

The complaint

Miss S complains that ReAssure Limited has failed to apply pension contributions made on her behalf by her employer.

What happened

I issued a provisional decision on this complaint in October 2023. In that decision I explained why I thought ReAssure had treated Miss S unfairly, and the steps that needed to be completed in order for the matter to be resolved. Both parties have received a copy of the provisional decision but, for completeness, I include some extracts from it below. In my decision I said;

Miss S holds pension savings with ReAssure that received regular contributions from her employer. Those pension savings were originally held with another firm, and became the responsibility of ReAssure as a result of a business reorganisation in September 2020. Since that date a number of the contributions made to the plan by Miss S's employer were not correctly allocated to her plan.

Miss S initially identified seven payments that had not been correctly applied. Following her complaint, five payments were allocated to her pension savings. However two payments remained outstanding. ReAssure said that it had returned those funds to Miss S's employer when it couldn't identify the pension account to which they should be applied. But Miss S said that the funds had been repaid to ReAssure. Unhappy with the progress at resolving the problems Miss S brought her complaint to us.

Miss S's complaint was assessed by one of our investigators. She was satisfied that the missing contributions had been paid to ReAssure. So she asked ReAssure to ensure the two contributions were correctly applied to Miss S's pension plan with the value date being when the payments were originally made. And given the time the matter had been outstanding, and the undoubted distress and inconvenience Miss S had been caused, the investigator asked ReAssure to pay Miss S a further £1,000 in compensation.

Around three months after that assessment had been issued, ReAssure said that it had completed its remediation activities. But Miss S disagreed and said that the two missing payments had still not been applied. After a further month ReAssure sent us an extract from its records showing it had recently completed the investigator's instruction to add the missing payments.

This complaint has been ongoing for some time. The first contributions that were not correctly applied to Miss S's pension plan were paid in September 2020. And the two contributions that remained outstanding when the investigator issued her assessment had been paid in March and April 2021. So it is not surprising how disappointed Miss S has been with the actions of ReAssure. And Miss S has said that the failures of ReAssure have caused her to temporarily suspend her employer's contributions,

meaning she will potentially lose out on some retirement income when she reaches the scheme retirement age.

But, based on the information I have been sent by ReAssure, I am satisfied that Miss S's pension savings now correctly reflect the contributions her employer has made. The corrections that ReAssure has made are twofold, and I think place Miss S back into the position she would have been had nothing gone wrong. ReAssure has now added the pension contributions into Miss S's pension plan. And it has backdated those contributions to the date they were paid by Miss S's employer meaning that they will benefit from any investment growth the pension plan has achieved since each contribution was made.

So I am currently satisfied that there are no further remedial actions that ReAssure now needs to undertake to ensure that Miss S's pension savings are a correct reflection of the contributions that have been made.

But there is no doubt that this matter has caused a great deal of distress and inconvenience to Miss S. As I've explained above she has been discussing the missing contributions with ReAssure for an extended period of time. And those discussions have required Miss S to ask her employer to provide information to ReAssure to evidence the payments that have been made. I have no doubts that it might have been embarrassing for Miss S to need to make those requests.

I am however mindful that it is likely to be at least ten years before Miss S is able to make use of any of her pension savings. So that extended period of time would mean that she hasn't suffered any direct financial impacts through the misapplication of the pension contributions. She hasn't for example needed to purchase a smaller annuity, or been unable to take pension benefits whilst the matter is being resolved.

I've thought carefully about the level of compensation that I think should be awarded in cases such as this taking into account all the factors I have set out above. On balance I currently think a payment of £750 would be fair and reasonable. Subject to any further comments from either party that is what I currently think ReAssure will need to do in order to finally resolve this complaint.

I invited both parties to provide us with any further comments or evidence in response to my provisional decision. ReAssure has paid the additional compensation I said I intended to award to Miss S for her distress and inconvenience. And it has provided us with some additional information showing the corrections it has made to Miss S's pension account. Miss S doesn't accept my provisional decision. Although I am only summarising here what Miss S has said, across a number of emails, I want to stress that I have read, and carefully considered, everything she has said,

Miss S remains concerned that ReAssure hasn't correctly added the growth that she would have expected to see on her pension investments following the backdating of her contributions. Miss S has said that the problems, that led to her suspending the contributions she was making to her pension, means that its value at retirement will now be much lower. And she has said that when she asked to restart her contributions she was asked by ReAssure to complete an extensive application form, including irrelevant questions about her health. Miss S doesn't agree that the additional £750 compensation fairly reflects the stress and anxiety she has been caused.

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.

As I set out in my provisional decision, 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 Miss S 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.

And I repeat my reflections 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 remain satisfied that the corrections ReAssure has made to Miss S's pension account correctly reflect the need for her missing contributions to be backdated to the date they were paid. But I think it would be helpful for me to provide Miss S with some further explanations, in addition to the information she has been sent since I issued my provisional decision, to set out why I think the amendments have been made correctly.

ReAssure has told us that it continues to have problems displaying full and correct details of Miss S's pension account via its online portal. I don't think there is a quick, or simple, fix that ReAssure can apply to correct those problems. ReAssure has said that Miss S is always able to get correct information by calling its contact team. And it has said that, if Miss S continues to find the online information confusing, it can assist her by restricting her access to the incorrect parts of the information.

The corrections that ReAssure has made were intended to ensure that Miss S held the correct numbers of investment units that she would have been able to purchase when her contributions were originally made. So ReAssure used Miss S's contributions to purchase units at the prices that would have applied at those dates. As an example, for the contribution Miss S made in March 2021, the purchase price was £5.078, whereas in April 2021 that price had risen to £5.55. A similar purchase today would have a unit cost of approximately £7.60.

So whilst Miss S correctly sees her backdated contributions being applied at the cash value at which they were made, the numbers of investment units that could be purchased at the backdated prices were much higher. And that is what then generates the investment returns that Miss S rightly expects to see from her pension contributions - when the values of her investment units are assessed using current prices. So I am satisfied that the corrections have been applied in line with the expectations I set out in my provisional decision.

It was Miss S's decision to suspend her pension contributions. Whilst I think her reasons for doing so were entirely reasonable, given the problems she was facing with ReAssure, I am not aware of any reasons why she couldn't have made contributions to an alternative pension arrangement in the meantime. So I don't think I can reasonably hold ReAssure responsible for any reductions in the value of Miss S's pension benefits when she reaches retirement. And, given the ability under HMRC rules to carry forward unused pension contribution allowances, it might be possible for Miss S to recover some of those missed contributions in the coming months.

Miss S has made us aware that ReAssure has asked her to complete a lengthy application form, including information about her health, before allowing her to restart her contributions. I have explained to Miss S why I don't think it reasonable to deal with those new matters in this decision. I also encouraged her to discuss the application form further with ReAssure as it might be that she didn't need to complete the medical section. If Miss S remains unhappy with the steps ReAssure has asked her to take in order to restart her contributions she would need to make a new complaint to the firm.

I set out in my provisional decision why I thought it would be appropriate for ReAssure to make an additional payment of £750 to Miss S for her inconvenience. In reaching that conclusion I did take into account the embarrassment Miss S no doubt experienced in asking for the support she needed from her employer to evidence the contributions that had been paid, and the undoubted stress and anxiety she had been caused. So I don't think it would be appropriate to direct ReAssure to increase the additional compensation I set out in my provisional decision, and that ReAssure has now paid to Miss S.

I appreciate that this matter has been very distressing for Miss S. But I am satisfied that ReAssure has now done all that it needs to in order to correctly allocate the contributions that were paid to Miss S's pension plan. And I think the compensation that ReAssure has now paid to Miss S for her distress and inconvenience is fair and reasonable. So although there is little doubt that Miss S's complaint was merited, I don't think there is anything more that ReAssure needs to do in order to put things right.

My final decision

My final decision is that I uphold Miss S's complaint. But I am satisfied that the actions ReAssure Limited has now taken are sufficient to put things right.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss S to accept or reject my decision before 10 April 2024.

Paul Reilly
Ombudsman