I've also said the calculation should have an "end date" for deciding the current value, which I've set out to be the date of my final decision.

I can also understand Mr T's frustration about what he perceives to be an extra delay in transferring the money to the new provider. But I haven't seen any evidence to support the idea that ReAssure needed to use another payment method except the one it uses in all such transfers – namely BACS. Of course ReAssure could have asked Mr T if he wanted to pay for the two quicker options which I know is what Mr T would have preferred – but that doesn't mean ReAssure did anything wrong or acted unreasonably by not offering that enhanced service. I think it simply followed its usual process of transferring funds by BACS, which being a commercial decision it was entitled to make we wouldn't usually interfere with.

Putting things right

My aim is that Mr T should be put as closely as possible into the position he would probably now be in had ReAssure not delayed the transfer.

What must ReAssure do?

To compensate Mr T fairly, ReAssure must:

As at the date of my final decision, compare the value of Mr T's new pension – which includes the transfer of both ReAssure plans - with the notional value of the plan had the transfers been completed in line with the dates I've set out above. Namely five working days after 1 February 2022 for the plan that could be transferred using the electronic system and 10 working days for the one which couldn't. This should factor in the actual time it then took for the new provider to invest the transferred proceeds.

If the *actual value* is greater than the *notional value*, no compensation is payable.

If the *notional value* is greater than the *actual value* there is a loss and compensation is payable.

ReAssure should also add any interest set out below to the compensation payable.

ReAssure should pay into Mr T's pension plan to increase its value by the total amount of the compensation and any interest. The amount paid should allow for the effect of charges and any available tax relief. Compensation should not be paid into the pension plan if it would conflict with any existing protection or allowance.

If ReAssure is unable to pay the total amount into Mr T's pension plan, it should pay that amount direct to him. But had it been possible to pay into the plan, it would have provided a taxable income. Therefore the total amount should be reduced to *notionally* allow for any income tax that would otherwise have been paid.

This is an adjustment to ensure the compensation is a fair amount – it isn't a payment of tax to HMRC, so Mr T won't be able to reclaim any of the reduction after compensation is paid.

The *notional* allowance should be calculated using Mr T's actual or expected marginal rate of tax at his selected retirement age.

For example, if Mr T is likely to be a basic rate taxpayer at the selected retirement age, the reduction would equal the current basic rate of tax. However, if Mr T would have been able to take a tax free lump sum, the reduction should be applied to 75% of the compensation.

Compensation for distress and inconvenience is awarded to reflect the impact the delays had on Mr T and seek to compensate him – rather than seeking to punish ReAssure. I've carefully considered the time Mr T has told us he had to spend trying to get this matter sorted out and the extended length of time the matter has continued. I think Mr T has been inconvenienced here and had to make a lot of extra effort to sort things out. For that reason, I thought the compensation ReAssure had offered was not enough and I thought this should be increased to £500 in total. So I think ReAssure should pay Mr T £500, in total, for the impact of the distress and inconvenience arising from the delay in responding to his complaint and providing the redress calculations.

Additional interest can be added at the rate of 8% simple per year from the date of the final decision to settlement – if the complaint isn't settled within 28 days of the business receiving Mr T's acceptance

Income tax may be payable on any interest paid. If ReAssure deducts income tax from the interest it should tell Mr T how much has been taken off. ReAssure should give Mr T a tax deduction certificate in respect of interest if Mr T asks for one, so he can reclaim the tax on interest from HM Revenue & Customs if appropriate.

My final decision

For the reasons that I've given I uphold Mr T's complaint against ReAssure Limited. My decision is that ReAssure Limited should pay the amount calculated as set out above. ReAssure Limited should provide details of its calculation to Mr T in a clear, simple format.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 28 September 2023.

Keith Lawrence
Ombudsman