

The complaint

Ms J complains that, after she'd requested a full withdrawal of funds held in a pension with ReAssure Ltd, they'd taken too long to make a payment to her.

What happened

Ms J had a personal pension with ReAssure. In May 2021, she approached them to withdraw the full fund value – then approximately £5,000.

There followed a series of exchanges – Ms J was asked to provide specific documents as proof of identity, address and to verify the account she wanted the funds to be paid into. She was now resident abroad, and this required extra verification. The funds were eventually paid to Ms J in July 2022. Unhappy with the delay, Ms J complained to ReAssure. They paid her £200 compensation for the distress and inconvenience she'd experienced seeking to arrange the payment. But Ms J didn't think this fairly compensated her for the delays, so she brought her complaint to this Service.

One of our investigators, having analysed the chronology of events in detail, concluded that ReAssure were at fault for delays equating to 35 days – and that Ms J should have received the payment 35 days earlier than she did. So he asked ReAssure to calculate how much they'd have paid Ms J had they paid her on time, and set out how they should reimburse any such sum (assuming there was found to be a loss) to Ms J. He also said ReAssure should pay Ms J additional compensation of £400 for the distress they'd caused her.

ReAssure didn't agree with our investigator. They felt Ms J was aware of the need to supply properly verified proof of ID documents since October 2021, and it wasn't until July 2022 these were provided. They also felt they'd responded to Ms J's various enquiries in a timely manner. They asked for an Ombudsman to review this complaint, so it's been passed to me to consider afresh, and issue a Decision.

Having considered the evidence, I came to a slightly different conclusion to our investigator and issued a Provisional Decision (PD) setting out my thoughts and proposed redress. My PD said as follows:

What I've provisionally decided - and why

First of all, I'd like to extend my condolences to Ms J for the loss of her husband. And I'm pleased to see that Ms J has now received her pension lump sum.

The questions for me to consider here are whether ReAssure caused delays in the payment of that sum to Ms J, and if they did, to decide if and/or how she should be compensated. And having reviewed the timeline of events in detail, I think she did experience an unnecessary delay in receiving her lump sum – although my reasons for this differ slightly from those of our Investigator. I'll explain.

There were multiple exchanges between the parties here during the period in question, but I don't think it's necessary to detail or comment on all of these. Instead, I'll focus on what I think are the key ones in the context of resolving this complaint.

Ms J first approached ReAssure in May 2021 to ask about taking the remaining benefits in her plan. ReAssure responded five days later, sending her a letter containing details of her plan value. It appears this wasn't received by Ms J, but I've no reason to doubt it was sent. I can see ReAssure also appear to have sent a further letter to Ms J on 10 June 2021 enclosing policy value details. They sent a further letter to Ms B on 27 September 2021, referring to the previous letters, and advising her current plan value. And, following a short exchange at the beginning on October 2021, ReAssure sent Ms J the forms to complete for her to take a lump sum and close her policy on 8 October 2021. These forms clearly state what documents Ms J must provide as proof of ID and current address (as she resided abroad at the time) and made clear how they need to be properly certified – specifying which persons or occupations are suitable.

I think this is important because it's the first time Ms J knows what she has to do, and provide, to allow her to take her lump sum benefits. There is an onus on her from this point on to now provide this information.

However, when Ms J returns her completed application form the following month, she doesn't include the correctly certified documents. ReAssure tried to contact her three days after receiving her form to alert her to the incorrect supporting documents, without success. Ms J calls ReAssure for an update on 1 December 2021, and the issue regarding the documentation is explained. I'm satisfied Ms J would have been aware she'd sent incorrect supporting documents at this point. I don't think ReAssure were responsible for any delays up to this point.

A few weeks later, on 20 December 2021, Ms J again approached ReAssure to ask questions about submitting her application. It appears she asked for an overseas bank mandate to be sent to her. She makes a further call to ReAssure in January 2022, asking questions about how to get the money paid to her, in her UK bank account. She then emails ReAssure on 5 January 2022, again asking the same question, but also alerting ReAssure to the fact her husband had sadly died that week.

Over the following two weeks, further emails were exchanged, and on 13 January 2022 ReAssure wrote to Ms J asking her to complete a Direct Debit mandate, also explaining that international payments must be received in Pounds Sterling.

It was, or should reasonably have been, clear to ReAssure that Ms J wanted to close her pension and take the remaining funds as a lump sum. At no point (as far as I can see) had she given any indication that she wanted to re-start making payments into it. And she had, by this time, alerted ReAssure on at least two occasions that her husband had just died. I think it should have been clear that she was in a vulnerable position at this time.

Notwithstanding, I can't see that ReAssure questioned or sought to clarify the unusual (in the circumstances) request Ms J made to be sent a DD form, nor acknowledge her vulnerability at that time. It's not altogether clear from the evidence I've seen whether this form was completed and returned by Ms J (and if not, why not), but I can see that ReAssure phoned Ms J on 31 January 2022, during which the need for correctly verified documents was reiterated. So, I think the 'DD' matter was 'resolved' by this point.

But, I think this period – between Ms J's request for a DD mandate on 20 December 2021 and the eventual conversation with ReAssure on 31 January 2022 – is one where confusing

delays occurred that could or should have been avoided had ReAssure reacted to Ms J's request and personal circumstances more appropriately. Allowing for a reasonable time for ReAssure to realise the DD request seemed out of place, and factoring in periods of inactivity during the Christmas and New Year break, I think there was a four-week period where confusion existed for Ms J which ReAssure could have avoided.

Despite further exchanges between Ms J and ReAssure, correct documents were still not supplied. And there appears confusion regarding which account Ms J wanted the funds paid into. These exchanges continued until 11 March 2022, when ReAssure emailed an auto-response following receipt of a further update request email from Ms J, asking for the funds urgently to help pay with funeral expenses. The auto response says they'll look to respond within ten working days. I can't see there was any such response. The evidence I've seen suggests ReAssure didn't respond until 5 May 2022, when they phoned Ms J to advise they were still awaiting receipt of the correct documents. Leaving aside the fact, for now, Ms J still hadn't provided the correct supporting documents (as clearly set out in the 8 October 2021 letter), there appears to be a period of inactivity here – about six weeks, allowing for the time a reasonable response should have taken - that was avoidable had ReAssure responded reasonably promptly to Ms J's 11 March 2022 email.

Exchanges between the parties continued. On 17 June 2022, it was first mentioned (as far as I can see) by ReAssure that the address on a bank statement provided by Ms J (for her bank account where she was living abroad) raised concerns. It had a PO Box address, whereas ReAssure's compliance required a full postal address. Ms B explained to ReAssure this was the norm in the part of the world she was now living in, as the general postal service in that country was unreliable. After many exchanges, ReAssure advised on 30 June they'd depart from their usual requirements in this case and accept that document.

Whilst it's clear ReAssure eventually took proactive steps to assist Ms J on this particular point, the existence of non-UK ID documents containing 'PO Box' addresses would have been evident many months before (when Ms J sent incorrectly validated documents to ReAssure). I think, in the circumstances here, it's reasonable to conclude this issue should have been picked up and addressed earlier by ReAssure – which had it done would have likely avoided this two-week exchange and delay.

Ms J eventually provided properly certified documents on 4 July 2022 (re-sent on 7 July 2022 as initial email was too faint). And ReAssure made payment to Ms J nine working days after the documents had been received. I appreciate ReAssure, or any business, must undertake internal compliance checks to ensure encashing a pension is done properly, and this can take up to ten working days usually. But here, our Investigator suggested it could have been done quicker. On balance, I agree with him.

ReAssure had already calculated the amount it needed to pay Ms J, based on the value of the policy when she first returned her application form. And it was aware of Ms J's pressing need for the funds, following the recent death of her husband. Once it had the necessary approved supporting documents, I think reassurance could have – and in fairness to Ms J should have – processed the payment within four working days. So, I think there was a further week delay in Ms J receiving her funds.

How much of the delay in making payment was caused by ReAssure

I think it's clear the significant proportion of the delay in processing Ms J's application was attributable to her not providing the correct ID documents. But I think there were clear instances where Ms J's journey to providing these could have been shortened, had ReAssure acted differently. I've commented on these above.

I have no way of knowing for certain how much quicker the application would have been processed had these 'delays' been avoided. But I do think it's more likely than not that, had these delays not occurred, the relevant periods of inactivity wouldn't have existed, and it logically follows progress would have been quicker, and the appropriate documents would have ended up being provided quicker. Put simply, I think Ms J would most likely have been paid quicker than she was had they not occurred.

I've identified four separate periods where I think there were delays caused by ReAssure – the four week 'DD' period, the six week period between March and May 2022 where there was no communication, the two week (approximately) 'PO Box' address issue, and one week delay in processing the payment. Taken together, this amounts to 13 weeks delay, meaning I think, all other things being equal, Ms J would likely have received her lump sum 13 weeks before she did – on approximately 22 April 2022.

Putting things right

Our Investigator proposed redress calculations assuming the final amount paid to Ms J was only calculated at the time the payment was processed. We now know this not to be the case. The value of her policy was calculated on the day ReAssure received her signed application form – because that was when she'd confirmed her intention to cancel her policy and be paid the lump sum. Regardless that she'd not provided the correct supporting documents, I think this is a fair date to base the calculations on.

But, as I've said, I think Ms J should have been paid that sum earlier. So, as Ms J was deprived of those funds for the 13-week period I've set out, I think she should be compensated for the loss of use of those funds for that period. And in line with how this service assesses awards for loss of use, I think ReAssure should pay Ms J 8% simple interest on the amount paid, £5,453.41 (less any tax as applicable), calculated from 22 April 2022 until the date it was paid to her.

Distress and inconvenience

ReAssure have already paid Ms J £200 compensation for the inconvenience caused by their delays up until January 2022. However, there were further delays after this, and the exchanges I've seen make clear that Ms J was distressed by the amount of time it was taking to finalise the payment (some of which were attributable to her). And that distress was compounded by the upset of her husband's death, which is something I don't think ReAssure appropriately acknowledged or took account of in their dealings with her.

Placing a value on distress isn't an exact science. And the purpose of an award of this type isn't designed to punish a business. But I think the total compensation suggested by our Investigator - £600 (including the amount already paid) – is a fair amount in the circumstances of this case and is in line with our award guidelines published on our website. So, I'll be asking ReAssure to pay Ms J an extra £400 compensation for distress and inconvenience

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.

Ms J has acknowledged the PD, and confirmed she has nothing further to add. ReAssure have also responded. They've agreed with my recommendation to pay Ms J an additional

£400 compensation for distress and inconvenience. But they've disagreed with some of the dates I've used in calculating the delay period.

They've provided an alternative timeline, suggesting they should have paid Ms J her pension funds on 30 May 2022. I'd said 22 April 2022 was the relevant date – so five weeks and one day earlier than ReAssure are suggesting.

ReAssure's response focusses on the period after 28 February 2022, the date they advised Ms J of the requirements needed. They've made no mention of the four-week delay period I've highlighted above – between 20 December 2021 and 31 January 2022. Accordingly, in the absence of any further information or comment for me to consider in relation to *this* period, I will continue to use it in my calculations here. That has the effect of reducing the 'gap' between ReAssure's calculations and my calculations to one week and one day.

ReAssure have also suggested they would have taken ten working days to make the payment after receipt of Ms J's passport. I, on the other hand, suggested they should have made payment within four working days. Whilst I appreciate industry statements of good practice have allowed ten working days for payments to be processed once all documents are available, that doesn't mean it must apply to every case.

Here, I remain of the opinion that ReAssure should have been able to undertake the transfer much quicker than they did. ReAssure were aware of the relatively modest amount that needed to be transferred. They were aware of Ms J's personal circumstances – her recent bereavement which caused significant financial pressures for her. Those facts, when also viewed against the contents of the 2016 consultation paper carried out by The Transfers and Re-Registration Industry Group (suggesting a 48-hour standard for completing each step of a transfer), satisfies me that my initial calculation – the transfer should have been done within four working days – was fair. That further reduces the 'gap' between my calculations and ReAssure's calculations to two working days.

I've carefully considered the remainder of ReAssure's points and reassessed them against the chronology of events here. However, having done so, and taking into account the points I've made above, I'm satisfied that Ms J should have received her pension by 22 April 2022.

My final decision

I uphold Ms J's complaint against ReAssure Ltd, and require them to do the following:

- Pay Ms J interest, at 8% simple, on the amount of £5,453.41 – calculated from 22 April 2022 until the date the interest amount is paid.
- If ReAssure Ltd considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Ms J how much it's taken off. It should also give Ms J a tax deduction certificate if she asks for one, so she can reclaim the tax from HM Revenue & Customs if appropriate.
- Pay Ms J a further £400 compensation for distress and inconvenience.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms J to accept or reject my decision before 18 August 2023.

Mark Evans
Ombudsman