

The complaint

Mr T, alongside the other trustees of the M Will Trust, complain about the way ReAssure Limited has communicated with them about some life policies. Specifically, Mr T complains about the ownership of his late wife's policies and about tax residency letters it keeps sending him.

What happened

Mr T and his late wife took out identical investment policies in 1999. The policies had life assurance attached and both Mr T and Mrs T were named as the lives assured on each policy. Each policy was made up of ten segments. Mrs T sadly passed away in 2012. Mr T was told at the time that her policy would be owned by him.

In 2020, ReAssure took over the administration of the policies. When Mr T received an annual statement he realised he only had details of one policy. He contacted ReAssure to find the missing policy. ReAssure initially confirmed the other policy had been assigned to Mr T but then said this wasn't right. As the sole policy owner was the late Mrs T, it would be her estate that was the legal owner. Mr T complained as he believed he was the policy owner. He also complained about letters he was receiving asking him to confirm his tax residency status.

ReAssure apologised that Mr T was assigned his late wife's policy in error. It explained that the policies were set up in sole names and so it should've passed to his late wife's estate. It offered Mr T £150 compensation.

Our Investigator upheld this complaint. She confirmed that the policy ownership was now correct – that the policies were set up with sole owners but did have both lives assured. She said ReAssure had corrected the issue and she felt the £150 compensation offered for this mistake was fair and reasonable. But she felt ReAssure had caused Mr T trouble and upset when sending letters to him asking for his residency for tax purposes. She said it was clear Mr T was upset and concerned by these letters – which were sent out in error. And that he'd received a number of them before ReAssure confirmed it was an error. She recommended ReAssure pay an additional £350 compensation.

ReAssure disagreed and asked for an Ombudsman to reach a decision. In summary it said it felt additional compensation wasn't reasonable because Mr T hadn't suffered any financial loss from the letters.

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've come to the same outcome as the Investigator for similar reasons. ReAssure must do more to put things right. I'll explain why.

Policy ownership

Our Investigator explained in detail, listing the policy references, which policy numbers belonged to Mr T and which ones belonged to his late wife. I won't repeat the detail here but can confirm that the policies were set up with sole ownership. This means that when Mrs T passed away, the legal owner of her policy was Mrs T's estate. The policies weren't supposed to pass to Mr T, and it was an error that he was told that they did. Mr T is bringing this complaint with the consent of the executors and trustees of the late Mrs T's estate.

It's clear that the miscommunication, and assigning the policy to Mr T in error caused him confusion. But I think ReAssure's offer of £150 is fair and reasonable compensation for this confusion and so I won't be asking it to offer anything more for this issue.

Tax residency letters

The biggest issue, that does appear to be ongoing, is that ReAssure keep sending letters to Mr T asking him about his residency for tax purposes. These letters set out consequences of not reporting accurate information to HMRC. The letters have been sent out in error – likely because of the incorrect assignation of Mrs T's policy to Mr T. And the content of the letters has clearly caused Mr T significant worry.

The first letters were sent in November 2020, and the letters said Mr T had to report his tax residency. Mr T sent around five emails after he received the letter and was clearly distressed at the content. He was explaining he'd always been resident in the UK for tax purposes and also spoke about when he was working abroad for a small period of time. He continued to receive some letters and it wasn't until August 2021 that ReAssure confirmed that these letters were sent in error – some nine months later. I don't consider this acceptable, especially when it was clear from Mr T's emails to ReAssure how upset and worried he was by them. I think ReAssure could've investigated this and told Mr T that they were sent in error much sooner.

Mr T had told ReAssure that he felt bullied by the letters and felt ReAssure were threatening to report him to HMRC when he hadn't done anything wrong. He even contacted HMRC about the situation. It's clear from his communication at the time to ReAssure how upset and worried he was, so I think the issuing of the letters, as well as not addressing the issue for so long, as caused him significant trouble and upset. I've also noted that recently ReAssure has sent another letter of this type to Mr T.

ReAssure has said that Mr T hasn't suffered a financial loss so it doesn't think additional compensation is fair or reasonable. But I have the power to award compensation for distress and inconvenience – this is where a business error causes a consumer some level of trouble and upset. The level of award can differ depending on the impact the error has caused that consumer – and we consider each case individually. In this case, it's clear the error in sending the letters, and delay in confirming to Mr T that these were sent in error, caused him significant distress, so I'm directing ReAssure to pay him an additional £350 compensation for this.

Putting things right

Reassure Limited must do the following:

- If it hasn't already done so, pay Mr T the £150 compensation it offered for the error in assigning his late wife's policies to him.
- Pay Mr T £350 compensation for the trouble and upset caused by the tax residency letters it has sent him.

My final decision

For the reasons I've explained, I uphold this complaint. ReAssure Limited must follow the instructions I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T, Mr T and Ms T as trustees of the M Will Trust to accept or reject my decision before 23 August 2022.

Charlotte Wilson
Ombudsman