

The complaint

Mr R complains that ReAssure Limited (ReAssure) caused delays in paying benefits from his personal pension plans during which time the value fell. He would like compensation for the losses suffered.

What happened

Mr R had several pension plans with ReAssure. He says he'd been monitoring investment markets as he wanted to take his tax-free cash. ReAssure provided a Retirement Options Pack (ROP) dated 15 February 2023. To take benefits he needed to complete an application online, print this off and post it to ReAssure. Due to problems with the online form, Mr R called ReAssure on 20 February 2023 and the call handler ran through this with him. He expressed his concerns about stock market movements and asked when the application would be processed. Mr R sent the form and ReAssure received this on 23 February 2023.

Mr R says he called ReAssure for an update on 27 February 2023 and was told matters were in hand. So, he was concerned to receive a letter from it on 13 March 2023 requesting he complete a further form to verify his signature. He returned this by special delivery and called ReAssure on 15 March 2023. It said it hadn't received the form. Concerned that stock markets had now fallen Mr R complained about the delay and asked why it hadn't queried his signature sooner. ReAssure now said it had received the verification on 15 March 2023. It used this date to value the plans and paid the tax-free cash on 21 March 2023.

Mr R says because of the fall in investment markets after 20 February 2023 the amount of tax-free cash he received was nearly £4,000 lower. ReAssure didn't accept his complaint. It said it needed to verify his signature as a fraud prevention measure, and the need for this only arose after it had received his completed application, so it wasn't possible to "*anticipate*" the requirement.

Mr R referred his complaint to our service. He said ReAssure should honour the valuation of 20 February 2023 and compensate him for the distress and inconvenience caused. He said ReAssure ought to verify signatures either on an ongoing basis or at the same time benefits were first requested. And he said as it only posted documents that wasted more time.

Our investigator looked into the complaint, but she didn't uphold it.

Our investigator said it was clear from the ROP that the values quoted weren't guaranteed. She said ReAssure had confirmed on two occasions that processing could take up to 20 working days and it had completed everything within this timeframe. And that its service standard was to respond to communications within 10 working days and it had done so in confirming it needed to verify Mr R's signature. She said money laundering guidance required verification to ensure his funds were protected and not being obtained fraudulently. She said using post as a means of communication was normal business practice.

Mr R didn't agree. He said ReAssure hadn't explained its processes, gave conflicting information and had unacceptable processing time frames after submitting his application as

the “verification form letter arrives weeks later”. And he said his identity had already been verified during the various calls with him.

As Mr R doesn’t agree it has come to me to decide.

My provisional decision

I issued my provision decision on 19 October 2023; I explained the reasons why I was planning to uphold the complaint. I said:

Our service doesn’t regulate financial businesses and it isn’t my role to tell ReAssure to change its administration procedures, but I can consider whether these have resulted in an unfair outcome. And I think they have here. It isn’t unreasonable for a business to say it can’t process something until its requirements have been met. And a business can’t reasonably be expected to complete all administrative tasks immediately. But in the circumstances here I think ReAssure should have contacted Mr R sooner than it did. Had it, the valuation date used would have been earlier. And it may be that the value of his plans would have been higher.

It is clear from the ROP that the value of Mr R’s plans wasn’t guaranteed and could fall as well as rise. The application form that Mr R completed contained a “Declaration” section which stated:

“Please note that policy values will be calculated on the day that we receive the fully completed application form and any other documents that we’ve requested (e.g. bank statements).”

So, it wouldn’t be reasonable to backdate the valuation to a date before ReAssure had received the application. Preventing fraud and money laundering is important and ReAssure had both a regulatory obligation and a duty of care to Mr R to ensure his funds weren’t being accessed by fraudsters. He took the original pension plans out in the 1990’s and it may have been many years since ReAssure had received documents containing his signature. And signatures can change over time.

As Mr R has said it could have requested verification at the point he made the application. But that isn’t its process. And I can’t say that this is unreasonable, provided it has an efficient system to then verify a signature if necessary. And I think it took too long to request verification here.

Once ReAssure had received the verification it made payment on 21 March 2023, within the 20-working day timeframe quoted. But the key date for Mr R was the valuation date used, which was 15 March 2023. This is naturally going to be an important consideration for all consumers. Mr R had, in his calls, sought confirmation of the process involved because he was concerned about adverse movements in stock markets. He was told that once he returned the application and any other information requested (like copy bank statements) the policy would be valued on the day of receipt provided there were no errors.

Mr R used special delivery to send the completed application form in an attempt to minimise the timeframe. When he called ReAssure on 27 February 2023, he was told his application had been scanned onto the system on 24 February 2023. He concluded the call in the belief that everything was proceeding normally and that a valuation date of 24 February 2023 would be used. But it was a further eight working days before ReAssure wrote to verify his signature on 8 March 2023.

ReAssure says this request was sent within its internal timeframe of 10 working days to respond to correspondence. That may be so, and whilst it isn't reasonable to expect ReAssure to process applications immediately, I don't think the time taken to respond here was fair. I say that because ReAssure received the completed application on 23 February 2023, it reviewed this the next day and the issue with Mr R's signature was identified. This prompted a review of the calls Mr R had made and it was noted that he'd passed security. It decided it needed to verify Mr R's signature, but then took nine working days to send the letter requesting this. I don't think that was a reasonable timeframe.

Particularly so, as once it had listened to the calls, I think ReAssure should have been aware that Mr R had concerns about the valuation and stock market movements. And, to treat him fairly, I think it should have dealt with what seems likely to be a routine matter of generating and posting a template letter and form sooner than it did. When Mr R called again on 27 February 2023, ReAssure might not have been able to discuss potential fraud concerns. But this did give it a further opportunity to consider where it was up to with the processing of his application, as he again mentioned his concerns about stock market levels. But it doesn't appear to have done so.

So, I've considered the timeline of events including for the same postal delivery times. And, I think, having reviewed the application on 24 February 2023 and identified the issue it's reasonable that ReAssure should have posted the verification request by 28 February 2023. With Mr R receiving it on 3 March 2023. He completed and returned the form within 2 working days. So, ReAssure would have received the completed verification document back from him on 7 March 2023. That's around a week earlier than what actually happened. And in the circumstances here that seems a fair valuation date for ReAssure to have used.

If the value of Mr R's pension funds was higher on 7 March than it was on 15 March 2023 when ReAssure did value his plans, he has suffered a loss and it's fair that he be compensated for this.

Putting things right

If Mr R has suffered a loss, it's fair that he be put back into the position he should be in. So, ReAssure should:

- Recalculate Mr R's plan values as if it had received the signature verification form on 7 March 2023 and then calculate the tax-free cash payment that would have been available. If this is higher than the figure derived from the valuation date actually used, then Mr R has suffered a loss and the difference should be paid to him.*
- If there is a loss Mr R has been deprived of the use of the funds from the date ReAssure originally made payment of his benefits to him, until the date it makes settlement of any loss. So, it should add interest at the rate of 8% per year simple to the loss until the date of settlement.*
- ReAssure should make any adjustment necessary to the value of Mr R's remaining pension funds to reflect the revised valuation date.*
- If ReAssure considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mr R how much it's taken off. It should also give Mr R a certificate showing this if Mr R asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.*

- *I think Mr R has been inconvenienced by what has happened and ReAssure should pay him £50 in compensation for this.*
- *Provide Mr R with a simple calculation of how it arrived at the final figures.*

I asked both parties to send me any further information or comments they would like me to consider.

Response to provisional decision

Mr R said he accepted my provisional decision.

ReAssure didn't accept my provisional decision. It sent a copy of some confidential information relating to security procedures expanding on the details it had previously provided. It said the timeline I had set out above was unreasonably short. As it required it to have reviewed documentation and acted on it within two working days of it being scanned on to its system. Which it said was unreasonable *"due to the sheer volume of work that needs to be actioned at any one time"*. It said it wouldn't have been fair to other customers to have escalated Mr R's request. And that it had met its internal 10 day working day service standard.

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've decided to uphold the complaint.

I've thought what ReAssure has said in response to my provisional decision. I agree it isn't reasonable to always expect a business to be able to provide a rapid reply to every query. That said it perhaps isn't treating customers fairly to be operating at a level where a 10 or 20 working day standard for any administrative task is deemed the norm.

And in the particular circumstances here I based my own timeline on the one ReAssure provided to our service with its complaint file. It says having received Mr R's application form this was referred to the fraud team on 24 February 2023. So, within two days of Mr R's application form being received. A referral for potential fraud presumably results in a fairly prompt consideration of the issue.

The fraud team listened to Mr R's calls about wanting to take his benefits. And notes he'd successfully passed security on the call. A decision was made about what needed to be done. The next entry on the timeline was Mr R's call to chase matters on 27 February 2023. So, I think it is reasonable to conclude that ReAssure does appear to have acted on the matter within two working days or so of receiving his application, even though it suggests this isn't possible in its reply to my provisional decision.

What it then didn't do was send Mr R an entirely standard form in the post to verify his signature until nine working days later on 8 March 2023. That might be inside the overall internal ten working day timeframe, (disregarding the day of receipt as ReAssure seems to do here). But I don't think this delay was reasonable, given it had already considered the issue and identified the likely solution. It had decided what was required quite efficiently, and I don't think it was an arduous task to then follow through on its actual requirement, so Mr R

could proceed with his plans without undue delay. Instead of leaving him thinking his policy valuation date was already secured following receipt of his application form.

My timeline allowed ReAssure three working days to get this form in the post after it most likely reviewed the application. I think this is a reasonable time frame. If it had done so, based on what did happen Mr R would have returned this to it by 7 March 2023. I think that is a fair date for it to have valued his benefits. If the value of his plan was higher on 7 March 2023 than it was on 15 March 2023, Mr R has suffered a loss and it is fair that he be compensated for this.

Putting things right

If Mr R has suffered a loss, it's fair that he be put back into the position he should be in. So, ReAssure must:

- Recalculate Mr R's plan values as if it had received the signature verification form on 7 March 2023 and then calculate the tax-free cash payment that would have been available. If this is higher than the figure derived from the valuation date actually used, then Mr R has suffered a loss and the difference should be paid to him.
- If there is a loss Mr R has been deprived of the use of the funds from the date ReAssure originally made payment of his benefits to him, until the date it makes settlement of any loss. So, it should add interest at the rate of 8% per year simple to the loss until the date of settlement.
- ReAssure should make any adjustment necessary to the value of Mr R's remaining pension funds to reflect the revised valuation date.
- If ReAssure considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mr R how much it's taken off. It should also give Mr R a certificate showing this if Mr R asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.
- I think Mr R has been inconvenienced by what has happened and ReAssure should pay him £50 in compensation for this.
- Provide Mr R with a simple calculation of how it arrived at the final figures.

My final decision

For the reasons I've given above and in my provisional decision, my final decision is that I uphold this complaint against ReAssure Limited.

I direct ReAssure Limited to undertake the calculation set out above and if there is a loss compensate Mr R as described. And also, to pay him £50 compensation for the distress and inconvenience caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 22 December 2023.

Nigel Bracken
Ombudsman