

The complaint

Mrs M complained about the way ReAssure Limited handled her request to use her four pension policies to purchase annuities.

What happened

I issued a provisional decision about this complaint on 13 June 2023. In my provisional decision, I set out the background to this complaint as follows:

“Mrs M had four pension policies with ReAssure, ending 5D7F/GSHP, 5D7F/SHP, 625B/PPP/EE and 625B/PPP/ER.

When she turned 55 in November 2021, she telephoned ReAssure to arrange taking benefits from her four pension plans. ReAssure said it would send her forms to complete but Mrs M didn't receive anything. She chased ReAssure, which said it would need to do manual calculations and that would take some time. On 30 November 2021, ReAssure asked Mrs M for her partner's date of birth to provide her with a joint annuity quote. Instead, Mrs M asked if she could have a joint annuity with her daughter.

Mrs M chased ReAssure several times about the time it was taking to provide her with a quote, and she made a complaint to ReAssure about its delays. ReAssure upheld the complaint and issued its final response on 15 December 2021, which Mrs M says she didn't receive. However, Mrs M did receive a cheque for £150, which was the compensation awarded in ReAssure's final response.

ReAssure sent three joint life annuity quotes to Mrs M on 20 December 2021. Mrs M then asked ReAssure to provide quotes on a single-life basis, but it appears these weren't sent to her until 6 January 2022. Mrs M returned the required forms by post on 12 January 2022. The forms required Mrs M to give her national insurance number, which Mrs M explained was “not applicable” as she resides abroad. She did not tick to say which of the three annuity quotes she wanted to accept.

ReAssure received Mrs M's forms on 18 January 2022, and it contacted her a week later to ask for her national insurance number and whether she wanted joint or single life annuities – ReAssure called Mrs M on 25 January 2022, who explained why she didn't provide her national insurance number and chose a single life annuity with a ten year guarantee.

Mrs M called ReAssure again on 2 February 2022. She said she was told her tax-free cash (TFC) should have been paid by now, but she'd only received one of four expected payments. ReAssure said it would chase things up. ReAssure spoke to Mrs M and her partner, who was helping her, several times between 8 and 11 February 2022. In these calls, Mrs M said she'd received one payment of TFC for her policy ending “EE” but the amount wasn't right and she'd been short changed. ReAssure says it told Mrs M it was checking it was paying her the right amounts for her policies.

Mrs M contacted our Service to ask us to investigate her complaint on 18 February 2022. Mrs M reiterated she was unhappy ReAssure hadn't responded to a Subject Access

Request (SAR) she made as part of her complaint. One of our Investigators contacted ReAssure for more information on several occasions, but ReAssure didn't respond. Mrs M referred her complaint to our Service to review. Our Investigator tried to contact ReAssure several times but received little response. Based on the information he had available, our Investigator said Mrs M should have had her annuities set up and received all her TFC by 19 January 2022, so ReAssure should pay her interest on any delayed payments. Our Investigator also recommended ReAssure pay Mrs M £100 additional compensation for the trouble and upset caused. As ReAssure still didn't respond, Mrs M's complaint was passed to me for a decision. I contacted ReAssure to try elicit a response. Since then, ReAssure has clarified how things stand with each of Mrs M's policies:

Policy ending 5D7F/GSHP

- This policy was used to purchase an annuity ending 2486, which had an effective start date of 20 January 2022.
- Mrs M received £3,593.88 in TFC on 22 January 2022.
- The policy is on an escalating basis with a 10-year guarantee. The regular monthly payment was £8.05. The first payment made was £16.10 on 31 March 2022 to cover the February and March payments due to Mrs M.

Policy ending 5D7F/SHP

- This policy was used to purchase an annuity ending 2667, which had an effective start date of 20 February 2022.
- Mrs M received £1,487.98 in TFC on 8 March 2022.
- The policy is on an escalating basis with a 10-year guarantee. The regular monthly payment was initially £3.31. The first payment made was £6.62 on 31 March 2022, which covered the February and March payments due to Mrs M.

Policy ending 625B/PPP/EE

- This policy was used to purchase an annuity ending 3003, which had an effective start date of 7 April 2022.
- Mrs M received £3,917.58 in TFC on 26 February 2022.
- This policy is on a non-escalating basis. The monthly payment due to Mrs M is £8.74. The first payment was £17.48 paid on 8 April 2022 to cover the February and March payments.

Policy ending 625B/PPP/ER

- The annuity set up for this policy was set up incorrectly under a policy ending 8462. It has set up a replacement policy ending 9152. Because of this mistake, ReAssure said it intended to increase its compensation offer.
- Mrs M received £7,587.56 in TFC on 8 March 2022. ReAssure agreed to pay interest at 8% simple per annum from 19 January 2022 until 8 March 2022.

- *The policy is on an escalating basis with a 10-year guarantee. The first payment was made on 19 March 2023, but has an effective start date of 19 January 2022. ReAssure says this replaced a policy that was set up incorrectly, and Mrs M is in the position she would have been in if this policy was set correctly up in January 2022. The annual payment is £203.04.*

ReAssure offered additional compensation for distress and inconvenience to £600 on top of the £150 paid to Mrs M previously, making its offer £750 in total. And after realising the policy ending 625B/PPP/ER was set up incorrectly, ReAssure offered to increase compensation to a total £1,000 (so it would pay Mrs M an additional £850). Our Investigator asked ReAssure to contact Mrs M about all four policies but, at the time of writing, Mrs M hadn't received anything from ReAssure.

Turning to Mrs M's SAR, ReAssure said Mrs M didn't specifically request all personal information it holds about her. It said Mrs M had asked for transcripts and notes of calls she had with them, copies of correspondence between her and ReAssure, confirmation of a member of staff's team. ReAssure said Mrs M would have needed to ask for all personal information it holds about her for it to be considered a SAR. ReAssure said it tried to contact Mrs M three times about her SAR but it couldn't reach her."

My provisional decision went on to say why I thought this complaint should be upheld and what I thought ReAssure should do to put things right. Mrs M responded to my provisional decision, saying:

- She has only received payments of €242 on 23 February 2023 and €229 on 13 April 2023, and ReAssure hasn't explained what these payments were for.
- ReAssure are wrong about her SAR – her partner works in finance and Mrs M witnessed him requesting the SAR on 8 December 2021, and he was later told ReAssure were "working on it".
- She will accept the £1,000 compensation for the service she's received.

ReAssure responded to query what communication was outstanding for Mrs M but it didn't confirm whether it accepted my provisional 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.

Having done so, I'm not persuaded to depart from the findings in my provisional decision. I'll reiterate these below.

I agree with our Investigator that there were some delays in setting up Mrs M's annuities. However, I think they should have been set up by a slightly different date. On 15 December 2021, ReAssure accepted it had taken too long thus far. It took ReAssure a month to issue annuity quotes, but I think it would have been reasonable for it to take two weeks from 30 November 2021 (when it had the details needed to provide a joint annuity quote) to send Mrs M the quotes she asked for. So, Mrs M should have received the quotes on or around 14 December 2021. Mrs M then requested single-life quotes quite quickly, so I think it would have been reasonable to allow ReAssure a further two weeks to provide revised quotes. So, Mrs M should have had quotes for all four policies by 28 December 2021. However, I am allowing an additional week for the delays caused by the bank holidays over the Christmas period so I think she should have had quotes for all four policies by 4 January 2022.

I accept Mrs M didn't provide some information ReAssure needed when the policies were set up, so this added a small delay. I note ReAssure contacted Mrs M separately about her NI number and whether she wanted single life annuities, but these questions could have been asked at the same time. I think it would have been reasonable to allow ReAssure a further two weeks to set up the annuities. So, I think the annuities should have been set up, and TFC paid, by 26 January 2022. I note the first policy was actually set up by 22 January 2022 and, as this date is slightly earlier than I think would have been reasonable, I think ReAssure should have set up all policies by 22 January 2022.

Putting things right

My aim here is to put Mrs M back in the position she would have been in had her annuities been set up, and TFC paid, by 22 January 2022. From the information ReAssure has provided, it seems like it has made 'back dated' payments for each policy, but they all have different 'effective' start dates. So, I can't be sure Mrs M hasn't lost out by some policies having different start dates. So, for each of Mrs M's four annuities, ReAssure should calculate:

Has Mrs M experienced a Past Loss?

- A) Total of all the notional payments** which Mrs M should have received from her four pension policies, net of her marginal rate of tax, from 22 January 2022 until the date of my final decision
- B) Total of all the actual payments** which Mrs M has actually received from her four pension policies, net of her marginal rate of tax, from 22 January 2022 until the date of my final decision
- C) Past Loss = A – B.** If the answer is negative, there's a past gain and no redress is payable

In working out the net payments, ReAssure should assume that Mrs M was a 20% rate taxpayer – neither Mrs M nor ReAssure disagreed with this assumption when I made it in my provisional decision.

If Mrs M has experienced a past loss, ReAssure should pay her this amount in cash. Interest at 8% simple per annum should be added from 2 December 2021 until the date of my final decision.

Will Mrs M experience a future loss?

D) The notional gross pension per year which Mrs M should have been receiving from the date of my final decision

E) The actual gross pension per year Mrs M currently will receive from the date of my final decision onwards. As Mrs M currently still has a pension fund, the gross pension per year they could receive from it is determined by applying the rate from step G) below.

F) Future Gross Loss per year = D – E. If the answer is negative, there's a future gain and no redress is payable.

G) ReAssure must then put in place the annuity Mrs M would have had if each policy had an effective start date of 22 January 2022.

If payment of compensation for future loss is not made within 28 days of ReAssure receiving Mrs M's acceptance of my final decision, interest must be added to the compensation at the rate of 8% per year simple from the date of my final decision to the date of payment. Income tax may be payable on any interest paid. If ReAssure deducts income tax from the interest, it should tell Mrs M how much has been taken off. ReAssure should give Mrs M a tax deduction certificate in respect of interest if Mrs M asks for one, so she can reclaim the tax on interest from HMRC if appropriate.

As I've set out above, ReAssure has said Mrs M has received all the payments she should have since all four annuities were set up. ReAssure queried what correspondence Mrs M was missing or what should be sent to her. From Mrs M's response to my provisional decision, it remains clear she is still unsure of the current position of all her policies. I think ReAssure should, therefore, send her copies of all correspondence sent to her since November 2021, including letters confirming the policies were set up and any annual statements she was or should have been sent. If in doubt, ReAssure should write to Mrs M to set out the position of each annuity, including what she should have been paid. And if any redress is payable, or any annuity needs to be reworked, as I've set out above, ReAssure should provide Mrs M with clear explanations of what is being done with each annuity.

It's clear from Mrs M's testimony she's experienced significant trouble and upset as a result of how the set up of her annuities has been handled. ReAssure has, to its credit, recognised this and offered a total of £1,000 compensation to apologise for its poor communication. I think £1,000 fairly recognises the significant time it's taken to resolve things and the impact the delays have had on Mrs M. If ReAssure has already paid Mrs M the £1,000 compensation, I don't think it's obliged to pay anything further. But Mrs M has indicated she has not received the full £1,000 compensation so, if all or part of the £1,000 compensation is outstanding, it should arrange for this to be paid to Mrs M within 14 days of my final decision about this complaint.

I acknowledge Mrs M remains unhappy ReAssure hasn't responded to her SAR, and she's reiterated this in response to my provisional decision – but ReAssure says it has explained what she needs to do if she wants to make one. Overall, I'm not persuaded I need to make a finding on this point. I don't think any failure of ReAssure to respond to a SAR impacts the outcome of her complaint about how her annuities were handled and Mrs M remains able to make a SAR as I've explained above. And I think the £1,000 compensation ReAssure has offered Mrs M reflects all aspects of its poor communication with her. If Mrs M chooses to make a SAR in future, and ReAssure doesn't respond, she may be able to complain about this to ReAssure again and, if required, she may be able to refer her complaint to our Service to consider.

My final decision

For the reasons explained above, I uphold this complaint and require ReAssure Limited to do what I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs M to accept or reject my decision before 27 July 2023.

Victoria Blackwood
Ombudsman