

The complaint

Mrs R says ReAssure Limited was responsible for delaying the payment of benefits from one of her personal pension plans. This meant that instead of taking funds in the 2020/21 tax-year as she'd planned, she received the monies in 2021/22 thereby incurring an additional tax liability.

What happened

Mrs R's circumstances meant that she needed to secure a suitable home for her family. She applied for the mortgage but didn't have the funds she required. So, she decided to cash in three personal pension policies to raise the funds. Two of these were with ReAssure. Her plan had been to take the benefits from one of these in 2020/21 and from the other in 2021/22. This would enable her to minimise her tax liability.

Unfortunately Mrs R experienced delays in getting funds from the pension she'd hoped would be available in 2020/21. This meant the transaction didn't happen until a few days into the following tax-year.

ReAssure asserted the delay had been caused by Mrs R completing the relevant forms with an incorrect national insurance number. Mrs R said the real problem had been caused by it incorrectly assigning a Pension Sharing Order (PSO) to the plan in question.

An Investigator considered Mrs R's case in May 2022 and upheld it. She found the mistake made by Mrs R in getting her national insurance number wrong shouldn't have pushed the payment from her personal pension into the following tax-year. She thought ReAssure should've been aware of problems it was having in dealing with her requests and the urgency of the situation. Further the Investigator was satisfied that ReAssure had attached a PSO to her plan and that this had been a more material cause of delaying the transaction.

ReAssure initially accepted the Investigator's view in June 2022. However, by August 2022 it retracted what it said and restated its original arguments that it hadn't been responsible for the delay. The Investigator reconsidered its arguments and again rejected them. By November ReAssure had again accepted the Investigator's view and said it would assess the increased tax liability it had caused upon production of the evidence from Mrs R.

Both parties are in broad agreement about what happened and the potential impact of ReAssure's failings on Mrs R. But they haven't been able to bring matters to a close and so her complaint has come to me to provide a final decision.

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.

Where there's conflicting information about what happened and gaps in what we know, my role is to weigh the evidence we do have and to decide, on the balance of probabilities, what's most likely to have happened.

I'm upholding Mrs R's complaint. I'll explain why.

The first thing I've considered is the extensive regulation around transactions like those performed by ReAssure for Mrs R. The FCA Handbook contains eleven Principles for businesses, which it says are fundamental obligations firms must adhere to (PRIN 1.1.2 G in the FCA Handbook). These include:

- Principle 2, which requires a firm to conduct its business with due skill, care and diligence.
- Principle 3, which requires a firm to take reasonable care to organise and control its affairs responsibly and effectively, with adequate risk management systems.
- Principle 6, which requires a firm to pay due regard to the interests of its customers.
- Principle 7, which requires a firm to pay due regard to the information needs of its clients, and communicate information to them in a way which is clear, fair and not misleading.

The Principles are relevant and form part of the regulatory framework that existed at the relevant time. They must always be complied with by regulated firms like ReAssure. As such, I need to have regard to them in deciding Mrs R's complaint.

It's important context that Mrs R's situation appears to have been caught up with problems arising from the transfer of the traditional insurance-based savings, pensions, life and with profits policies of Legal & General (L&G) to ReAssure. The proposal had been underway for a few years before being finalised in the High Court with an effective legal transfer date of 7 September 2020.

So, I'm mindful of the operational challenges ReAssure faced when taking on a significant element of L&G's book. But these are matters between the businesses concerned. The agreement reached would've required due diligence, one aspect of which would've been to ensure no harm to customers. It's not something Mrs R should've been impacted by or worried about.

I've reviewed the evidence in this case afresh and agree with the Investigator's findings and conclusions. As do both parties.

So all that remains is to set out what would be fair redress in this case and the approach to take so that matters can be brought to a conclusion, which is obviously in both parties' interests.

Putting things right

ReAssure Limited has already agreed to pay Mrs R an award for the distress and inconvenience it caused her. It's increased the amount during her complaint journey. I think the £550 its offering is fair.

ReAssure Limited also needs to compensate Mrs R for any additional tax she has incurred as a result of the payment from her pension reference AP3*****0S being made in the 2021/22 tax-year instead of the 2020/21 tax-year.

In carrying out this calculation it will need to consider the correct application of Mrs R's entitlements, for example to any tax-free cash she was due, the allowances applicable, for example in relation to her tax band, and the relevant income, including any benefits she took

from her pensions. It will need to compare the effect of such had it made the correct payment in 2020/21 with what actually happened in 2021/22.

I understand Mrs R has had difficulty liaising with HM Revenue & Customs (HMRC) and accessing HM Government web-sites to obtain the relevant information she wanted to share with ReAssure. However, this isn't something ReAssure can help with. The onus is on her to provide evidence of the increased tax she's actually paid over the relevant tax-years as a result of what ReAssure got wrong.

But these records should be easily available, the relevant tax-years would've been reconciled and closed some time ago. I understand Mrs R is in contact with HMRC to seek written confirmation of these matters.

As soon as Mrs R has provided the relevant evidence to ReAssure it will need to pay her any compensation due within 28 days of receipt of such. If it fails to do so it will then need to add 8% simple annual interest to any loss it identifies through the calculations.

My final decision

For the reasons I've set out, I'm upholding Mrs R's complaint. I require ReAssure Limited to put things right in the way I've provided for.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs R to accept or reject my decision before 6 March 2023.

Kevin Williamson

Ombudsman