

## **The complaint**

Ms B's complaint is about a delay in receiving her benefits as a lump sum from her pension policy with ReAssure Limited.

## **What happened**

Ms B has a pension policy with ReAssure. Ms B wanted to take her pension fund as a lump sum in August 2020 at age 55. She emailed ReAssure in June 2020 to notify her new address and to ask how she could withdraw the money from her pension. ReAssure confirmed the change of address and said more information about her retirement options would follow.

I understand that Ms B didn't receive anything so she emailed ReAssure again in July 2020. ReAssure sent a retirement options pack to Ms B's new address on 28 July 2020 but she didn't receive it. She emailed again on 31 August 2020. Amongst other things she said her understanding was that the full plan value could be paid, tax free. If that wasn't the case she asked for confirmation of the amount of tax deducted.

ReAssure issued a risk questionnaire which Ms B completed and returned. ReAssure received it on 10 September 2020. ReAssure then issued an application form which Ms B completed and it was received back by ReAssure on 25 September 2020.

On 9 October 2020 ReAssure wrote to Ms B, thanking her for returning the paperwork and explaining it had been trying to contact her to confirm some further information and asking her to telephone ReAssure.

Ms B says she didn't receive the letter nor did she have any voicemail messages asking her to contact ReAssure. As she hadn't heard further she emailed ReAssure on 25 October 2020. She asked for payment and a copy of the complaint procedure to be issued by 4 November 2020, otherwise she'd complain directly to the Prudential Regulation Authority and the Financial Conduct Authority (FCA). It seems that ReAssure may not have received that email. It says it didn't hear further from Ms B after its letter of 9 October 2020.

Ms B contacted the FCA on 30 March 2021. The FCA referred her to this service and we set up a complaint on 22 April 2021. We contacted ReAssure about the complaint.

ReAssure investigated and issued a final response on 4 June 2021. It acknowledged Ms B had experienced delay in receiving her pension benefits. ReAssure referred to its letter of 9 October 2020 saying it needed more information. It said it should've sent a reminder letter when it didn't hear further from Ms B. It sent a cheque for £200 by way of an apology for the inconvenience caused. ReAssure said a request had been made for the servicing team to call Ms B to discuss her requirements further and gave a telephone number, should it be more convenient for her to contact ReAssure instead.

Ms B replied to ReAssure on 8 June 2021, saying she wanted her benefits as a lump sum forwarded by cheque plus 8% compound interest from August 2020 up to and including the date of issue of the cheque by way of full and final settlement.

On 4 October 2021 Ms B told us that she hadn't heard any more from ReAssure and she didn't accept the offer of £200 in full and final settlement. She explained why she wanted interest from the date of her 55<sup>th</sup> birthday in August 2020.

Our investigator issued his view on 16 December 2021. He recognised that communications had been difficult. But he didn't think ReAssure was entirely responsible. ReAssure had apologised and offered £200 as it hadn't been as efficient as it should have been. The investigator felt that was fair and reasonable. He said it was up to both parties to try to mitigate the situation. There were processes and regulatory requirements to fulfill and ReAssure couldn't have just issued a cheque for the policy proceeds. The investigator suggested, if Ms B still wanted to draw her pension benefits, that she contact ReAssure again to ascertain what further information was required to complete the process. And the investigator said he'd ask ReAssure to try to contact Ms B.

The investigator issued a further view on 22 December 2021, based on new information provided by ReAssure. It now seemed that the the initial payment task was rejected on ReAssure's systems which led to the case requiring an additional manual check. And, having completed the check, it appeared that ReAssure did in fact have everything it needed to complete the payment but a new payment task wasn't input on the system and so the process came to a halt. So it appeared that Ms B had provided everything ReAssure needed and ReAssure could've made the lump sum payment within normal service level agreement timescales on, or shortly after, 25 September 2020. That would've prevented Ms B's complaint and avoided the distress and inconvenience and financial hardship she'd been caused. The investigator said ReAssure should pay £500 for distress and inconvenience and pay Ms B what she would've received, using a start date of 25 September 2020, plus interest.

Unfortunately that new information was incorrect. When it received the investigator's second view, ReAssure contacted us and apologised that what we'd been told had been wrong. ReAssure explained that it couldn't have proceeded with payment following receipt of Ms B's instructions on 25 September 2020. The initial payment task had been rejected but that wasn't due to a system error. The task wasn't completed because of comments Ms B had made on her application form. ReAssure needed to confirm that Ms B was fully aware of what she'd receive if her instructions were processed and while there was still time for her to change her mind. A new payment task wouldn't be completed until those points had been discussed with Ms B.

The investigator replied saying that, while it was disappointing that incorrect information had been provided, mistakes did happen. And the priority was to resolve the situation so Ms B could receive her benefits as soon as possible. The investigator said Ms B's preference was email, not telephone, and offered to pass on to her any additional clarification ReAssure needed. He noted that ReAssure had already paid Ms B £200. But the latest error would've caused Ms B further distress. He asked ReAssure to consider making a further payment of £200.

ReAssure didn't say if it was prepared to make that payment. And Ms B wanted matters resolved as the investigator had suggested earlier – with payment backdated to August 2020 and interest paid.

As it wasn't possible to resolve the complaint it's been referred to me to decide.

### **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.

I can understand Ms B's frustration that she's still awaiting payment which she expected to receive in August 2020. I can see that things got off to a slow start. It seems that ReAssure may not have sent the retirement options information until late July 2020. And, unfortunately, Ms B didn't then receive it so a replacement pack had to be issued. Some progress was then made but ReAssure needed to be sure Ms B understood what she'd be paid and that, in particular, the payment wouldn't be tax free. It seems ReAssure was unable to reach Ms B over the telephone despite several attempts so ReAssure wrote asking her to get in contact. ReAssure has no record of Ms B contacting it although she says she emailed on 25 October 2020.

The upshot was that nothing was done between October 2020 and May 2021 when, Ms B by then having been in contact with the FCA who referred her to this service, we contacted ReAssure to explain that Ms B wanted to complain.

I do understand that the lack of progress would have been stressful for Ms B. But, when she didn't hear further from ReAssure, she could've chased things up earlier. As things stood, several months elapsed which I can't say was all ReAssure's fault.

I accept what ReAssure has said about the need to process customers' payment requests as efficiently as possible and to balance reminding customers when further action is needed to complete their request with ensuring that customers who have submitted all the necessary requirements don't incur payment delays because of resources being diverted to send reminders.

Although ReAssure had called Ms B three times after 10 October 2020 and had written to her home address, ReAssure recognised that a further reminder letter could have been sent. I think the compensation of £200 ReAssure paid for any distress and inconvenience arising from that was fair and reasonable

I also accept, once Ms B's pension had crystallised, it wouldn't have been possible to have converted it back to a pension had the payment – and in particular the tax deduction – not been as she was expecting. I think it was important for ReAssure to make sure Ms B fully understood what she'd get before processing her instructions. I note, when Ms B returned the forms on 10 September 2020, she commented that the pension had been sold as a tax free savings option and so shouldn't be taxed. And she said she hadn't been advised how much tax might be deducted. And, when she sent the forms back on 25 September 2020, she said that basic rate tax only was to be applied under the small pot rules. But that the lump sum was tax free because she was in receipt of an ill health pension. I think ReAssure did need to confirm the tax position and that Ms B was happy to proceed with encashing the pension.

But I do think ReAssure's further error – what it told our investigator about its requirements being complete on 25 September 2020 - caused confusion and considerable disappointment. Ms B was relieved to learn that her complaint had been upheld and that payment was going to be made and backdated with interest, only to then discover that the investigator wasn't able to recommend that after all. I think the sum suggested by the investigator of £200 is fair and reasonable for the not inconsiderable distress and inconvenience the mistake would've caused Ms B. I've made an award below.

But, as I don't think it was entirely ReAssure's fault that payment wasn't made in August 2020, I don't think ReAssure should backdate payment and pay interest from that date. Nor do I see that ReAssure is withholding payment of Ms B's benefits. I realise Ms B is likely to feel that things are still unresolved as she hasn't received the proceeds of her policy. But it's

largely up to her and ReAssure to resolve that. We can't direct ReAssure to pay Ms B if some of ReAssure's requirements are outstanding or if ReAssure is unsure if Ms B has made a fully informed decision to encash her policy. And I can't direct ReAssure to pay the full value of the plan if ReAssure is legally required to deduct tax from the payment.

I'm aware of and have taken into account Ms B's situation. As the investigator suggested, if Ms B feels unable to deal with matters herself, she may be able to ask someone to assist and deal with ReAssure on her behalf. I'm sorry but we can't do that for her. Nor can we provide financial advice. We've tried to assist by explaining to ReAssure that Ms B prefers email communication to telephone. I'd repeat the investigator's request – that ReAssure, if it hasn't done so already, contacts Ms B by email as a matter of urgency to explain what she needs to do if she still wants to take her benefits. I'd suggest ReAssure at the same time also writes to Ms B with that information. Equally Ms B can get in contact with ReAssure. If she's uncertain who she needs to contact we can provide details.

### **Putting things right**

I'm upholding Ms B's complaint in part. ReAssure should pay Ms B £200 as compensation for distress and inconvenience. For the avoidance of doubt that's in addition to the £200 which has already been paid to Ms B.

### **My final decision**

I uphold the complaint in part. ReAssure Limited must pay Ms B £200 for distress and inconvenience as identified above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms B to accept or reject my decision before 9 May 2022.

Lesley Stead  
**Ombudsman**