

The complaint

In summary, Mr X has complained about the delay in ReAssure Limited setting up the annuity payments from his pension policy.

What happened

Mr X contacted ReAssure in March 2021 and asked to take an annuity from his pension policy. On 26 March 2021, it sent him a retirement pack to enable him to take retirement benefits.

In April 2021 Mr X sent ReAssure the documentation it had asked him to provide to enable him to take benefits from his pension policy. This was received by ReAssure on 13 April 2021.

Mr X didn't receive updates about how his benefit request was progressing, so he complained to ReAssure.

It said in its response to him of 17 May 2021, that the service he had received from it fell short of the standard it strove to provide. It was investigating if he had suffered financially because of the delays. It arranged for £200 to be paid to him in respect of the inconvenience he had been caused.

Mr X had cause to complain again a few weeks later as his annuity still hadn't been set up. On 10 June 2021 ReAssure apologised for the prolonged delay and said it was its mistake that shouldn't have happened.

On 23 June 2021, Mr X was told his annuity had been set up. ReAssure told our investigator that the first payment was made on 1 July 2021 and 3 payments had been made to Mr X to compensate him for the payments that had been paid late.

Mr X's concerns were looked into by one of our investigators. He explained why he thought ReAssure should pay Mr X a further £100 for the stress and worry he had been caused as a result of the delays in his annuity being paid. Although ReAssure had paid the missed annuity payments caused by its delay, he said that interest should also be paid on the delayed annuity payments.

In response, ReAssure said that its offer was fair and it wasn't looking to increase it. It also said that £25 of the £200 it had offered was in respect of interest due on the late annuity payment.

The investigator replied that he believed the additional £100 was due as a result of Mr X having to chase up the annuity payments even after ReAssure had provided its responses to Mr X's concerns. So, he thought the additional £100 was fair and reasonable to for the additional delays.

ReAssure didn't agree, so the case has been passed to me for review.

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.

It's not in dispute that ReAssure caused delays in the setting up of Mr X's annuity. I simply have to decide whether the compensation proposed by our investigator is appropriate. Having reviewed everything, I've been provided with; I've decided to uphold Mr X's complaint. I'll explain why.

I'm satisfied that Mr X initiated the process of taking benefits from his pension with ReAssure in March 2021. The process of setting up an annuity isn't instantaneous. But Mr X received his first annuity payment in July 2021. That in my opinion is a significant delay for someone such as Mr X to be delayed receiving their retirement benefits.

I'm pleased to see that ReAssure accepts that the service Mr X received from it fell short of the standard it strove to provide. Its letter to Mr X of 17 May 2021 offered £200 compensation for the inconvenience he had been caused. It's also paid Mr X the backdated annuity payments. And I've noted that its letter makes no mention of the £25 interest that ReAssure referred to in its response to the investigators view.

I've also noted that Mr X had to raise his concerns about the continuing delays after ReAssure issued its response to his complaint. And in its letter to him of 10 June 2021, it apologised for the prolonged delay and accepted that this was a result of its mistake which shouldn't have happened. So, I'm a little surprised that it doesn't agree that further compensation is appropriate.

I think it was appropriate for our investigator to recommend additional compensation for the continued delays. And I think it's also right that ReAssure should pay interest on the delayed annuity payments. I don't accept its argument that the original offer of £200 included an element of interest. The offer makes no mention of that. And taking into account the overall delays in the setting up of the annuity and the impact on Mr X of these, I consider a figure of £300 to be an appropriate payment to be made to Mr X, to reflect the inconvenience he has been caused in having his annuity payments delayed. And I consider that interest should be paid on the delayed annuity payments in addition to that.

Putting things right

- ReAssure Limited should pay Mr X a total of £300 (inclusive of any payments it has already made to Mr X), in respect of the inconvenience he has been caused by the delays in setting up his annuity.
- Pay interest on the delayed annuity payments at the rate of 8% simple a year from the dates the payments should have been paid to the date of payment.
- If ReAssure Limited considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mr X how much it's taken off. It should also give Mr X a tax deduction certificate if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.

My final decision

For the reasons I've set out above, I've decided to uphold Mr X's complaint about ReAssure Limited. Under the rules of the Financial Ombudsman Service, I'm required to ask Mr X to accept or reject my decision before 24 June 2022.

Simon Dibble
Ombudsman