

## **The complaint**

Mr P complains that ReAssure Limited delayed the payment of his tax-free cash and annuity. He says they've failed to complete an assessment of his financial loss as a result of the delay.

## **What happened**

The details of this complaint are well known to both parties and as such, I've only summarised them below.

- Mr P held a pension with ReAssure. Prior to his normal retirement date of 1 April 2021 he made several attempts to make sure his annuity would be set up and he'd receive a tax-free cash (TFC) payment from his pension.
- In early May 2021 Mr P complained to ReAssure that he hadn't received any payments of his annuity or TFC.
- ReAssure responded to Mr P's complaint in late May 2021. They said there had been a delay in sending Mr P his TFC and annuity payment. ReAssure offered Mr P £200 compensation for the delay. They also said they'd investigate whether Mr P had suffered a financial loss.
- Mr P was unhappy with ReAssure's response and didn't accept the £200 compensation. He asked them to send him a breakdown of the fees he'd paid them during the time they'd administered his pension. He also said he was losing out on rental income from a holiday cottage he owned as the TFC was to be used for building works on the cottage.
- ReAssure said they'd asked their servicing team to update Mr P with the information he'd asked for. But Mr P remained unhappy as he still hadn't received any annuity or TFC payment from his pension. So, he brought his complaint to our service.
- Mr P says he received his TFC payment of around £22,000 on 17 June 2021. He later also received a payment of £2,864.26 on 17 September 2021. But he hadn't received any confirmation from ReAssure as to what the payment was for.

Our investigator gave their assessment of Mr P's complaint. They didn't think it was fair to compensate Mr P for the rental income he says he missed. But they also didn't think ReAssure had done enough to compensate Mr P, as he'd been without his funds for several months. So, our investigator asked ReAssure to pay Mr P 8% interest on the TFC payment from Mr P's normal retirement date to when it was paid in June 2021. She also asked for 8% interest be paid on each of the missed annuity payments from the date they were due until they were paid in September 2021. Finally, our investigator gave ReAssure 60 days to demonstrate the loss calculation they had done and pay the additional compensation. They asked ReAssure to pay 8% interest on the compensation payment for any time over 60 days it took them to make the payment.

ReAssure initially didn't agree that they should pay 8% interest on the delayed payments or compensation but later agreed to our investigators view. Mr P didn't agree with our investigators' outcome as he said ReAssure still hadn't carried out a loss assessment.

### **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.

There's no dispute that ReAssure delayed paying Mr P's TFC and annuity payments. And I'm satisfied Mr P had made several attempts to have everything in place to receive payment of his pension on his plan's normal retirement date – 1 April 2021. So, I agree with our investigator that this date should be used when considering a fair remedy for the delays Mr P suffered.

Mr P says he intended to use the TFC payment to pay for work to his holiday cottage, in particular a heat pump and ventilation system which would have allowed him to rent the property out. He says a conservative estimate of his losses was £750 a week of lost income from his holiday cottage.

Our service can consider the impact of an error, including any consequential losses that might have followed. But I don't think it would be fair, in the circumstances of this complaint, for me to say ReAssure should pay Mr P for his perceived consequential loss. I say that because, while I appreciate Mr P is able to evidence subsequent bookings of his cottage that have been made, I can't say with any certainty Mr P's property would have had the works completed or would have been rented out during the time he was waiting for his pension. I've seen no evidence Mr P had received reservations which he had to cancel, or any guarantees of an income if he'd received the TFC payment earlier.

While Mr P says he had no other money to fund the renovations, I haven't seen sufficient evidence to show that it couldn't have been funded in any other way. I appreciate Mr P says he was expecting the money any day, so he didn't consider borrowing funds. But in response to his complaint, while ReAssure acknowledged there were delays it didn't provide Mr P with any timeframes of when he was likely to receive the TFC. In other words, it didn't give him cause to believe the funds were arriving imminently, so as to mean he didn't need to think about other ways of funding the renovations in the meantime.

Ultimately Mr P was deprived of his TFC and his regular annuity payments for several months. I can't say exactly what the impact of ReAssure's delay was, but I think it's fair to conclude Mr P lost out on some form of benefit by not having the money sooner. So, I see no reason to depart from our usual approach to award 8% simple interest on the funds for the time Mr P was deprived of them.

ReAssure sent Mr P a payment of £2,864.26 on 17 September 2021. But I haven't seen any confirmation from ReAssure what this payment was for. I think it's likely this was for the missed annuity payments in the preceding months. But I think it would be reasonable for ReAssure to supply Mr P with a breakdown of his missed payments and how they arrived at a figure of £2,864.26.

I appreciate this complaint has taken some time to resolve but it wouldn't be fair to say ReAssure must now pay an interest payment on the interest award if it isn't settled promptly. I say that because an award for the deprivation of funds covers the time the consumer was without those funds. In this case there was a specific period in which Mr P was deprived of those funds. The 8% interest should be added to the TFC payment from when it was due on 1 April 2021 until 17 June 2021 when it was actually paid. And in the case of the annuity

payments the interest should be added to each delayed payment from the date each payment was due until the date it was paid on 17 September 2021. The redress I'll direct ReAssure to pay will compensate Mr P for the deprivation of these funds for the periods that applied. So, while I expect ReAssure to comply with my decision promptly, I won't ask for an additional 8% interest payment to be made if it takes longer than 60 days.

Mr P also asked ReAssure for a breakdown of the fees he's paid them to administer his pension since the policy was moved to them. I think that's a reasonable request. And if it hasn't done so already, ReAssure should send Mr P the information he's asked for relating to the fees.

It's clear ReAssure's delay in making Mr P's TFC and annuity payment has caused him distress and inconvenience. Not least because Mr P had to chase ReAssure for his payment and they didn't respond to several of his communications. ReAssure have offered Mr P £200 but I don't think it goes far enough to compensate Mr P for the inconvenience and distress they caused. And the impact of the delay lasted several months as Mr P didn't receive his annuity payments until September instead of April. It's reasonable to say Mr P was expecting and relying on his pension payments to be made and he was worried when they failed to arrive on time. Therefore, I think compensation of £500 better reflects the distress and inconvenience caused.

### **Putting things right**

For the reasons I've given above, ReAssure should pay Mr P;

- 8% simple interest on each of the annuity payments that were delayed from the date they were due to be paid until the date they were actually paid.
- 8% simple interest on the TFC payment from when it was due on 1 April 2021 to when it was paid.
- £500 compensation for the distress and inconvenience caused.

ReAssure should also, if they haven't done so already, send Mr P a breakdown of the delayed annuity payments and the calculation they did to repay these in September 2021. They should also send Mr P a breakdown of the fees he's paid them to administer his pension since the policy was moved to them.

### **My final decision**

My final decision is I uphold this complaint. I now direct ReAssure Limited to settle matters as I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 16 November 2022.

Timothy Wilkes  
**Ombudsman**