

The complaint

Mr S complains about the service he received from ReAssure Limited when he withdrew money on multiple occasions from his pension in 2020 and 2021.

What happened

Mr S had a pension with Legal and General which was taken over by ReAssure. Mr S is complaining about the following withdrawal requests he made since ReAssure took over:

September 2020: £8,000

March 2021: £3,000

June 2021: £6,250

August 2021: £3,000

Mr S is unhappy how these requests were handled, how long they took and that each time the process was different and more complicated in his view than it needed to be. Every time he had to chase up responses including when promised call backs weren't made or expected payment dates weren't met.

He also complains that ReAssure didn't correctly deduct tax from his pension and incorrectly reported to HMRC which has led to ongoing problems with his tax records.

ReAssure offered Mr S £250 in compensation for any troubles caused. Unsatisfied with this response he referred his complaint to this Service.

One of our investigators considered his complaint and found that his complaint about the withdrawal in September 2020 had been brought too late. He had received a final response from ReAssure in November 2020 giving him six months to refer his complaint to us. As Mr S only contacted us about his complaint in September 2021, we could not consider this part of his complaint.

He upheld the rest of Mr S's complaint and asked ReAssure to increase their compensation to £400.

ReAssure accepted the investigator's view. Mr S didn't think the compensation amount in any way reflected the time and effort he had to spend chasing responses from ReAssure and the frustration and distress their actions had caused him.

As no informal resolution could be achieved, the complaint was passed to me for a final decision.

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.

Mr S has provided very detailed submissions which I have considered in full. I've not provided a detailed response to all the arguments raised nor repeated everything that has happened. That's deliberate. Our service is an informal one for resolving disputes between financial businesses and their customers. Our investigator has also already provided detailed answers to many of Mr S's arguments and set out what happened.

I've considered all the points raised and I'll answer the relevant points within my findings but not necessarily specifically and point by point. My findings will concentrate on what I think is relevant and at the heart of this complaint.

I also note Mr S was unhappy with the ways Mr S dealt with his complaint and the unsatisfactory answers he received as well as ReAssure paying compensation into his account when he had rejected it. However, complaint handling isn't a regulated activity, so I'm not able to consider these aspects of his complaint.

Withdrawal request in September 2020

I agree with the investigator that the complaint about this withdrawal has been brought too late. We cannot consider a complaint which is referred to us more than six months after a business has issued their final response. Exceptions are if the business has consented to us doing to (which ReAssure hasn't) or if the complainant was prevented by exceptional circumstances to bring their complaint earlier. Mr S was in constant contact with ReAssure so I can't see any exceptional circumstances why he wouldn't have been able to refer his complaint to us within the time limits.

Other withdrawals

I recognise that every time Mr S requested a withdrawal, he was told different things about the necessary processes. For example, he had been previously able to deal with things over the phone whereas later ReAssure said they were only able to deal with it by post. Mr S was also told he would be sent forms by email which he was later told wasn't possible. And he needed to provide a bank statement which in previous transactions he hadn't needed. He also was promised call backs that didn't happen and was promised earlier payments which were then delayed. I can see how this inconsistent information would have been frustrating.

I can also see that withdrawals took longer at times than Mr S was told they would take. I understand Mr S thinks a withdrawal should take five to seven working days and he says he had received this service from Legal and General in the past. However, whilst I think some of the transactions could have been done quicker, ReAssure made it clear from the start that a withdrawal would take 10-15 working days and I don't think these timescales are generally as unreasonable as Mr S thinks. The withdrawal in March took 20 working days, but this was in part because Mr S didn't provide a bank statement which was clearly stated as a requirement in his paperwork. The withdrawals in June and August were processed in the quoted timescales.

This isn't to say the service in this regard was perfect and I recognise Mr S needed the money urgently on a couple of occasions, so having to chase payments and being told different things each time would have understandably been frustrating. And I do think some of the processes could have been more efficient and quicker.

Tax issues

Mr S's withdrawal of £6,250 was not taxed which Mr S queried in early August 2021. When Mr S requested a further withdrawal of £3,000 later that month, he expected to receive £2,400 (after 20% tax). However, he only received £1,500.

ReAssure explained to him that a tax code of 1257L was applied when he made his request in June. As his withdrawal request of £6,250 had been within his tax-free allowance, no tax had been taken at that point. Shortly after, in July 2021, HMRC had provided a tax code of BR (basic rate) on an accumulative basis. This meant 20% tax was applicable on Mr S's combined withdrawals of £9,250. This amounted to £1,850. ReAssure said the maximum they were allowed to deduct was 50% in tax which is why £1,500 was deducted on the August payment.

Mr S says he got information from HMRC some time later that they had in fact made a mistake and the BR code in July shouldn't have been on an accumulative basis. If reported correctly by HMRC Mr S would have only paid 20% tax on the August payment.

Another tax code was provided by HMRC in early October and ReAssure recalculated Mr S's tax which resulted in a refund to him of £1,500. At the time Mr S complained he didn't receive any previous notification of this refund and it confused matters as he had already started a reclaim process with HMRC. However, I've seen a copy of the letter that ReAssure sent Mr S in advance of the payment and they sent him another letter afterwards.

I understand that having no tax deducted in June and then a lot more tax deducted in August would have been disconcerting and distressing, particularly as he needed the August payment for a specific purpose. However, ReAssure will deduct tax in line with the tax codes provided by HMRC who have admitted they made a mistake by providing a BR code on an accumulative basis rather than on a standard basis which led to a higher deduction in August. So I don't think ReAssure made a mistake here.

I understand Mr S feels there might still be outstanding issues with his tax which he now needs to take up with HMRC. I can see ReAssure provided him with the information of what sums were paid to him and what tax was deducted, so Mr S should be in the position to clarify with HMRC if he is still due any tax or needs to pay more. HMRC is the only entity who has full information about how much tax he ought to have paid during this time and Mr S is best placed to make these enquiries. If HMRC confirms to Mr S that he is still owed a tax refund relating to the above mentioned withdrawals and the monies are held with ReAssure, I expect them to refund these to Mr S. However, currently I can't see that this is the case.

Putting things right

I can see Mr S spent a lot of time with ReAssure on the phone chasing withdrawals, querying the processes he didn't agree with and trying to clarify his tax issues. And I understand dealing with ReAssure on numerous occasions where things didn't go as smoothly as he wanted caused him stress and anxiety and he said this had an affect on his health. I've taken this into account when awarding compensation.

The customer service Mr S received wasn't by all means perfect and transactions could have likely been a quicker and more streamlined. ReAssure on several occasions promised a payment or call back on a certain date which then didn't happen. However, looking at everything Mr S and ReAssure have provided, I consider the suggested payment by the investigator of £400 as fair and reasonable in the circumstances.

I appreciate Mr S feels this is a derisory amount for the time he spent and the appalling service he considers he received over a couple of years. And I understand he thinks the award should be higher as this amount is insignificant to a large company as ReAssure and

won't make them change their ways. However, as the investigator already explained to Mr S in detail, it isn't this Service's role to punish businesses for their mistakes, but to award fair and reasonable compensation to individuals in their particular complaint. And we don't consider it reasonable to apply an hourly rate to the time Mr S spent on this complaint which in his view would lead to compensation of nearly £15,000. This simply wouldn't be at all proportionate in my view to ReAssure's errors here.

In the circumstances of Mr S's complaint I consider an award of £400 reasonable taking into account ReAssure's mistakes and the impact this had on Mr S.

My final decision

I uphold Mr S's complaint and require ReAssure to pay him £400.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 23 April 2023.

Nina Walter
Ombudsman