

The complaint

Mr G complains that ReAssure Limited caused unnecessary delays when processing an application to take his retirement benefits.

What happened

Mr G had a personal pension plan with ReAssure with a preferred retirement date of 28 January 2021. On 3 December 2020 ReAssure wrote to him, setting out his options for taking his benefits.

Mr G contacted ReAssure on 4 December 2020 confirming he wanted to take his benefits in the form of an annuity. But he heard nothing more from ReAssure, so called them again on 19 January 2021 and was told his request hadn't been actioned. He repeated his request and raised a formal complaint at the same time.

Mr G received the retirement pack, which he completed and returned via recorded delivery. It was received by ReAssure on 27 January 2021. He had been told it would take seven to ten working days from its receipt to set up his annuity payments.

On 17 March 2021 Mr G again contacted ReAssure, and he was told his payments would commence by the end of the week. But no payment was received, so he called them again on 25 March 2021 and was told it would be another 10 working days before the first payment could be made. Mr G had not had a final response to his complaint either, so he contacted our Service.

On 12 April 2021, ReAssure sent Mr G its final response to his complaint. ReAssure acknowledged that it hadn't processed his application within its usual timescales which meant the income he should've received had been delayed. It said it had arranged for his annuity payments to be backdated to his chosen retirement date, 28 January 2021. ReAssure apologised for the delays and poor communication he'd experienced and offered Mr G £178 compensation, which included £3 towards the interest lost on the annuity payments since January 2021.

But Mr G didn't think this was sufficient compensation. Our Investigator looked at the circumstances and agreed with Mr G. She thought ReAssure should pay Mr G a total of £750 to reflect the high level of stress and worry its initial error and subsequent delays caused him.

ReAssure responded by saying that it considered the £178 was fair and reasonable, as it had backdated Mr G's annuity payments to his chosen retirement date, including interest.

As ReAssure didn't agree Mr G asked for the complaint to be looked at by an ombudsman, so the matter has been referred to me for a final decision.

Having considered the complaint, I wanted to know more detail about how the delays had affected Mr G. As a result of what he told me I wrote to both him and ReAssure setting out my initial thoughts. In short, I didn't agree that £750 was fair and reasonable compensation

in the circumstances. I thought £350 was a better reflection of the distress and inconvenience he'd been caused.

I agreed I could see the annuity payments were the only regular income Mr G was going to receive in retirement, and he had to use some of his savings to cover essential outgoings during the delays. I accepted this must have been very worrying, especially when he was unable to get any clarity from ReAssure as to when his annuity payments would commence.

But I could also see that Mr G was able to make his essential outgoing payments, and he did have some other ad hoc income and savings he was able to utilise. And it is likely that he ultimately knew that the annuity payments would be made, he just didn't know when.

Mr G accepted my initial opinion that £350 compensation was fair and reasonable in the circumstances. ReAssure acknowledged my thoughts but didn't respond further.

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've already explained to both Mr G and ReAssure why I felt £350 was a fair amount of compensation when I wrote to them both. I've summarised the reasons above.

Mr G accepted this outcome as a fair one. ReAssure didn't provide any further response to my initial thoughts. Because of this, I remain of the opinion that a total of £350 compensation is fair and reasonable in the circumstances for the reasons I've already explained.

Putting things right

To reflect the distress and inconvenience that Mr G was caused by ReAssure's delays in setting up his annuity payments, I require it to pay him a total of £350 compensation (which includes the £175 and £3 interest if it has already been paid to him).

My final decision

I uphold this complaint. I require ReAssure Limited to pay Mr G a total of £350 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 24 October 2022.

Chris Riggs
Ombudsman