

The complaint

Mr W complains that ReAssure caused unreasonable delays in paying his pensions and explains that the delays have cost him investment returns.

What happened

Mr W had three separate personal pension policies with ReAssure.

On 24 March 2021 Mr W phoned ReAssure to enquire about taking his retirement benefits.

ReAssure explain that it sent Mr W retirement option packs by email. It didn't send Mr W claim forms to take his benefits.

Mr W called ReAssure again on 26 April 2021 because he didn't have claim forms. He says he was emailed the claim forms straight away.

Mr W completed the claim forms for his three personal pensions, requesting that each policy was paid in full as a lump sum. These signed application forms were all received by ReAssure on 5 May 2021. And Mr W explains that he phoned ReAssure on 5 May 2021 to check that his forms had been received. He says he was told that payment would take up to 15 working days.

On 28 May 2021 Mr W phoned ReAssure again as he'd yet to receive his pension benefits. Mr W says that he was told that only one of his policies had been entered for processing. He complained about the service he'd received up to that point.

On 6 June 2021 ReAssure responded to Mr W's complaint. ReAssure told Mr W that it had reviewed what had happened in line with its time scales and hadn't delayed Mr W's payment.

On 16 June 2021 Mr W phoned ReAssure again as he still hadn't received his payment. And asked that his complaint be re-opened.

Mr W received payment on one pension on 15 June and the other two on 22 June 2021. He was emailed confirmation of payments on 6 July 2021.

Mr W referred his complaint to our service. Our investigator considered what happened and upheld the complaint. He set out his thoughts on what should be done to put things right. Mr W didn't agree with what was suggested and asked for this case to be considered by an ombudsman.

I issued a provisional decision to both parties to let them know what I thought a fair and reasonable outcome would be. In my provisional decision, I upheld Mr W's complaint for the following reasons:

- I thought that it was fair of ReAssure to send Mr W the retirement option packs following his call of 24 March 2021.

- I thought that it ought to have been clear that claim forms were not part of the retirement packs. And whilst I could see no reason why they couldn't have been included, I thought it merely meant that Mr W would have needed to phone up again to request the form for his selected means of taking his benefits.
- ReAssure demonstrated that it received the claims forms for all policies from Mr W on 5 May 2021. And failed to process the claim promptly enough. It allowed 15 working days. And failed to meet its own service delivery standard. Mr W had to call repeatedly and ReAssure admitted that it failed to process some of the claim forms straight away.
- I thought that ReAssure should compensate Mr W for the late payment of his retirement benefits. And should calculate whether Mr W ought to have had greater benefits if it had processed the claim by the time that it should have.

Mr W responded to say that he had no further comments to add after receiving my provisional decision.

ReAssure responded to explain that it still considered that the correct value had been paid to Mr W in June 2021. And provided further evidence showing the calculation of the payment of the larger of Mr W's pension funds.

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.

I've considered the facts in this case again and have considered the responses. My final decision is the same as I set out for both parties already. Which means that I'm upholding Mr W's complaint.

Mr W has explained his circumstances when he contacted ReAssure in March 2021. He was, unfortunately, having to deal with redundancy. And still had mortgage payments to make. He explains that he wanted to "cash in" his pension policies. I think that, on balance, it's likely that he already knew what he wanted to do with his pensions when he contacted ReAssure in March. So I think that it's more likely than not he would have been asking to take his pensions in the way that he went on to do.

ReAssure haven't sent us the call recording for 24 March 2021. So I haven't been able to listen to find out exactly what Mr W asked for, or what he was told by ReAssure. As I've said above though, I think that it's most likely that Mr W asked to take his pensions as lump sums on that call.

Although we haven't been provided the call recording, I have seen the call notes from ReAssure. The notes are brief but indicate that retirement option packs were sent for all policies. ReAssure explain that it can't provide copies of what were sent to Mr W as those emails weren't retained. But Mr W confirms that he did receive the emails.

I've seen an example of a retirement option pack that was sent on these policies later on. It provides a valuation as well as explanations about the options available and what to do. The option packs I've seen did not include claim forms, but rather informed consumers about what to do next. So I think that the correspondence Mr W received following his call on 24 March would also have been limited to this.

I think that it was fair of ReAssure to send Mr W an options pack. He hadn't obtained advice

about his pensions, and there were a range of options that ReAssure needed to make him aware of in order to comply with its obligations to him under the regulatory rules. But I don't think that means that claim forms couldn't have been sent as well if asked for. Which, for the reason I've given, I think they most likely were.

In this case however, I think that would have merely amounted to a service failing, causing Mr W the inconvenience of having to call ReAssure back again. I say that because I think that it would have been clear to Mr W what he had been sent. And that it didn't include claim forms to take his benefits. He's explained that he thought that ReAssure might be sending those through separately by post. But I can't see what that would have been based on. His testimony, and the call notes, don't suggest he was told to expect that. Were Mr W in a genuine hurry to take his benefits I would have expected him to contact ReAssure again straight away. He didn't do that until 26 April 2021. So I don't think that I can reasonably conclude that ReAssure were responsible for the delay in applying to take his benefits before he did.

ReAssure have shown us what it received from Mr W on 5 May 2021. It is date stamped and includes *pension lump sum application* forms for each of his three policies. I think that it clearly had everything it needed at this time to process the payments for Mr W.

Things still didn't run smoothly. ReAssure provide little explanation for the reasons for this. But there seems to be an understanding that the process would have taken up to 15 working days. It was the expectation that ReAssure provided Mr W. And Mr W accepted that. It means that by 26 May 2021, at the latest, Mr W should have received his pension benefits. But he didn't. It impacted him because he wanted that pension income to reduce his mortgage payments.

In ReAssure's response to us on 16 February 2022 it agreed that the payments should have been made on 26 May 2021 using the fund values on 5 May 2021. Which I agree with. It would mean that Mr W would receive the benefits he should have. ReAssure also suggested that, when the payments were made, they were calculated using the values of 5 May 2021.

ReAssure never communicated this with Mr W. Either in paying his benefits or in response to his complaint. Which I think is poor. It left him unsure whether the delay may have meant he received the later fund value. Which had in fact fallen.

ReAssure have shown us an entry on Mr W's policy information for the larger of his three policies. It is dated 4 June 2021 and says, "*manual payment £49,691.52*". And said, "*Payment Effective Date: 5 May 2021*". So it does appear likely that it was ReAssure's intention to pay Mr W the fund value of 5 May 2021. But that policy was instead settled on 22 June 2021 as gross payment of £45,691.52. I've seen no explanation why this figure was different to ReAssure's own calculation for the manual payment. Which means that I still can't say, with confidence, that Mr W was correctly paid.

Putting things right

There are two potential consequences to these delayed payments that need to be considered:

Loss of use of income received late

Mr W suffered a loss of use on the pension income that he should have had sooner. ReAssure should pay Mr W 8% simple interest on the net payments he received from 26 May 2021 until the date of receipt of each individual payment.

Did Mr W receive lower benefits than he should have?

ReAssure should compare the transfer value payable for each policy on 5 May, with the gross pension payment Mr W received. If this shows that Mr W's gross payment was too low, he should additionally be paid the total loss on all policies as compensation for this loss.

If Mr W had received that payment on 26 May 2021 he would have been entitled to 25% of it tax free and the remainder taxed at his marginal rate. Which, given the overall value of the lump sum benefits he had taken from these pensions in that tax year would have been 40%. So a reduction in the compensation of 30% adjusts for the notional tax that Mr W would have paid is fair.

This compensation represents an income payment Mr W ought to have received on 26 May 2021. So ReAssure should pay 8% simple interest on this compensation from 26 May 2021 until the date of my final decision for Mr W's loss of the use of that sum.

These calculations must be set out for Mr W in a clear way. After all, this was never explained to Mr W when his benefits were paid or in response to his complaint.

Distress and inconvenience

Mr W has been caused inconvenience in being unable to reduce his mortgage payments as soon as he wanted to. And has had to make a number of phone calls to ReAssure because of the late payment. Including being told that ReAssure had failed to log two of the three pensions. And having complained, was told that nothing had gone wrong, when the payments had already taken more than the 15 working days he was told to expect. I think that ReAssure should pay £200 for this distress and inconvenience.

My final decision

For the reasons that I've given, I uphold Mr W's complaint and direct ReAssure Limited to put things right in the manner that I've set out (under **putting things right**).

ReAssure Limited must pay the compensation within 28 days of the date on which we tell it Mr W accepts my final decision. If it pays later than this it must also pay interest on the total compensation figure from the date of my final decision to the date of payment at 8% a year simple.

If ReAssure Limited deduct tax from this interest payment, it must tell Mr W how much tax it's taken off and provide him with a tax deduction certificate if he asks for one, so that he can reclaim the tax if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 10 April 2023.

Gary Lane
Ombudsman