

## **The complaint**

Mr B complains that ReAssure Limited delayed surrendering his life policy. He's said this led to him paying excess premiums.

## **What happened**

Mr B had a life and critical illness policy with ReAssure. In November 2020, Mr B called ReAssure and asked to surrender the policy. ReAssure sent Mr B the surrender forms and instructions on 23 November 2020.

Mr B complains as the policy wasn't surrendered until 15 July 2021 and premiums continued to be taken during this time. ReAssure accepted there was a delay and offered £200 compensation, which was later increased to £300.

Our Investigator upheld this complaint. He initially felt the premiums Mr B paid from the date he asked for the policy to be surrendered should be refunded plus interest, as well as any difference in surrender value. He felt the compensation for trouble and upset was fair.

ReAssure responded to say it disagreed. It said the premiums that it took before the policy was surrendered formed part of the surrender value that was eventually paid to Mr B, so he hasn't lost out as he's had the benefit of the insurance during that time. ReAssure felt that to refund him the premiums during the delay would be betterment.

Our Investigator has since explained that he felt Mr B didn't want the policy after he'd asked for surrender so didn't think the fact the policy provided him cover during the delay meant he shouldn't receive any premiums back. But the Investigator acknowledged Mr B didn't complete the necessary surrender forms until March 2021. He recommended ReAssure does the following:

- £300 compensation offered for the trouble and upset;
- Refunds the surrender value as of the date the valid forms were received and refunds the premiums taken after this point; and
- Deduct the surrender value already paid to Mr B from the total refund above. Pay interest at 8% simple on the remaining amount.

Mr B agreed with the Investigator's view. ReAssure didn't respond so it's been passed to me to reach a decision. Our Investigator has now confirmed that the surrender value date for the purposes of redress should be 23 March 2021 – the date on which ReAssure confirmed Mr B's address.

## **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.

Having done so I'm upholding this complaint. I think ReAssure's delays may have caused Mr B to lose out and it should pay any loss the delay has caused. I'll explain below.

I can see Mr B wanted to surrender his policy in November 2020 and ReAssure sent him the relevant forms. But looking at the evidence, Mr B didn't actually complete the forms for the surrender until 8 March 2021 and I can see these were received by ReAssure on 18 March 2021. So the delay between November and March wasn't caused by ReAssure.

ReAssure called Mr B to check his address on 23 March 2021 and it was confirmed that the address he had on his bank statement that he sent was the correct one. From what I can see, Mr B had sent in everything he needed to by 8 March 2021 and this was all received by 18 March 2021. I can't see any reason for his surrender to not have been processed after the call on 23 March to confirm Mr B's address. However, it wasn't actually processed until some months later in July 2021.

ReAssure has accepted there was a delay, and I think the compensation it has offered for the trouble and upset this delay caused Mr B is fair and reasonable. It's clear Mr B wanted to surrender and had to spend considerable time chasing for this, as well as experience the impact of seeing his premiums be deducted when he no longer wanted the policy in place. So, ReAssure should pay him the £300 it has offered for this.

In addition to this, Mr B has had to pay premiums for longer than he wanted to. I acknowledge ReAssure's argument that premiums contribute to the units that will in turn affect his surrender value, and that he's had the benefit of some cover during this time. But Mr B clearly didn't want the cover anymore and was happy to accept that he wouldn't be able to make a claim. I don't think it's fair that he had to continue paying premiums whilst he clearly no longer wanted cover in place and I think this may have caused him some loss. I do accept that his premiums would purchase units which would affect his surrender value, but the redress method set out below takes account of this.

To put things right I think ReAssure needs to put him in the position he'd be in if it had processed the surrender without the delay. I think the earliest opportunity it could do this would be on the date it confirmed Mr B's address over the phone which is 23 March 2021. The following redress is fair and reasonable and puts Mr B in as close as possible to the position he'd have been in but for ReAssure's delays.

### **Putting things right**

To put Mr B in the position he'd be in if ReAssure hadn't delayed things it should do the following.

- Pay Mr B the value of D (representing the financial loss Mr B has been caused by ReAssure's delays) from the following calculation:
  - o  $A = \text{Surrender value as of 23 March 2021}$
  - o  $B = \text{Value of premiums paid from 23 March 2021}$
  - o  $C = \text{Actual surrender value Mr B received in July 2021.}$
  - o  $D = A + B - C$
- ReAssure should add 8% simple interest\* per annum on the value of D from 23 March 2021 to the date of settlement.
- Pay Mr B £300 compensation for the trouble and upset caused.

\*If ReAssure Limited considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mr B how much it's taken off. It should also give

Mr B a tax deduction certificate if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.

### **My final decision**

For the reasons I've explained, I uphold this complaint. ReAssure Limited must follow the instructions set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 17 January 2023.

Charlotte Wilson  
**Ombudsman**