

## The complaint

Mr S complains that ReAssure Limited has failed to process a withdrawal from his pension savings in an efficient manner. In particular he complains that he was given incorrect information about the income tax that would be due on the withdrawal, and that the withdrawal wasn't processed in a timely manner.

## What happened

Mr S held pension savings with ReAssure that were valued at approximately £100,000. He got in touch with ReAssure in January 2022 to enquire about withdrawing those pension savings and asked about how his withdrawal would be treated for income tax purposes. He was incorrectly told that the withdrawal wouldn't attract any income tax liability.

On 24 January Mr S returned the signed withdrawal paperwork to ReAssure. ReAssure accepts that it didn't complete the processing of that withdrawal as quickly as it should have. Mr S got in touch with ReAssure by phone on 21 February to chase the processing of his request. On that call Mr S was told that his pension withdrawal would be subject to income tax deductions and the net amount he would receive would be approximately £55,582.73. That amount was paid to Mr S shortly afterwards.

ReAssure has dealt with Mr S's complaint in two responses. In the first letter it dealt with the delays in the payment being made. It sent Mr S a cheque for £150 for his inconvenience. And in the second letter it addressed the information he'd been given about the income tax that would need to be paid. ReAssure told Mr S that it had been right to deduct the income tax – and it acknowledged the information he'd been given in January had been incorrect.

ReAssure offered to allow Mr S to cancel the withdrawal request and return the funds, placing his pension savings back into the position they would have been. And ReAssure sent Mr S a further cheque for an additional £300 to reflect his loss of expectation. Mr S told ReAssure that he was unable to cancel the withdrawal as he had already invested the funds. So, unhappy with ReAssure's responses he brought his complaint to us.

Mr S's complaint has been assessed by one of our investigators. She thought that ReAssure had revised the incorrect information it had provided to Mr S before the withdrawal had been completed. And she noted that ReAssure had also offered Mr S the opportunity to cancel the transaction at a later date. She was satisfied that the funds that had been paid to Mr S by ReAssure were what he was entitled to receive. And the investigator thought that the compensation ReAssure had paid to Mr S, in relation to the delayed payment and the incorrect information was fair and reasonable.

Mr S didn't accept the investigator's assessment. He said that he had relied on the information he'd received from ReAssure, and by the time the error had been identified he was unable to reverse the financial decisions he had made. 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 S 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.

There seems to be little disagreement that ReAssure provided Mr S with incorrect information about the income tax treatment of his proposed withdrawal when he called the firm in January 2022. Mr S says that information led him to take his decision to withdraw the entirety of his remaining pension savings. And he says that he has now been left with a significant tax charge that he might have avoided by withdrawing his pension savings over a longer period.

Mr S has explained that he conducted his own research into the taxation of pension withdrawals before he spoke with ReAssure. He says that from that research he concluded that some withdrawals might be taxed, whereas others could be paid tax free. So the advice he received was that it was necessary to confirm how his withdrawal would be treated by discussing the matter with his pension provider. And although the information ReAssure sent to him alongside the paperwork he needed to sign did explain that only 25% of a lump sum withdrawal would be tax free, I don't think that was sufficient to over-ride the verbal, and supposedly scheme specific, information Mr S had previously received.

I think it is clear, from ReAssure's notes, that Mr S was very surprised to learn around the time the payment was ultimately made, that a large income tax deduction was being made. I think Mr S's reaction supports his assertion that he had reasonably relied on the information ReAssure had provided to him.

Mr S didn't ask ReAssure to stop his withdrawal at that time. He has explained that he still thought the information he'd received in January was likely to be correct, and it was the more recent processing that was in error. I am not drawing any adverse conclusions from Mr S's decision not to stop his withdrawal at that time.

But, over time, I think it became clear to Mr S that it was in fact the information he'd received in January that was incorrect. And, in order to put things right, ReAssure offered Mr S the opportunity to cancel his withdrawal instruction and return the monies to his pension savings. I think taking that course of action would have reasonably mitigated the incorrect information that had been previously given to Mr S.

Mr S has told us that he used the proceeds from his pension savings to make some investments into cryptocurrency, and to repay some debts that he owed. He has provided us with evidence of his investments, and copies of his bank statements showing some debt repayments to family or friends.

I think it is important to note that the majority of the cryptocurrency investments were made before Mr S had been given firm information about the pension benefits he might receive, or after he was made aware of the original error. And the debt repayments also appear to have been made after the errors in the information had been corrected by ReAssure. I accept that Mr S has told us that he thought the original information was most likely to be correct, but I don't think it reasonable that he would have continued to make discretionary but irrevocable spending decisions whilst that clarification was being sought.

So I am not persuaded that there were compelling reasons why Mr S could not have accepted ReAssure's offer at that time. It is likely he could have delayed, or reversed his cryptocurrency investments, or not made the debt repayments. Instead I think it more likely that Mr S had a pressing need to access his pension funds, and even if he'd been given correct information at the outset would have still proceeded to make the withdrawal. So although I accept how disappointing getting that incorrect information would have been for Mr S I'm not persuaded that it, alone, caused him to make the decision he did.

As I said earlier, ReAssure has sent cheques to Mr S totalling £450 in respect of the inconvenience he was caused by his payment being delayed, and for the loss of expectation caused by the incorrect information he was given. On balance I think that those payments are fair and reasonable compensation in the circumstances of this complaint.

I appreciate that my decision will be disappointing for Mr S. Although I do conclude that ReAssure did something wrong, by giving the incorrect information to him, I'm not persuaded that it would be reasonable to direct ReAssure to pay anything more than the compensation it has already offered.

### **My final decision**

My final decision is that I uphold Mr S's complaint. But I think that the compensation ReAssure Limited has already paid is fair and reasonable. So I don't require ReAssure to do anything further.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 24 May 2023.

Paul Reilly  
**Ombudsman**