

## **The complaint**

Mrs M complains that ReAssure Limited (ReAssure) misled her on two occasions about the charges being levied on her pension policy. She also complains about how long it took ReAssure to provide a full breakdown of the charges she'd paid.

## **What happened**

Mrs M held a pension policy with another provider. I understand that at some time around 2009 or 2010 the policy was taken over by ReAssure.

At the time the policy was taken over by ReAssure, Mrs M said she called them, as she was really confused about the fees they were charging. She said she was told that the fees were largely exit fees which would only be imposed if she transferred her policy away from ReAssure, rather than ongoing fees where money would actually be taken from her account.

Mrs M has been unable to confirm the date this call took place. And ReAssure haven't been able to locate any record of this call.

Mrs M said that, at the time ReAssure took over the policy, her financial adviser told her that it wasn't worth transferring the policy away from ReAssure due to the high exit fees. She said she was advised to reduce her monthly payment to the minimum of £15 each month.

After receiving her annual statement dated 10 July 2020, Mrs M called ReAssure on 29 July 2020 to ask them about the charges on her policy. The July 2020 statement stated that Mrs M had paid policy charges totalling £1,463.32. During the call, ReAssure's agent stated that the exit fees, which reduced over time as Mrs M approached her retirement age, had been included in the policy charges.

Mrs M asked ReAssure to confirm exactly what she'd paid in charges over the last year. ReAssure's agent agreed to provide the requested information in writing within five to ten working days. Mrs M was unhappy that this information would take so long to produce so raised a complaint. She also didn't feel that ReAssure was transparent with the fees being charged on the statements they provided.

ReAssure issued their final response to this complaint on 4 August 2020. They didn't uphold it. They said that the breakdown of charges had been provided in line with the industry standard of 10 working days. They said that the annual statements showed the annual charge. And that the charges on Mrs M's policy hadn't changed since the policy had come to them, and were in line with the terms and conditions of the policy.

On 7 August 2020, ReAssure sent Mrs M two further letters which detailed the breakdown of the charges levied on the two parts of the policy she held with them.

Mrs M didn't consider that ReAssure had answered the main part of her complaint in their 4 August 2020 response, so she complained again on 25 August 2020. She explained that her main complaint was that she'd been misled about the charges on her policy. She said ReAssure had misinformed her about the charges both at the time they took over her policy,

and on 29 July 2020. She said if she'd known how high the policy charges were and that the exit charge didn't form part of the policy charge, she would've taken action when her policy first transferred over. She said this had led to her not taking the action she could've taken to reduce costs for many years. Mrs M also repeated her complaint about the length of time it had taken to get the breakdown of policy charges. She felt the policy charges should be transparent and obvious on the statement. And that ReAssure's agents should have information like this available if a customer asked for it. Mrs M asked ReAssure to investigate her complaint and to compensate her for all the years that they'd overcharged her.

Mrs M chased ReAssure for a response on 26 October 2020.

ReAssure issued their response on 19 November 2020. They didn't uphold the complaint, which they felt was that they hadn't been open about the charges on the policy. They said that the charges had been outlined at the start of the policy and hadn't changed during its course, in line with the original policy terms and conditions. They also said that they'd recently reviewed the statements issued. And that they'd amended their statements to include full details of the applicable charges, in line with Financial Conduct Authority guidance.

As ReAssure still hadn't responded to Mrs M's complaint about the misleading information she'd been given, Mrs M chased them for a full response to her original complaint on 30 November 2020 and 14 January 2021. She said ReAssure hadn't addressed her specific point in relation to being deliberately misled about charges in her calls to their agents. She said she'd been actively misled when she'd tried to clarify the charges on the phone.

ReAssure didn't respond to Mrs M, so she brought her complaint to this service on 1 February 2021. She said ReAssure hadn't answered her complaint about having been misled. And hadn't provided her with a copy of the 29 July 2020 call as she'd requested. She said she'd had to chase ReAssure several times before they'd issued their second response in November 2020. And that they'd failed to address the main part of her complaint in that response. She said she'd like ReAssure to refund the additional charges since her policy had moved to them. And also to allow her to transfer her policy to another provider for a reasonable fee.

Our investigator felt that the complaint should be upheld. She wasn't persuaded that the incorrect information ReAssure had provided had led to Mrs M delaying a transfer she would've otherwise made. But she felt that ReAssure had made an error when they'd given incorrect information to Mrs M during the 29 July 2020 phone call and considered that this would've caused some form of distress. She also felt that Mrs M had had to chase ReAssure a number of times for a response to her complaint. So she felt that ReAssure should pay Mrs M £250 for the distress and inconvenience they'd caused.

Mrs M didn't agree with our investigator. She said she would've transferred if she'd known that the fees were so high. She said if she'd known the charges were so high, and the exit fee was in addition, it would've made sense to pay the exit fees and transfer to somewhere with lower fees. But that she didn't do this due to being misled twice by ReAssure's agent. She said her financial advisor had thought the transfer cost was too high. But that they'd both felt that the charges were only a couple of hundred pounds a year.

Mrs M also said she'd been waiting until her complaint was resolved before she transferred. She thought that if she transferred during the complaint process it would be problematic. She felt that our investigator had misunderstood her situation as she couldn't understand why she'd judged that there'd been no financial loss. She said she'd paid thousands in charges despite being told she wasn't being charged. Mrs M said she'd suffered significant financial

loss and that she'd originally requested that this service would get ReAssure to waive the transfer fee.

Mrs M said that even if our investigator had taken the view that she'd lied about the information ReAssure had given her when the policy had moved to them, which she hadn't, they'd repeated the incorrect information during the 29 July 2020 call. She felt that even in that situation she should still be compensated for the period from 29 July 2020 to now for the additional charges. She didn't consider that the £250 compensation our investigator had suggested was fair under the circumstances.

ReAssure also disagreed with our investigator's findings. They said that they couldn't agree to the £250 compensation suggested. They said this was because the charges on Mrs M's plan hadn't changed since inception. And because they provided the breakdown of charges within their usual service standard of 10 working days.

As agreement couldn't be reached, the complaint has come to me for a review.

I understand that in May 2022 Mrs M completed the transfer of her ReAssure policy to another provider.

### **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 going to uphold it. But I'm not persuaded that there's enough evidence that ReAssure gave Mrs M incorrect information about charges when the policy first moved to them. And although I can see that ReAssure gave Mrs M misleading information on 29 July 2020, they provided correct information in writing around a week later. I know this decision will disappoint Mrs M. I'll explain the reasons for my decision.

ReAssure have provided copies of the 2018, 2019 and 2020 annual statements. They've also provided the original policy documentation. So I first considered whether there's any evidence that incorrect charges have been levied. And, additionally, whether ReAssure provided reasonable information to Mrs M about the charges.

#### *Is there any evidence that incorrect charges have been levied?*

Mrs M considers that she's been overcharged since her policy moved to ReAssure.

ReAssure said that the charges had been outlined at the start of the policy and hadn't changed since then. And that the charges they'd levied were in line with its terms and conditions.

Having reviewed the original policy document and the annual statements, including the weblink provided on the statements to access more information about policy charges, I've found no evidence that Mrs M has been charged incorrectly over the course of her policy. Therefore I can't reasonably say that Mrs M has been overcharged.

I next considered if the charges were as transparent as they were required to be.

#### *What did the annual statements say?*

Mrs M didn't consider that ReAssure had been transparent with the fees being charged on the statements they provided.

ReAssure said that their statements had followed Financial Conduct Authority guidance.

The 2018 statement gave the transfer value for one part of Mrs M's policy as £60,303.24 as at 9 July 2018. And stated that the policy charges totalled £1,379.15.

The statement contained a note about policy charges. It said:

*"The policy charges listed above include two types of charges: Implicit charges and Explicit charges. Explicit charges are taken from your policy value and premiums and can include charges such as policy fees and bid-offer spread. Implicit charges are taken from the daily prices of every unit you're invested in. These include Annual Management Charges (AMCs) and Investment Management Charges (IMCs) and are used to cover the cost of administering your policy. To find out more about policy charges go to [www.reassure.co.uk/charges](http://www.reassure.co.uk/charges)".*

If the weblink is followed, further information about the charges, and a phone number to call if further information is needed, is provided. The statement also noted that the exit penalty had reduced by £200.29 over the period covered by the statement.

The 2019 statement gave the transfer value for the policy as £65,092.78 as at 9 July 2019. And stated that the policy charges totalled £1,412.45. The statement contained the same note about policy charges contained in the 2018 statement. And also noted that the exit penalty had reduced by £200.61 over the period covered by the statement.

The 2019 statement included information from Pension Wise, encouraging customers to consider taking action to reduce the annual management charge (AMC) on the policy, which it said was 1.5% each year. It gave alternative fund options which had AMCs of 0.65% each year.

Moving to the 2020 statement, receipt of which led to Mrs M's call on 29 July 2020 to ReAssure. This statement gave the transfer value for the policy as £63,795.41 as at 9 July 2020. And stated that the policy charges totalled £1,463.32. The statement contained the same note about policy charges contained in the 2018 statement. And also noted that the exit penalty had reduced by £351.42 over the period covered by the statement. This statement also included the Pension Wise information that had been included with the 2019 statement. I understand this information was partially responsible for Mrs M's questions on charges later that month.

I've looked at the relevant figures from the 2020 statement. The statement allowed a customer to see how their transfer value had moved from one year to the next. It took the 9 July 2019 transfer value of £65,092.78 as the starting point. And then showed how adding in the bonus, tax relief, and money paid in (£1,139.80), then subtracting the Policy charges (£1,463.32), then adding in the reduction in exit penalty (£351.42) and the changes to with-profits bonus rates (- £1,325.27) led to the 9 July 2020 transfer value of £63,795.41.

Written as a sum this is:

$$£65,092.78 + £1,139.80 - £1,463.32 + £351.42 - £1,325.27 = £63,795.41$$

I do appreciate that this calculation may have been difficult for Mrs M to reproduce, but I would've expected her financial adviser to have been able to replicate it. I also consider that the statement is clear that £1,463.32 was being taken out of the policy for charges, given the amount of information shown in the statement. The statement also clearly labels the policy charges as such. Therefore I consider that the 2020 statement does show that the charges that year were £1,463.32, and that the money had been taken from the fund. The same is

true of the 2018 and the 2019 statements. I'm not persuaded that Mrs M and her financial adviser both felt that the annual charges were low but the exit penalty was high. I say this because the statement clearly shows what the annual charges have been.

From the statements I've seen, I'm satisfied that they were as transparent as they were required to be. I acknowledge that the policy charges were simply listed as a total pound amount, rather than being broken down into the constituent parts, but I'm not persuaded that makes any difference to this complaint. The policy charges were clearly labelled on the statements. So I consider that the statements did provide clear information about the amount that had been deducted from Mrs M's policy. I appreciate that Mrs M doesn't agree, but I've no evidence that ReAssure did anything wrong with the information provided on the statements.

I next considered the main part of Mrs M's complaint. That is, that ReAssure gave Mrs M incorrect information which caused her to delay a transfer to a cheaper provider and led to a financial loss due to the additional charges she felt she'd paid.

*Did ReAssure provide incorrect information to Mrs M?*

Mrs M said that ReAssure gave her incorrect information on two occasions. First at the time her policy transferred over to them. And second during a call on 29 July 2020. She said that if the correct information had been given to her when her plan first transferred to ReAssure she would've taken action.

I've found no evidence to confirm Mrs M's recollection that she was given incorrect information when the plan moved to ReAssure. That's not to say I don't believe her recollection, but my decision must be based on documentary evidence – it wouldn't be fair or reasonable for me to simply rely on what either party says.

I do have evidence that Mrs M was given incorrect information on 29 July 2020. During that call, ReAssure's agent incorrectly stated that the exit fees had been included in the policy charges shown on the July 2020 statement. This wasn't true. But there's also evidence that the correct charging information was provided in a letter dated less than a week later, when ReAssure provided a full breakdown of the £1,463.32 policy charge shown on Mrs M's July 2020 statement. As I stated earlier, I consider that the policy charge had already been clearly stated on that statement. Therefore I consider that while I do have evidence that ReAssure gave Mrs M incorrect information, I can see that they corrected their mistake within a week.

Without additional evidence about the first time Mrs M said ReAssure had given her incorrect information, other than her recollection that she'd been given the wrong charging information from the start, it wouldn't be fair or reasonable for me to uphold the complaint that the incorrect information led Mrs M to retain her plan with ReAssure rather than transferring it. I'm also satisfied that the statements ReAssure provided were clear about the policy charges.

In summary, apart from Mrs M's testimony, the only additional evidence I have which shows that Mrs M was given incorrect information is the 29 July 2020 call recording. The incorrect information given on that call was effectively corrected in a letter dated 5 August 2020. This explained in detail the £1,463.32 policy charge shown on Mrs M's July 2020 statement.

Given the short period of time between the incorrect information being provided, and then corrected, I'm not persuaded that the incorrect information caused Mrs M a financial detriment. I say this because although Mrs M said that she would've transferred her policy away from ReAssure if she'd been aware of the charges, she didn't actually transfer her

policy away from ReAssure until early 2022. Therefore it wouldn't be fair or reasonable for me to uphold this complaint on the basis that the incorrect information caused around one week of delay, when the process to transfer didn't then start until a further 18 months had passed.

I acknowledge that Mrs M told this service that the reason she didn't transfer her policy after finding out the detail of the charges she had paid was because of her complaint. But Mrs M also told this service that her financial adviser told her not to transfer her policy to another provider due to the high exit penalty. I can see that Mrs M has subsequently told this service that both her and her financial adviser understood that the exit penalty was high but the annual charges were low, but I'm not persuaded about this. I say this based on the information contained in the statements. I also note that the exit penalty was reducing over time, so the longer Mrs M left the transfer, the lower the penalty would be. So I'm not persuaded that ReAssure should be held responsible for Mrs M's decision not to transfer until several months after she'd been given the correct information, despite her complaint being ongoing. I don't have the evidence to say that ReAssure's incorrect information during the 29 July 2020 call caused her to act differently from how she would've acted without the error. So I don't uphold this part of the complaint.

I've also considered Mrs M's complaint about the length of time it took ReAssure to provide the full charges breakdown. She said it wasn't reasonable for that to have taken five to ten working days. And felt that such information should be to hand if a customer called ReAssure.

While I understand why Mrs M would've liked this information to be readily available, I don't consider that ReAssure took too long to provide it. I say this because Mrs M's request was for detailed information that wasn't usually made available to customers. It would've required additional work to be carried out. From what I've seen, ReAssure provided the information in the timeframe they said they would provide it. And I consider that the timeframe they used was in line with industry standards for a request of this type. Therefore I don't uphold this part of the complaint.

I next considered the distress and inconvenience ReAssure have caused Mrs M.

#### *Distress and inconvenience*

I've found evidence that ReAssure gave Mrs M incorrect information during the call on 29 July 2020. I acknowledge that Mrs M doesn't agree that she wasn't financially impacted by ReAssure's error. But as I've explained above, I don't consider that the error led to a financial loss, as she's always been charged the correct fees for her policy, and those charges were detailed on her annual statements. But I do agree that being given incorrect information would've been distressing.

I've also seen that Mrs M has had difficulty getting through to ReAssure. They've not always called her back when they said they would. And their responses to her complaints have been incomplete and taken longer than I would've expected. Taking all of this into account, I agree with our investigator that compensation of £250 is reasonable for the distress and inconvenience caused.

I acknowledge that ReAssure don't agree that there should be a distress and inconvenience payment, but one of the reasons they've given to reject it is linked to the financial loss complaint, rather than the error they made. And the other reason they've given doesn't form part of the distress and inconvenience payment I've suggested. I can't see that they've ever acknowledged that their agent made a mistake. And they've not responded to Mrs M about this specific aspect of her complaint. Therefore I'm not persuaded that no compensation for

distress and inconvenience is due under the circumstances. And I uphold the complaint in this respect.

### **Putting things right**

I require ReAssure Limited to pay Mrs M £250 compensation for the distress and inconvenience their error caused her.

### **My final decision**

For the reasons I've given above, I uphold this complaint. I require ReAssure Limited to pay Mrs M £250 compensation for the distress and inconvenience their error caused her.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs M to accept or reject my decision before 18 August 2022.

Jo Occleshaw  
**Ombudsman**