

## **Ombudsman's Determination**

Applicant	Mr A
Scheme	ReAssure
Respondents	ReAssure Limited

## **Outcome**

1. I do not uphold Mr A's complaint and no further action is required by ReAssure Limited
2. My reasons for reaching this decision are explained in more detail below.

## **Complaint summary**

3. Mr A's complaint against ReAssure (formerly HSBC) is about the delays he has experienced, the discrepancies within his fund and the illiquid assets which his shares are invested in. He is also unhappy that his personal pension was transferred from HSBC to ReAssure without his written consent.

## **Background information, including submissions from the parties**

4. Mr A has a personal pension plan with HSBC for which he has been receiving yearly statements showing the value and investment summary of his plan.
5. In April 2015, HSBC wrote to Mr A. His policy value at the time was £54,092.20. HSBC was proposing to transfer some of its pensions to ReAssure. HSBC confirmed the proposed transfer would be carried out in accordance with the Financial Services and Markets Act 2000 which required court approval.
6. On 30 April 2015, Mr A wrote to HSBC and asked it to switch funds in the balanced fund into low risk funds.

7. On 7 May 2015, HSBC wrote to Mr A and acknowledged his recent request to change his investments. Effective from 1 May 2015, all previous contributions would be invested as follows:

Fund switch out

Fund name: Balanced

100%. Units – 10219.5731

Fund Switched In

Fund name: Money market

100%. Units - 24877.1461

HSBC confirmed that as at 7 May 2015, the plan had a value of £54,306.81. This was not guaranteed and would change daily depending on the price of the underlying units.

8. On 21 May 2015, Mr A wrote to HSBC and asked it to note his objections to transferring his personal pension plan to Reassure for the following reasons:-
- The maturity date of the policy would have about two years left after the transfer became effective.
  - For the last 15 years it was a paid up policy.
  - Terms and conditions of contract might change once the fund was transferred to a company controlled outside the European Union.
9. On 16 June 2015, HSBC confirmed it had logged Mr A's objections on its system and had passed his complaint to a specialist Part VII team who would respond within 7 days. HSBC confirmed he was entitled to attend court and make representations. It confirmed the hearing was scheduled at 10am on 23 July 2015 at the High Court of Justice in London.
10. On 30 June 2015, HSBC wrote to Mr A in response to his objections and said that although benefits were due to be paid in 2 years and the plan had been paid up for 15 years, when Mr A retired, he would have a wide range of options to choose from. Mr A had also objected to the transfer to a company not registered inside the EU. HSBC said that Reassure was regulated by the Financial Conduct Authority and the Prudential Regulatory Authority and must act in full compliance with UK regulation. This would provide the same level of protection as currently applied to HSBC. In relation to the Part VII Transfer, the Independent Expert had concluded that the transfer would not have any materially adverse effect on the benefit expectations of any class of policyholders. A copy of the expert's report was available on the HSBC website.
11. On 10 July 2015, HSBC confirmed that a summary of Mr A's objections would be sent to the High Court.

12. On 11 September 2015, Mr A completed a pension fund switch and redirection form. This said:
- “I wish to switch my current funds to the funds detailed below: Cash fund – 100%...Redirection Request – Future contributions. I wish my future contributions to be invested as below: UK Equity Fund – 100%”.
13. On 16 October 2015, ReAssure confirmed that all future investment amounts would be allocated to the UK Equity Fund – 100%. ReAssure also said the fund switch took place before the migration from HSBC to ReAssure and therefore, 100% of his funds were already invested in the Money Market fund. If Mr A wished to switch into any other funds, he would need to sign and send in an updated switch form.
14. On 21 October 2015, Mr A complained to ReAssure as his instructions had not been carried out. He had given instructions over the telephone to switch funds in September but action was not taken until 16 October 2015. He said he was extremely upset and demanded an explanation as well as loss of interest.
15. On 5 November 2015, ReAssure responded to the complaint and apologised for actioning his request outside of its standard service level agreement. It confirmed that 100% of his funds had been switched to UK Equity using a liability date of 15 September 2015. ReAssure also made a payment of £50 compensation for the inconvenience caused to him. Mr A accepted the offer on 9 November and confirmed that the funds should be switched using valuations as of 15 September 2015.
16. On 20 November 2015, ReAssure confirmed it would be switching 24,877.1461 units from the Money Market fund to UK Equity.
17. On 24 November 2015 ReAssure wrote to Mr A to confirm the following switch had been made:
- Effective date – 15 September 2015
- Units allocated before the switch
- Policy number - 054380W. Fund - Pensions Money Market Accumulator (Series 01). Price - 2.18000. Units cancelled - 24877.14610. Unit value cancelled - £54,232.18.
- Units allocated after the switch
- Policy number 054380W. Fund – Pensions UK Equity Accumulator (Series 01). Bid price – 5.212000. Units allocated – 10405.25326. Unit value allocated - £54,232.18.
18. On 1 and 8 December 2015, Mr A wrote to ReAssure and said he had checked the price of the UK equity fund on the HSBC website and the quotation on the closing price was around £4 and a few pence. He said the current price had not been used in the transaction and he could not check the sale price of the money market fund as it was blocked. He also said that he had extracted information from charts produced by London Stock Exchange and found that HSBC life funds became dormant before

ReAssure took over. He asked ReAssure to rectify the statement it had sent to him on 24 November 2015.

19. On 16 December 2015 ReAssure wrote to Mr A and confirmed his policy value as at 14 December 2015 was £53,077.20. It said values were not guaranteed and could go down as well as up. He could monitor the bid price of his fund at [www.reassure.co.uk](http://www.reassure.co.uk). It apologised for sending information on 24 November 2015 outside of its service level agreement and made a £100 compensation payment for the further inconvenience caused to Mr A.
20. Mr A said that the market price of the units requested for the switch on 15 September 2015 was £4.16 but ReAssure had used a price of over £5 per unit. ReAssure responded on 13 January 2016 and said it was unsure where Mr A had obtained the market price of £4.16 as the bid price of the units of the pensions UK Equity fund on 15 September 2015 was £5.212.
21. On 1 March 2016, ReAssure wrote to Mr A again and confirmed that it was still trading in the UK equity fund; the ex HSBC fund remained active and his units were invested in this fund. The value of his pension would change daily in line with the unit price for each day.
22. ReAssure asked Mr A to discuss any outstanding concerns over the telephone as it was proving difficult to understand his ongoing concerns.

### **Adjudicator's Opinion**

23. Mr A's complaint was considered by one of our Adjudicators who concluded that no further action was required by ReAssure Limited. The Adjudicator's findings are summarised briefly below:-
  - In relation to the delay Mr A has experienced, ReAssure has accepted that it has acted outside of the service level agreements on two occasions and it has apologised on both occasions. In addition, Mr A has received £50 compensation for the first delay and £100 compensation for the subsequent delay which is reasonable in the circumstances. ReAssure confirmed that it would apply the date of 15 September 2015 to the switch, which was the date Mr A had requested the switch of funds. This has therefore put Mr A back in the position he would have been had the delay not occurred. Overall, the delays were not long lasting.
  - Mr A also says that there are discrepancies within his fund and that ReAssure used an incorrect unit value. ReAssure has looked into this and it did not know where Mr A had got the unit price of just over £4 from. Mr A offered no evidence or further explanation. ReAssure confirmed that the correct price as at 15 September 2015 was just over £5. ReAssure has provided Mr A with all of the details he has requested including the value of his fund which it confirmed can go up or down.

- Finally, Mr A says his shares are invested in illiquid assets. It is not the role of the Pensions Ombudsman to give advice on investment choices. In this case, Mr A chose to switch his funds and has a degree of control over where his funds are invested. ReAssure cannot therefore be held responsible for Mr A's choices. There is no evidence that Mr A's shares have been invested without his authority and the Adjudicator did not consider this part of his complaint should be upheld.
- Mr A says that his pension was transferred from HSBC to ReAssure without his written authority. However, HSBC wrote to Mr A and explained that the transfer was going to take place and that court approval was required for this. Mr A was supplied with all of the relevant details. He objected to the transfer and sent his objections to HSBC. HSBC responded to Mr A's objections and sent them to the High Court. The court made a decision and the transfer took place in August 2015. The transfer was authorised by the Court and Mr A was updated with the decision.

24. Mr A did not accept the Adjudicator's Opinion and the complaint was passed to me to consider. Mr A has provided his further comments which do not change the outcome. I agree with the Adjudicator's Opinion and I will therefore only respond to the key points made by Mr A for completeness.

### **Ombudsman's decision**

25. Mr A says there was another complaint against HSBC as it did not follow his instructions to switch funds in July 2013. However, I have seen that in Mr A's letter dated 8 May 2016 to ReAssure, he said: "I suggest we forget switch (sic) of July 2013 as it would have produced very little benefit...". I am therefore satisfied that Mr A did not want this complaint looked at. Furthermore, I have seen that HSBC wrote to Mr A on 26 July 2013 and confirmed that it could not process his switch request as he was already invested in the balanced fund and if he wished to move to another fund, he could complete the enclosed form or call the helpdesk and provide instructions over the phone. There is no evidence that Mr A responded. I have seen that Mr A was not well at around this time and that would explain the reason why he did not respond. However, HSBC cannot be held responsible for this, therefore, I would not uphold this complaint in any event.
26. Mr A says that the unit price of £4 came from the charts of the London Stock Exchange however, Mr A has not provided any evidence of this and I agree with the Adjudicator that there is no evidence that ReAssure used an incorrect unit value.

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27. Therefore, I do not uphold Mr A's complaint.

**Anthony Arter**

Pensions Ombudsman

28 July 2017