

## **The complaint**

Mr W complains that ReAssure Limited failed to provide him with the information he needed to access his pension benefits when they became due.

## **What happened**

Mr W held pension benefits with ReAssure. Those pension savings represented Guaranteed Minimum Pension benefits that he had accrued earlier in his working life. In short, the pension savings allowed Mr W to receive a guaranteed annuity when he reached 65 years of age, with any surplus pension savings being available to him to purchase an additional annuity.

Mr W turned 65 in September 2021. Previously ReAssure had written to Mr W to inform him that it would be in touch to discuss his pension benefits as his 65<sup>th</sup> birthday approached. But, having received no information from ReAssure, Mr W contacted the firm via its website on 21 August 2021.

Mr W didn't receive any response to his enquiry. So he telephoned ReAssure in early September. At that stage ReAssure told Mr W that it didn't hold a current address for him, so had been unable to send him the normal retirement information. It updated his address and said it would issue the retirement pack to him. That information wasn't sent to Mr W until 21 September, and followed Mr W making further telephone requests and an initial complaint.

ReAssure wrote to Mr W in early October to apologise for the delays in sending him the retirement information. It paid him £150 for the inconvenience he'd been caused.

By early October 2021 Mr W was still waiting for some of the information he'd requested on his retirement options. He made a further complaint to ReAssure clearly setting out the information he had not yet received. Mr W says that, due to the delays in receiving his pension benefits from ReAssure, he needed to withdraw income from another pension arrangement.

ReAssure sent some further information to Mr W on 16 November 2021. But that information still failed to address the requests that Mr W had previously raised. So Mr W brought his complaint to us.

By mid-December 2021 ReAssure had finally sent all the information that Mr W required to decide how to take his pension benefits. He wrote to ReAssure on 27 December setting out how he wished to take his pension benefits and asking for the appropriate application form to be sent to him. Mr W followed that request up with a further letter on 21 January 2022, and enclosed a "risk questionnaire" that ReAssure had sent him.

ReAssure paid Mr W his pension commencement lump sum ("PCLS" – otherwise known as tax free cash) on 8 March 2022, and started his annuity payments around a week later. ReAssure backdated the annuity payments by six months to reflect the delays Mr W had experienced in getting the annuity set up.

Mr W's complaint has been assessed by one of our investigators. He didn't think the delays in setting up the pension benefits were reasonable. And he didn't think that what ReAssure had done so far to compensate Mr W had been enough. He asked ReAssure to pay Mr W a further £150 (making a total payment of £300) for the inconvenience that had been caused. And he asked ReAssure to pay Mr W some interest as compensation for the time he had been without his pension income.

ReAssure accepted the investigator's assessment. But Mr W disagreed. He said the payment the investigator had recommended failed to take account of the significant time he'd needed to spend in dealing with the delays. And he said that he'd had to withdraw some investments from a savings account, at a time of low market values, to replace the delayed income from the pension. So, as the complaint hasn't been resolved informally, it has been passed to me, an ombudsman, to decide. This is the last stage of our process.

### **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.

In deciding this complaint I've taken into account the law, any relevant regulatory rules and good industry practice at the time. I have also carefully considered the submissions that have been made by Mr W and by ReAssure. Where the evidence is unclear, or there are conflicts, I have made my decision based on the balance of probabilities. In other words I have looked at what evidence we do have, and the surrounding circumstances, to help me decide what I think is more likely to, or should, have happened.

At the outset I think it is useful to reflect on the role of this service. This service isn't intended to regulate or punish businesses for their conduct – that is the role of the Financial Conduct Authority. Instead this service looks to resolve individual complaints between a consumer and a business. Should we decide that something has gone wrong we would ask the business to put things right by placing the consumer, as far as is possible, in the position they would have been if the problem hadn't occurred.

After we started looking at this complaint Mr W has made us aware of a further issue with his pension payments. He says that in July 2022 ReAssure got in touch with him, via the DWP tracing service, to say that it didn't hold his correct address. As a result it suspended his annuity payments. I understand that Mr W has now provided ReAssure with evidence of his address, and that it hasn't changed. And I can understand why this further problem has greatly upset Mr W. But, in this decision, I am only able to deal with the matters that arose at the time the pension benefits were originally put into payment.

The regulator has an expectation that businesses will communicate appropriately with consumers in the run up to their selected retirement age. It appears that ReAssure failed to provide that information to Mr W when it should have. I have seen that Reassure told Mr W that it didn't hold a current address for him. But Mr W has said that he had lived at his address for more than four years, and ReAssure had successfully sent annual statements and other information to that address without any apparent problems. I cannot therefore reasonably determine why ReAssure thought it didn't hold a valid address for Mr W. And so it should have sent the information he needed about taking his pension benefits well before Mr W reached his 65<sup>th</sup> birthday.

But that earlier failure was compounded by further delays in issuing the requested information to Mr W, and in ultimately putting his pension benefits into payment. I am satisfied that, if nothing had gone wrong Mr W would have taken his pension benefits immediately after his birthday in September 2021 – instead his benefits weren't put into payment until almost six months later.

I am pleased to see that ReAssure accepted that it had caused those delays, and agreed to backdate the start of Mr W's annuity payments. That, at the very least, meant that he didn't lose out on any income that he was due to receive. But, like our investigator, I don't think that ReAssure went far enough with the compensation it paid to Mr W. However, as I will now go on to explain, I don't think it fair or reasonable that ReAssure be asked to compensate Mr W for any costs or losses arising from the additional income he needed to take from his other pension, or his savings investments.

Mr W has told us that he managed his income for the rest of the tax year to ensure that the additional income he took from his other pension arrangement didn't give rise to any further income tax liability. So, whilst I can appreciate that needing to take that additional income might have been inconvenient for Mr W, I don't reasonably conclude that it has caused him to lose out financially.

To manage his taxable income Mr W says that he also made a withdrawal from some investments he held in an Individual Savings Account ("ISA"). He says that the timing of that withdrawal meant it was at a particularly poor market value. Again I am sure that needing to use savings of this nature would have been disappointing for Mr W. But I cannot agree with his conclusion that those savings couldn't be replaced.

Mr W has told us that his current circumstances mean that he is now reliant on his pensions and savings as he doesn't receive any other income. So it seems to me that would leave most, if not all, of Mr W's annual ISA allowance available for him to use. So, on receipt of the PCLS, he could have replaced those ISA savings that he had withdrawn. And I am satisfied that, the interest I will go on to direct should be paid on the delayed PCLS monies is sufficient compensation for any changes in the value of Mr W's ISA investments that might have arisen over the time he was without the money.

Due to ReAssure's delays, Mr W spent a period of almost six months without access to his PCLS. And each month until March 2022, Mr W failed to receive the annuity income that he should have. So I think it is right that ReAssure should pay interest on those sums to Mr W to reflect the time that he went without those monies. Bearing in mind that there is normally a short period of time during which a PCLS payment is calculated, and an annuity is set up, I think it reasonable to base that compensation on the dates our investigator proposed. Namely, that the PCLS payment should have been made by 7 October 2021, and the first annuity payments made by 21 October 2021.

There is no doubt that these delays have caused distress and inconvenience to Mr W. He has needed to rearrange his finances to cover the gaps caused by the delay in his annuity being put into payment. And, at a time when he has explained his health was recovering from a serious illness, he has needed to spend extensive amounts of time chasing ReAssure for the documents it should have routinely provided.

I've thought carefully about what level of compensation it would be appropriate to direct ReAssure to pay for that distress and inconvenience. Having done so I agree with our investigator that a total payment of £300 would be fair and reasonable. So since ReAssure has already paid £150 to Mr W, this decision will direct it to pay him the balance.

### **Putting things right**

I think that, had no delays occurred in the provision of pension benefit information to Mr W, his PCLS would have been put into payment by 7 October 2021 and the first annuity payments made by 21 October 2021.

ReAssure should pay Mr W simple interest at a rate of 8% per annum on the value of the PCLS and the value of each of the monthly annuity payments from the date they should have been paid as set out above to the actual date of payment. HM Revenue & Customs requires ReAssure to take off tax from this interest. ReAssure must give Mr W a certificate showing how much tax it's taken off if he asks for one.

ReAssure should pay Mr W a further sum of £150 (making a total payment of £300) for the distress and inconvenience these delays have caused to him.

### **My final decision**

My final decision is that I uphold Mr W's complaint and direct ReAssure Limited to put things right as detailed above.

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

Paul Reilly  
**Ombudsman**