

## **The complaint**

Mr C complains that ReAssure Limited (ReAssure) overpaid income from his personal pension (PP) drawdown plan and that it hasn't shown it has put right this error.

## **What happened**

There are a number of dates involved and, as the events are well known to both parties, I only intend to set out those that I think are key to reaching my decision.

Mr C held a PP drawdown plan, which moved to ReAssure from another provider in September 2020. Mr C's plan is made up of five sub-accounts invested in the same fund, each set up to pay him a monthly income of £138. But, at the end of September 2020, ReAssure incorrectly paid £781.25 from each to Mr C instead.

Mr C returned this to ReAssure shortly after and complained about the error and resulting tax implications. On 15 October 2020, ReAssure re-paid Mr C the correct amount of income he should have received from each sub-account. And, in early November 2020, it sent Mr C its final response letter, saying it had taken action to put right the income overpayment error going forwards, it apologised and offered Mr C £50 compensation for the inconvenience caused to him.

On 11 December 2020, ReAssure sent Mr C a further final response letter with new referral rights to our Service, saying the income overpayment would be removed from its records for tax purposes. And it offered him a further £200 compensation for the impact of its error.

In early January 2021, after Mr C asked for evidence ReAssure had put right the income overpayment error, it sent him information for one sub-account showing the number of units he held in it after the error, which also said the units incorrectly sold had been returned and his plan is now in the right position.

In March 2021, after Mr C received a lower monthly income than expected, ReAssure wrote to him saying this would be corrected before his P60 was issued. And, on 4 June 2021, Mr C brought his complaint to our Service, unhappy he was yet to receive proof the returned funds had been reinvested in his plan. And because he wanted his tax records to show the correct level of income he'd received.

In mid-June 2021, ReAssure re-issued Mr C's P60 as it had previously included the income he'd been overpaid in error. It said that while this had been reversed and the units reapplied to his plan, it had been missed off its accounting system.

One of our Investigator's asked ReAssure to provide Mr C with evidence of the units currently held in each sub-account and at inception, along with withdrawals and additions in between. In November 2021, ReAssure sent Mr C a statement showing the units held in one of his sub-accounts. And, in December 2021, it sent Mr C the current transfer value of each sub-account, but without details of the units held. Mr C says that, in January 2022, he asked ReAssure for the unit history twice and it failed to call him back with this.

So our Investigator upheld Mr C's complaint. He said ReAssure's error in reporting the correct level of income paid for tax purposes has been resolved. But ReAssure hadn't shown it had put right the income overpayment error on Mr C's plan, as it hadn't evidenced he had the same number of units invested in it as he would have otherwise had. And that most of the information provided only relates to one sub-account. He also said ReAssure should pay Mr C £250 compensation for the inconvenience caused to him its errors and in trying to get information from it.

ReAssure didn't agree. It said Mr C hasn't been financially disadvantaged by its errors, as his investment has been reapplied using the relevant dates. It provided further information, but Mr C didn't feel this showed it had put right the income overpayment error, particularly as it still didn't cover all five of his sub-accounts.

So Mr C's complaint has been passed to me for a decision. I let Mr C and ReAssure know I understood the tax reporting issue had been resolved, so I'd to focus on the income overpayment error. I said ReAssure sent us its calculations for one of Mr C's sub-accounts. And, when considering this alongside the available information, I thought it showed that:

- Prior to ReAssure's error in September 2020 Mr C held 140.8 units in this sub-account;
- As of the start of November 2020, after the error, he had 129.1722 units in it – a difference of 11.6278 units;
- ReAssure needed to take into account that between these dates he'd correctly been paid his regular income of £138 on or around 28 October 2020, costing 1.73570 units. Allowing for this left 9.8921 units to be restored to his policy;
- ReAssure said it needed to deduct 1.7065 units for the £138 it ought to have correctly paid Mr C at the end of September 2020.

I said ReAssure's also sent us system evidence which I think shows it restored 9.8921 units to each of Mr C's five sub-accounts with effect from early November 2020. So I intended to say the evidence showed it had rectified the income overpayment error by returning the units it shouldn't have sold to Mr C's plan.

And that ReAssure should pay Mr C a further £250 compensation to make up for the distress and inconvenience caused to him by this matter, taking total compensation to £500. I said I thought this amount was a fair reflection of the frustration and inconvenience Mr C's experienced during the lengthy period of time ReAssure's taken to show it had put right its errors, as well as the confusion caused to him as a result of its unclear correspondence.

In response, ReAssure agreed to pay Mr C a further £250 compensation. And, while Mr C said he could now be reasonably sure ReAssure has corrected its income overpayment error, he spent a lot of time chasing it. And that if he were to charge for his time then £500 compensation wouldn't cover this, along with the worry and frustration caused to him.

### **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 isn't in dispute that ReAssure made an error when it paid Mr C his monthly income drawdown payments in September 2020. And, while it has taken numerous requests and time for ReAssure to provide the information we've requested to fairly decide this complaint, for the reasons given above I'm satisfied it has rectified this error. And Mr C accepts this is the case. So, what's left for me to decide is the amount of compensation I think ReAssure should pay Mr C for the distress and inconvenience caused to him by this.

Having carefully considered this, the service ReAssure's provided has been below the standard I'd reasonably expect. I think Mr C would have been concerned to find out ReAssure made the income overpayment error in the first place. It sent Mr C letters which didn't provide clear information for him to know whether or not it had put this right. ReAssure continued to do so even after our Investigator explained what it needed to provide, causing Mr C confusion and frustration. It also took time to put right the tax implications, with Mr C having to re-approach it about this. And ReAssure could have provided Mr C with better customer service by calling him back when it said it would.

That being said, ReAssure recognised at the outset that it had made an error and apologised to Mr C. So it was never in dispute that it needed to put this right, but rather a matter of evidencing it had since done so, I think that would've lessened the worry caused to Mr C as a result. I also note there's nothing to suggest Mr C needed access to the funds in question during this time, so I don't think he's been caused worry or inconvenience in that respect. And, while I think the service and information ReAssure provided Mr C with could have been better, I don't think this has caused him considerable distress, upset and worry and/or significant inconvenience to cause me to make a higher award.

So, I think ReAssure should pay Mr C a further £250 compensation, taking total compensation to £500. For the reasons given, I think this a fair and reasonable amount to make up for the distress and inconvenience caused to Mr C in the circumstances. So, I'm not asking it to do any more than this.

### **Putting things right**

ReAssure should pay Mr C an additional £250 compensation, taking total compensation to £500.

### **My final decision**

For the reasons I've given, my final decision is ReAssure Limited is required to pay Mr C £500 in total compensation for the distress and inconvenience caused to him by this matter.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 8 March 2023.

Holly Jackson  
**Ombudsman**