

The complaint

Mr M complains ReAssure Limited (ReAssure) failed to follow his instructions to stop a drawdown payment. He does not feel ReAssure have properly rectified the account or provided a satisfactory answer. In addition, the poor customer service he experienced caused his significant trouble and upset for which he asks to be compensated.

What happened

I set out the background to this complaint in my earlier provisional decision. For clarity, I repeat it here.

Mr M held a drawdown pension with Legal & General, which was transferred to ReAssure in September 2020.

In December 2020, he telephoned ReAssure to cancel a drawdown payment of £1,500 scheduled for January 2021. He also asked ReAssure to confirm how much notice was needed in order to alter an agreed payment schedule.

ReAssure asked him to phone back or leave a message on the website in early January. Mr M sent emails in an attempt to clarify the position, but he received no response.

On 5 January 2021, Mr M left messages on the ReAssure web page, ReAssure replied on 12 January 2021, 5 working days later. In its response ReAssure said it required 15 working days prior to the payment date in order to alter a scheduled payment. But, the message didn't confirm whether his request to cancel the January payment had been actioned. It said the request would be passed on to the specialist team who would be in touch.

On 19 January 2021, Mr M received a 2-line letter from ReAssure. It said:

"Thank you for your recent correspondence regarding stopping income. We usually require two weeks prior (sic) the date of your payment to stop income"

It still remained unclear from this letter whether the January payment had been stopped, so Mr M telephoned ReAssure for clarification on 25 January 2021. During this call he said he was told the payment had been stopped and a letter confirming this would be sent, notes of the call confirm this.

But, on 27 January 2021, he found ReAssure had paid £2,275.80 to his bank.

A transaction statement provided by ReAssure shows 65.40810 units were sold at a unit price of £43.49 per unit. This generated a gross drawdown figure of £2,844.60, which after income tax at 20% resulted in the payment of £2,275.80.

Mr M called ReAssure the same morning and was asked to return the money to ReAssure and the bank details provided. He was assured the position of his plan would be corrected. But later that evening he received a call from ReAssure informing him that the

bank account number he had been given was incorrect. He requested ReAssure send the details of the account in a letter before he returned the money.

Around 29 January 2021, Mr M received a letter dated 25 January 2021, which set out the notice periods required to both set up and stop an income payment from the plan. It confirmed the January 2021 payment had been cancelled.

On 31 January 2021, Mr M complained to ReAssure and set out his concerns in detail.

On 1 February 2021, Mr M received a letter from ReAssure confirming the bank account details for the repayment of the funds received in error. He returned the sum in full on 8 February 2021 and ReAssure confirmed receipt on 11 February 2021.

Mr M expected the funds to be reapplied to his plan immediately, but this didn't happen and so he chased for an update on 16 February 2021 and 24 February 2021 but didn't receive a response.

On 8 March 2021, ReAssure undertook the corrective action on the plan, purchasing 65,408.10 units, the same number of units which had been sold on 27 January 2021. As the price per unit had fallen, the capital cost of purchasing these units was £2,719.34.

On 10 March 2021, Mr M wrote a secure message to ReAssure asking them to explain in detail how much they had returned to the plan. At this time his complaint was still being investigated.

On 16 March 2021, Mr M sent another secure message. He felt his plan had not been corrected properly as the payment to the account was only £2,719.34, as opposed to the £2,844.60 which had been encashed in January 2021. He also said he felt there was over £600 missing from his plan. He asked ReAssure to provide a list of the fluctuations in unit values over the period in question. Again, this was before ReAssure had been able to respond to the complaint.

A final response letter was issued on 28 March 2021. ReAssure apologised for the poor service Mr M had experienced. The letter said the funds had been reapplied to his plan, but on the wrong date. The letter assured Mr M they were aware of the mistake and were working to correct the plan and ensure he had not suffered any financial detriment. It made a payment of £250, in recognition of the trouble and upset he'd experienced.

On 5 April 2021, Mr M wrote to ReAssure on 5 April 2021. He said £3,455.26 had been removed from his plan and wanted ReAssure to guarantee it would be replaced, he felt £610.66 was still missing. He also asked whether fees had been taken in the past 3 months and if so, how they were calculated.

On 9 April, ReAssure responded on 9 April 2021 seeking to answer these queries.

On 14 April 2021, Mr M sent an email explaining he remained dissatisfied as £610.66 was still not accounted for.

ReAssure reopened the complaint and sent a second final response letter dated 7 May 2021, in it, ReAssure sought to explain the corrective action they had taken.

In an email dated 12 May 2021, Mr M remained of the view that £3,455.26 had been removed from the plan, not the £2,844.60 as ReAssure claimed. He reiterated he had suffered a loss of £610.66.

On 20 May 2021, ReAssure wrote to Mr M to explain the commission payments deducted from the plan. A further letter was sent on 25 June 2021 confirming the same number of units sold in January had been reacquired. It also set out the fund charges and commission associated with the plan.

Still dissatisfied, Mr M brought his complaint to this service. He said he remained concerned about what had happened to the value of his plan before the erroneous withdrawal. He explained the value of his account on 24 December 2020 was £30,662.16, but on 5 January 2021, it had fallen to £27,206.90 i.e. a drop of £3,455.26 in 12 days. An investigator looked into things for Mr M. He found:

- The difference in value between 24 December and 5 January 2021 wasn't a result of the sale of units as a transaction report showed no units had been sold between these two dates. sold and no money left his plan between these two dates.
- He could see from looking at the unit price for the ReAssure LG Fixed Interest 6 was lower in early January 2021 than it was in late December 2020. So, in his view, any fall in value was due to market movements between these two dates and not due to an error by ReAssure.
- He was satisfied the corrective action taken by ReAssure had addressed the erroneous payment. He could see from the transaction report that 65.40810 units were sold on 27 January 2021 and this transaction was exactly reversed on 8 March 2021.
- He explained the unit price had fluctuated and fallen between the dates so ReAssure had been able to acquire the units at a capital cost. The difference in cost was the £125.26 ReAssure referred to in the letter of 7 May 2021. He explained because the cost of repurchasing the units was lower, didn't mean Mr M suffered a loss, the important thing was that the number of units had been restored.
- He could see how Mr M had reached his conclusion that there was money missing from the plan and set out why this wasn't accurate. He explained how and when the unit price had fallen and how this had impacted Mr M's plan. Overall, he was satisfied the error had been corrected.
- In terms of the poor customer service he detailed over 10 occasions where ReAssure had either provided incorrect information or failed to respond or failed to take appropriate and timely action to Mr M's concerns.

In summary, the investigator upheld Mr M's complaint. Although he found ReAssure had eventually corrected the erroneous payment from Mr M's plan, he felt the level of poor customer service and the significant trouble and upset Mr M suffered as a result warranted an increased compensatory payment. He asked ReAssure to pay Mr M £750 in recognition of this.

Mr M accepted the investigators view.

ReAssure accepted the investigators findings but didn't agree to increase its compensatory offer. It apologised but felt £250 was fair and reasonable redress for the trouble and upset this matter has caused Mr M. It didn't agree to increase its offer and so the complaint has been passed to me for a decision.

In my provisional findings I came to the same conclusions as the investigator on the merits of the complaint, and largely for the same reasons. ReAssure accepts that an error has

occurred and has corrected it, but it hasn't been able to reach an agreement on what is fair and reasonable redress for the trouble and upset this matter has caused.

I explained as both parties have accepted the investigators view as set out in summary within this decision I do not intend to comment further upon the merits of the complaint.

I issued a provisional decision to clarify how I reached my view on what I consider fair and reasonable redress in the circumstances of this complaint and what ReAssure should do to put things right.

I explained 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.

The rules for how this service approaches awards are set out in the regulator's handbook at Disp 3.7 and includes awards for distress and inconvenience.

I explained we take a number of factors into account when considering what is fair and reasonable redress. These include but are not limited to in this case:

- How ReAssure responded to its error
- What was its communication like whilst it attempted to correct its error?
- How long it took and how many times Mr M had to interact with it in an attempt to gain a satisfactory response
- The offer ReAssure made and how it reflected the trouble and upset caused

In summary, I said the timeline of this complaint details multiple attempts by Mr M to engage with ReAssure:

- 17 December 2020 - ReAssure were unable to deal with his request to stop the January 2021 payment, requiring him to send a message again
- 19 January 2021 – The letter sent to Mr M was just two lines, vague and didn't confirm whether his request had been actioned
- 25 January 2021 – Mr M was told his January payment had been stopped (both by phone & letter) but this was incorrect
- 27 January 2021 – The payment was made in error and in any case was for a different amount to the payment he had tried to cancel
- 27 January 2021 – Mr M was given the wrong bank details to make the repayment
- 16 & 24 February 2021 – Mr M sent two messages asking ReAssure to explain the corrective action they had taken. He received no response and no explanation was given in the final response letter of 28 March 2021
- 28 March 2021 – The final response letter said the money had been reapplied on the wrong date. This doesn't seem to stand up as relevant as only the correction of the number of units is relevant and this led to a further loss of confidence Mr M has had in ReAssure managing his investment.

- ReAssure issued its first final response letter, then had to reopen the complaint and issue a second letter and then a further two letters responding to additional queries regarding fees and charges. In all of these instances ReAssure were unable to provide satisfactory explanations and so Mr M had to repeatedly chase up the information he needed.

So, I found, although its accepted that ReAssure corrected its error within around 28 days, there is a fair argument here that it was preventable in the first place, if ReAssure had acted when Mr M was attempting to contact them.

In my view, I think the summary of events illustrates why £250 isn't a fair reflection of the distress and inconvenience this matter caused Mr M. I could see he has clearly lost all confidence in ReAssure to manage his investments, so much so that he has told this service he is in the process of transferring his investment to another provider.

I explained the awards made by this service for distress and inconvenience are modest. That reflects the informal nature of this service as an alternative to the courts. But we consider an award of around £750 to be fair where the impact of a business's mistake has caused considerable distress, upset and worry – and/or significant inconvenience and disruption that took a lot of effort to sort out.

I said in my view it is evident that Mr M had to go to significant effort to sort this matter out and most of this could have been avoided. As such I said I was persuaded an award of £750 is fair and reasonable in the circumstances of this complaint.

ReAssure has said it has made a payment of £250 already and that being the case, I said it should now make an additional payment of £500 to put things right.

Mr M accepted the findings within my provisional decision.

ReAssure did not respond to my provisional decision, despite follow up requests from this service.

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, and as I haven't been provided with any additional submissions for my consideration, it follows I have reached the same conclusion as that of my provisional findings.

My final decision

For the reasons I have given I direct ReAssure Limited to:

- Pay Mr M an additional £500 for the trouble and upset this matter has caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 26 October 2022.

Wendy Steele
Ombudsman