

The complaint

Mr B complains that ReAssure Limited (ReAssure) incorrectly led him to believe he'd receive a higher income at retirement from his personal pension policy than he's entitled to.

What happened

In 2007, 50% of the value of Mr B's policy was paid to his ex-wife due to a spousal claim. But ReAssure (Legal & General at the time) failed to reflect this in Mr B's statements from 2007 to 2020. As a result, these incorrectly showed that his pension might provide an annual income around £9,500 when it would actually be closer to £5,000.

In January and October 2022, ReAssure sent Mr B retirement options packs offering him a guaranteed annual pension of around £5,000 if he took up its retirement offer at his 70th birthday. And, in November 2022, Mr B got in touch with ReAssure to discuss his options and went on to complain that he'd found out he would only receive half the amount it had said he might expect. Mr B said he'd been misled and that this had caused him frustration.

In February 2023, ReAssure sent Mr B its final response letter. It recognised it made an error with Mr B's previous statements, it apologised and offered him £500 in compensation for the inconvenience caused to him. But it said it can't honour the drop in value as the respective funds had already been paid out.

Unhappy with this response, Mr B brought his complaint to our Service. Mr B added, in summary, that he'd been planning to receive a higher pension than he's going to get as a result of ReAssure's error. And that he'd like it to honour that amount.

After ReAssure confirmed in writing that it consents to us considering Mr B's complaint if it has been brought outside our timescales, one of our Investigators looked into it. She said that, while Mr B's statements incorrectly gave the impression he'd have a higher pension, she couldn't fairly ask ReAssure to honour this as it could leave him better off. She also said she wasn't persuaded Mr B would be in a different position if it hadn't been for the error. And that Mr B would have been aware in 2007 that half the value had been paid to his ex-wife and that the value on his statements from 2020 onwards was lower than it had previously been. But he didn't choose to do anything about this to minimise the impact on him.

Mr B didn't agree. He added, in summary, that ReAssure raised his expectations over years that he'd receive a larger pension, which may have caused him to decide not to pay anything more into it. Mr B said that over his anticipated lifespan he'll receive around £126,000 less from his pension than ReAssure led to him to believe he would. And that it's highly likely he would have made different arrangements if he'd known this sooner. Mr B said that with hindsight he ought to have checked his statements, but we lead busy lives and don't always do what's reasonable. And that all he'd do is vaguely glance at these and think nothing much had changed.

So the complaint has been passed to me for 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'm not asking ReAssure to do anything further, for largely the same reasons as the Investigator. I'll explain why.

It isn't in dispute that ReAssure made an error by sending Mr B statements for a number of years that didn't reflect his reduced pension value following a spousal claim on this. In which case, what's left for me to decide is whether ReAssure has done enough to put this right.

While ReAssure made an error, this doesn't necessarily mean it should honour the higher pension value and income Mr B would have received from this. And I can't fairly tell it to do that as it could put Mr B in a better position, given the higher value doesn't take into account what was correctly paid from his pension in 2007. Instead, I've considered if Mr B would be in a different position now if not for ReAssure's error. And, while I've considered Mr B's comments, I can't safely say he would be for the following reasons.

I think it's likely Mr B would have had to provide details of his pension as part of his divorce, including the value. So it's reasonable to think he was aware of the existing value and that he appreciated the remaining value would be much lower after this, given 50% would be paid to his ex-wife. I haven't seen anything to suggest Mr B chose to make additional pension contributions following this though to mitigate the impact, despite knowing his remaining retirement provision would be significantly lower, regardless of ReAssure's statements going on to show otherwise. And given Mr B didn't question why his pension value hadn't significantly reduced in his statements in the years immediately following his divorce, this leads me to think it's likely he wasn't looking at these. In which case, it follows that I don't think the error in Mr B's statements made a difference to the position he's in.

Even if Mr B did glance at his statements in the way he's said, it's reasonable to think he'd have seen the lower values on these from 2020 onwards. I say this because Mr B's statements dated April and November 2021, as well as May 2022, clearly set out the value and annual income he might receive at retirement on the first page, under a heading in bold that said '*Your pension pot at a glance*'. And I think Mr B would have reasonably appreciated from these that this was a significant reduction on what ReAssure had previously said he might achieve, given it was nearly 50% less. Mr B again didn't choose to make additional contributions to his pension though, which also suggests he wouldn't have done anything differently if ReAssure hadn't made the error in his statements.

Turning to compensation, ReAssure made an error that's caused Mr B frustration and disappointment. But it recognised this, apologised and paid Mr B £500 in compensation to make up for this. And, having taken everything into account, I think this is a fair and reasonable amount in the circumstances. I think this reflects the distress and inconvenience caused to Mr B at finding out ReAssure made an error. So I'm not asking it to do any more than this.

In summary, for the reasons I've given, I haven't seen anything to persuade me that Mr B would likely be in a different position if ReAssure had sent him correct valuations between 2007 and 2020. And I'm not asking it to do anything further.

My final decision

For the reasons I've given, my final decision that I'm not asking ReAssure Limited to do anything more.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 1 September 2023.

Holly Jackson
Ombudsman