

The complaint

Mr S complains that ReAssure Life Limited has shown no understanding of how to administer his Section-32 buyout policy (S32 policy).

Its errors include incorrect calculations and out of date values for the tax-free cash he's entitled to, preventing him from accessing that sum and causing delays in his efforts to transfer the residual fund to a self-invested personal pension (SIPP) he had with another provider, which I'll refer to as "C". It also incorrectly claimed he was invested in funds containing Russian assets which he couldn't encash.

What happened

Mr S originally held a S32 policy with Old Mutual, having used it to transfer out of his former employer's pension scheme. Old Mutual's business was acquired by ReAssure. This policy preserved a scheme-specific tax-free cash sum (which ReAssure terms 'transitional tax-free cash' or TTFC) in excess of the usual 25% maximum available.

On 5 November 2021 Mr S asked ReAssure to confirm the maximum tax-free cash he could take, and what his options were for the residual fund should he take the maximum – including whether he could transfer the remainder to another SIPP.

On 15 November ReAssure responded that Mr S had been entitled to a maximum tax free cash amount as of 7 July 2021 of £47,521. The letter enclosed a retirement options pack which gave a more recent total valuation for the policy of £96,605, and said the maximum cash "only applies where you take an income". The letter also added that ReAssure couldn't advise on what Mr S should do, but "you can transfer away from ReAssure at any time".

The two options in the pack for taking an income were buying an annuity or going into a ReAssure Retirement Account (RA) – a form of income drawdown. With a third option – taking all the funds as a lump sum – ReAssure mentioned that this would restrict the tax-free component to 25% of the funds (which is correct as that is governed by legislation). When buying an annuity, ReAssure confirmed that the full TTFC was available. The option describing the RA was silent on how much would be tax-free.

The next year on 4 November 2022, in preparation for taking his benefits, Mr S requested that ReAssure switch his funds into the Deposit Pension Accumulator fund. He told it in an online message that he now wanted to withdraw the tax-free cash "as a matter of urgency". He wasn't explicit on this occasion on what he wanted to do with the rest of the funds.

On 8 November Mr S noted that his switch request remained unanswered, and emphasized that the matters had turned into a complaint. ReAssure's system notes indicate that it left a voicemail to confirm that it was actioning the switch.

On 15 November, ReAssure issued a retirement options pack to Mr S detailing a fund value of £88,442. On this occasion no tax-free cash sum was quoted in pounds, nor was there reference to any TTFC – potentially leading to the inference that the tax-free cash available, for example when buying an annuity, was 25% of the pension pot.

On 24 November, Mr S chased ReAssure again for “the figures to allow me to take all the plan value away from ReAssure”. But evidently he’d then received the retirement options pack by 29 November, as he contacted ReAssure about this. He told ReAssure it omitted the amount of tax-free cash he was entitled to take. On 7 December he sent it a copy of a previous Old Mutual letter detailing the situation with his TTFC.

Having not heard further from ReAssure, on 15 December Mr S set out a further tariff of charges he would invoice from then on. This comprised the time cost of minutes spent dealing with correspondence and the additional mortgage interest he was paying at the Bank of England base rate + 0.59% on the amount of tax-free cash he was intending to put towards his offset mortgage.

It appears this prompted ReAssure into action. On 16 December it apologised for sending the incorrect tax free cash information, but immediately proceeded to quote a further incorrect amount £22,169: 25% of Mr S’s fund value of £88,676. A further retirement options pack was attached based on these figures even though it contained wording referring to the fact that Mr S had a TTFC. This gave the impression that ReAssure’s systems had, inadvertently or otherwise, reduced Mr S’s TTFC to 25%. (From what I can see the standard explanations in the retirement options pack were otherwise the same as the ones Mr S had received previously.)

On 6 January 2023 ReAssure sent Mr S an unexpected email thanking him for his request to take his entire pension pot as a lump sum. He contacted ReAssure on 10 January asking for an explanation why this message was again based on an out of date value, and stating he hadn’t asked for that option.

The following day, 11 January, ReAssure e-mailed Mr S a letter detailing an updated plan value of £88,742, with TTFC of £45,555 as at 2 January 2023. (This was broken down into the component revalued in line with the Lifetime Allowance from April 2006 of £31,186, plus subsequent investment growth of £14,368). I’ve no reason to think that this valuation was incorrect, given the explanation provided with reference to its constituent parts. The letter also said that if Mr S wanted to access the figures quoted then he would need to either purchase an annuity or move the remaining fund to an RA. It asked that he phone ReAssure when he was ready to move forward.

ReAssure also sent Mr S a cheque for £300 (which he hasn’t cashed) to apologise for providing “incorrect values regarding your [tax-free cash] calculation on more than one occasion”. It was satisfied that the correct options available had now been confirmed to him. In respect of any further losses, ReAssure said:

“I acknowledge your comments regarding interest on your mortgage payments and material loss. For us to address any financial loss if you decide to take your benefits within the next 28 days, I will complete a revised timeline of events. I can also look at any investment loss you may have incurred. To enable us to do this, we would need you please provide [sic] evidence of any financial loss you wish us to consider. I will then write out to you with a response once complete.”

On 12 January Mr S e-mailed ReAssure saying: “...It is my intention to take maximum protected TFC with the balance transferred to a [RA] with a withdrawal to take place shortly afterwards to use up the balance of my personal allowance this year. This is Option 2 according to your memo. Please send me the forms to allow me to execute.”

On 19 January Mr S had a discussion with ReAssure after being told there was a difficulty in moving to a RA when he was invested in Russian assets which were suspended. Mr S reminded ReAssure that he hadn’t been in a Russian fund since the switch he asked

ReAssure to process the previous November.

ReAssure then sent Mr S an information pack on how to open a RA on 27 January, detailing a process he should follow online to download a written application form. Alternatively the same process could be completed over the phone. The RA key features document ReAssure enclosed (which is also available online at the web address given) referred to the maximum tax-free cash being 25%, and there was no mention of how transfers from existing plans with TTFC would be processed. Mr S has said he attempted to apply using the online facility but it only detailed the option to take 25% tax free cash.

Having attempted to follow the same process myself at the web address provided, the application reaches the stage where the policyholder is asked to supply a recent policy value (I used £100,000) and the following options are then given for tax-free cash:

“You can take tax-free cash when setting up your Retirement Account. How much tax-free cash would like you to take?

All of it (£25,000.00) None of it Some of it”

Mr S returned the application pack to ReAssure under cover of a further complaint on 1 February, in which he disputed that buying an annuity or RA were his only options for accessing TTFC. He asked ReAssure to make available a solution that Old Mutual had offered, which was to access the TTFC and then transfer the residual fund directly to C, his preferred drawdown provider. C had provided him with the necessary forms to do this.

He reiterated that he would be seeking compensation from ReAssure for the time spent, which he'd computed on time cost basis, and financial costs he'd incurred through additional interest as a result of being unable to pay off his mortgage for 46 days.

Following a lack of progress Mr S then referred the matter to our service. Whilst ReAssure acknowledged that it was still reviewing his 10 January correspondence, it told us on 13 March that it thought that the payment of £300 plus proposals to consider further losses (which it was still willing to do at that point) were adequate compensation. But while our investigator was looking at the complaint, ReAssure then said:

“...we haven't heard further from [Mr S] regarding taking his benefits for this reason I don't feel that we should now be looking to cover any financial loss. It is also the customers responsibility to mitigate any losses”.

In a response to a question about how Mr S could apply for a RA online when it only allowed 25% tax-free cash, ReAssure simply said:

“...we have issued to him the key features document for the [RA] on 27 January 2023. As stated in this document he needs to review this and either apply for the retirement account on line or he is free to contact us to do this. To date we haven't received any confirmation from [Mr S] that he wished to proceed.”

Mr S had told us, “It is clear that the only option ever available was a TFC of 25% or higher and an OMO [open market option]. This is exactly what I am trying to achieve and I believe it is unfair that ReAssure should force me to buy an annuity from the host company when this was never an option under the original contract.”

My understanding of what Mr S is saying is that he believes taking the TTFC from ReAssure and transferring the residual fund to C for drawdown counts as an OMO. It does not. An OMO originates from the time pension policies only provided annuity benefits in addition to

tax-free cash. It's where the existing plan pays the tax-free cash but secures the annuity with a different provider at the policyholder's request (usually because of a more favourable rate or format of annuity).

With an OMO, the payment of the annuity is in fulfilment of the terms of the originating pension scheme, rather than any new scheme. So it isn't the same as a transfer, where all rights under the existing scheme are given up on payment of a transfer value to a new scheme (which may offer features other than an annuity).

The option to take an RA – even when the options pack correctly referred to Mr S's TTFC – didn't explicitly say that the TTFC was available with this option. And saying Mr S was required to 'take an income' when accessing the TTFC might suggest needing to take an annuity which is the traditional form of income. However drawdown is also a form of income – and our investigator acknowledged both that Mr S wished to draw down his funds after TTFC rather than purchase an annuity, and that this now appeared to be possible. He didn't consider compensation should be payable in respect of Mr S's funds in excess of the TTFC because Mr S was yet to make a choice in respect of these. He asked ReAssure to send Mr S a quote for a transfer of the residual fund to an alternative provider, or explain why this wasn't available.

The investigator expected ReAssure to pay compensation for a delay from 16 January 2023 in providing Mr S with his TTFC, but ReAssure was unwilling to agree with his conclusions. It said it couldn't even pay him the TTFC at all until he'd confirmed which option he was using to take his income. It said that in March 2023 Mr S had asked for further forms to transfer his benefits away in full, so it's no longer clear what option Mr S wishes to take. It also acknowledged that automated statements referring to 25% tax-free cash will continue to be sent because these have to be generated manually. It appears to consider that Mr S ought to know he has more than 25% TTFC from earlier, manually produced, statements.

As the investigator couldn't resolve this informally, the complaint was passed to me. Meanwhile, Mr S asked ReAssure for an updated TTFC calculation and was again told that it was 25% of his fund on 25 September 2023. It took a further month before ReAssure wrote to Mr S with an updated retirement options pack with the correct TTFC figure showing.

The investigator suggested that Mr S could try applying for the RA enclosing a copy of earlier correspondence setting out the TTFC amount. ReAssure told the investigator that "the entitlement to enhanced tax free cash would have been picked up at the point of any documentation being received from Mr S".

Mr S remained doubtful that if he printed off the application from the online process saying the maximum tax-free cash was 25%, ReAssure would be able to put this right afterwards. And in any event, he'd picked up on some information he'd found online that there was no **legislative** (my emphasis) requirement to take any income at the same time as drawing his TTFC.

Mr S then discussed the matter directly with ReAssure and it appears that in order to resolve his complaint, it has more recently consented for him to draw his TTFC and transfer the residual fund directly to C. ReAssure sent Mr S a further information pack dated 29 October 2023 on "Your request to take your pension with another provider", which was setting out how he could exercise his OMO. Mr S completed and signed this form on 8 November 2023 and then sent it to C on 20 November 2023. Mr S considers this is a new option he hadn't been offered before, and should have been.

On 19 December 2023 Mr S told us that he'd still not received his tax free cash from ReAssure, although he understood that C had forwarded his countersigned forms four

weeks earlier. He'd been updated that this was a manual calculation so ReAssure had no service standard for this, and then told ReAssure hadn't received his forms.

I issued a Provisional Decision on this complaint on 16 January 2024. In summary, I agreed with the investigator that ReAssure had delayed the payment of Mr S's tax-free cash from 16 January 2023 onwards. I also considered that ReAssure had prevented Mr S from taking an income withdrawal before the end of the 2022-23 tax year to use up his remaining personal allowance. I proposed compensating Mr S for any additional tax he would now pay for having to take this withdrawal in the subsequent tax year. Finally, I proposed that ReAssure make an increased payment of £750 for the distress and inconvenience caused. I'll refer back to my reasoning for this where relevant in the subsequent sections below.

As ReAssure asked for an extension to respond to my Provisional Decision, I forwarded it Mr S's comments as he had already responded – and invited both parties to consider some adjustments to the redress proposed. I subsequently received a response from ReAssure which only addressed the proposed changes to the redress. It sought clarification on a few aspects, and also thought that my view was contradictory on whether Mr S would have wanted to take the withdrawal in the 2022/23 tax year. Again, I'll address all of this below – but I'll firstly reiterate the reasons why I'm upholding the complaint.

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.

How legislation affects the terms of Mr S's policy

Mr S suggested that there's no requirement under legislation for any income to be taken at the time of providing TTFC. That's correct, but the law sets out the full range of options that are permitted. Policy terms and conditions will still apply, and I think it's unlikely that Mr S's original Old Mutual policy would have had a built-in drawdown option when the option to use drawdown was generally facilitated more easily by an internal switch between products.

ReAssure separately provides a drawdown product – the RA. Setting aside the times it's provided the wrong information to Mr S and notwithstanding that the explanation in the retirement options pack was silent on this, ReAssure's position throughout its dealings with Mr S seems to have been that any policyholder can transfer to the RA and retain their TTFC.

A transfer to a new pension scheme would normally result in any TTFC being lost and tax-free cash instead being limited to the standard 25% of the value of the scheme. That's a result of the legislation set down by HMRC. As each S32 policy is its own 'scheme', that will be the problem here – because usually a transfer is needed to a personal pension in order to use drawdown.

However there are several workarounds open to ReAssure to allow this. Potentially, it might be designating the new RA Mr S takes out as part of the original scheme. Or there is the more radical option of using a permissive override allowed by HMRC, effectively permitting it to set aside the existing scheme rules and pay out the higher tax-free cash entitlement whilst also designating funds to drawdown (in a way which still complies with the tax rules) under a different scheme. Essentially if ReAssure provides the drawdown option from Mr S's existing scheme via a RA, it's a matter for it how this is facilitated within existing legislation.

However this isn't the option Mr S ultimately wanted ReAssure to make available; which was to take his TTFC and pay the residual fund directly to another provider, rather than a RA. As I've explained above, this transaction doesn't count as an OMO. And it would be unheard of

for the original policy terms and conditions to allow it – particularly as the provider already allows a transfer into its own drawdown policy, from which the policyholder can then transfer the residual funds into a different provider's drawdown plan if they wish to do so.

I can see why eliminating this intermediate step of holding a RA might cause ReAssure more administrative difficulties. I've already mentioned that S32 policies were traditionally designed to pay tax-free cash, and then provide an annuity or OMO from the uncrystallised funds. Old Mutual would likely have designed the systems (which ReAssure inherited) around that, putting the part of the process to crystallise the existing funds into drawdown under a new pension plan number. That's understandable as, amongst other things, there's differing tax treatment between uncrystallised and crystallised funds, and how they're reported to HMRC.

But crucially, it's not impossible for ReAssure to facilitate the direct transfer Mr S is asking for if it wishes to do so. From what I'm aware, HMRC's permissive override that I've mentioned above would allow ReAssure to do as Mr S asks. As this would involve making a concession that wasn't in the terms and conditions of his original plan, a policyholder can't compel their provider to offer this solution. And if ReAssure is allowing something by concession I can't expect it to form part of the standard options that are printed in a retirement options pack, one of which is already a drawdown option.

So whilst it's something a policyholder would have to ask for, I would also expect ReAssure to treat its customers fairly in receipt of these requests. That means if it offers the solution of a direct transfer to another provider's drawdown to one customer, in order to act fairly and reasonably it would need to have a good reason for not being willing to offer it to another in a similar situation who also asks for the same concession.

Did ReAssure cause delays in this case?

I haven't found that ReAssure acted wrongly up until 15 November 2022, when it was about to issue a further retirement options pack to Mr S. He'd asked for this pack, and ReAssure needed to complete the fund switch he'd requested before producing this. Although the pack ReAssure issued on that date contained incorrect details of his TTFC, I have no reason to doubt it was sent at or close to the date generated (the investigator thought it might have been issued under a letter dated three days later). Either Mr S's receipt of that pack or his acknowledgement of it was then delayed, as he didn't respond until 29 November.

I can see why the instruction Mr S gave on 24 November to "take all the plan value away from ReAssure" might have been confusing. ReAssure, not unreasonably in my view, interpreted it as a request to withdraw the full fund value in cash – because Mr S hadn't named a different company or policy he wanted to transfer it to. That led to ReAssure issuing information about taking a single lump sum (after what has to be said was also an excessive delay) on 6 January 2023. As this wasn't an option Mr S wanted, it hasn't affected the timeline I set out below.

I think that Mr S ought to have been in a position to act on a correctly produced retirement options pack, had ReAssure provided this, by 29 November. But he was prevented from doing so, not once but twice – because ReAssure then compounded its error by issuing a further incorrect retirement pack on 16 December, despite asserting at the same time that it had corrected its error.

But notably, when ReAssure sent Mr S correct figures for Mr S's TTFC on 11 January 2023, and it clarified that the standard options available to him for accessing that sum were either an annuity or RA, he didn't immediately ask ReAssure to offer him the alternative of direct transfer to his preferred provider: he asked to have the application pack for a RA. So, I think

this what Mr S would likely have done if he'd been in a position to respond to a correct retirement pack on 29 November 2022.

I've taken into account that about a year earlier, on 5 November 2021, Mr S had expressed an interest in taking his TTFC and transferring the residual fund directly to his SIPP. But there had been a year's gap – and he didn't mention this again on 11 January 2023. So, I can't fairly expect ReAssure to have assumed that he wanted to do something other than he was specifically asking for at that time.

ReAssure also asked Mr S to phone back when he was ready to proceed, as I expect it was hoping that this would reduce the possibility that further errors would be made. However Mr S was entitled to request to have an application pack so that he could read the key features document. This referred to an online application process. Put bluntly, ReAssure should have had the systems and processes in place to prevent these errors being made. Clearly, if it was able to assure Mr S that an error had been corrected whilst simultaneously making the same error, those systems and processes left a lot to be desired. There was (and still is) no warning on the online application system that applications from people with TTFC had to be dealt with in a different way – and what that way is.

ReAssure actually took too long in my view to send Mr S the application pack for the RA. Instead of 11 working days I think this should have taken a maximum of five working days, as no case-specific valuations were needed. If the cause of the delay was the query about Mr S being in Russian funds, ReAssure has provided no evidence why this was the case. I accept Mr S's evidence that this related to an earlier fund he was invested in, not the Deposit Pension Accumulator fund. So, had Mr S asked for the RA application pack on 29 November 2022, ReAssure should have issued it by 6 December 2022.

When Mr S actually received this pack dated 27 January 2023, he's referred to his difficulty in following the online application process without seemingly being restricted to 25% tax-free cash. As I've noted above, when I tried this I had the same difficulty. That seems to have prompted his further complaint to ReAssure (three working days after the 27 January 2023 application pack) which included a request for ReAssure to make the concession of allowing a direct transfer to C's drawdown plan. So, had he received the application pack sooner I think it's likely Mr S would have made much the same request on 9 December 2022.

In a different complaint I've recently considered, ReAssure granted this same concession to a different customer on 22 November 2022. Whilst I'm prepared to allow ReAssure a reasonable period of time of two weeks to consider Mr S's request, in order to treat him fairly I consider it should also have granted Mr S's request for the same concession on 23 December 2022, for the reasons I've given above. That would have fallen right at the start of the Christmas holiday period, and it would still have been necessary for Mr S to complete whatever application forms C and ReAssure required for this option (for example, the OMO form ReAssure has now sent him in October 2023, if this is what it requires).

I've allowed a reasonable length of time for days lost due to Christmas, the exchange of forms between Mr S, C and ReAssure, the time it would take for ReAssure to manually calculate and then process Mr S's TTFC payment and three working days to reach him by BACS. Having taken this into account I think the investigator still arrived at a reasonable estimate of the date Mr S would have received the TTFC of 16 January 2023. I'm not persuaded to come to a different conclusion for the sake of a few days either way. The investigator also said this would have been based on a quotation as at 30 December 2022, but as we know Mr S's TTFC was already recalculated by ReAssure to be £45,555 as at the next working day of 2 January 2023, I consider it reasonable to base compensation on this value.

Delay to TTFC payment

I don't think Mr S can fairly be said to have failed to mitigate his loss, when ReAssure only recently allowed him the concession it should have allowed him in December 2022 in order to treat its customers fairly. It's also not fair to refer to further requests Mr S has made after January 2023, whether to remove all his funds from ReAssure in full or to transfer to a RA, as evidence that he still hasn't made a decision when it's abundantly clear that he would have wanted to take advantage of the concession had ReAssure offered it to him.

From what Mr S says, the TTFC was intended to be put in his mortgage offset account, thereby saving him mortgage interest rate at the Bank of England base rate + 0.59%. From 16 January 2023 to date, this aggregate rate has varied from 4.09% to 5.84%. Where the actual cost of borrowing is known, as in this case, I'm inclined to award Mr S compensation based on this rate. That interest will need to be added until the TTFC is paid, with one excepted period, which I discussed with both parties in my emails of 8 February 2024.

I explained that Mr S had informed me he'd filled in ReAssure's forms to take the tax free cash and C confirmed receipt of these on 29 November 2023, but due to C's delays they didn't arrive with Reassure until 3 January 2024. He then referred to an ongoing delay caused at ReAssure. So I informed both parties that I thought it would be reasonable to exclude from this interest calculation the period between 29 November 2023 and 3 January 2024, because that timescale was out of ReAssure's control.

Inability to make income withdrawal during 2022/23

Mr S told ReAssure on 12 January 2023 that it was his intention to take a further withdrawal before the end of the tax year to use up his remaining personal allowance. He clarified after the Provisional Decision that unlike the TTFC, this withdrawal wasn't going to be used to make a further payment on the mortgage. It was to supplement his living costs. Mr S also explained why he hadn't wanted to take this withdrawal from his income drawdown plan with C at the time. I've annotated his comments as ReAssure has now questioned what these remarks meant:

"...I intend to take [a withdrawal] from my existing company C SIPP [in 2023/24] whether the money comes across from Reassure [or not]. I did not want to access it [the SIPP with C] last year as the values were depressed due the Truss [market situation caused by the UK 'mini budget'] and Ukraine. I had made a safety first decision with my prior fund switches [into cash] with Reassure. These investments [in the SIPP with C] have now bounced back and the other day I took steps the secure those gains in my portfolio."

In other words, what Mr S is saying is that he was unwilling to withdraw money from his SIPP with C because it was still invested in the markets, and had fallen. Understandably, he preferred to wait rather than crystallise a loss at depressed unit prices. He wanted to take the withdrawal from his ReAssure plan because he'd already switched that plan to cash. As I said to both parties on 8 February, I accept Mr S's explanation for why he would only have wanted to take this withdrawal from the cash funds in the ReAssure plan, rather than C's SIPP. So, I need to consider what loss has been caused by him being unable to do so.

Mr S had the standard personal allowance of £12,570 in 2022/23. He's told us that in the end, he transferred £1,260 of his personal allowance to his wife. So the household has made a tax saving of £252 as she is a basic rate taxpayer. That Mr S has only lost the benefit of using up the rest of his personal allowance with a withdrawal from ReAssure. He originally wanted to withdraw £12,000 and if he takes the same amount now, it will all be taxed at 20% because he's now using up his personal allowance through going back to work or making ongoing withdrawals from C's SIPP.

The additional tax Mr S will now pay to withdraw the same amount is 20% of (£12,000 - £1,260) = £2,148. ReAssure therefore needs to redress this loss due to tax of £2,148. ReAssure has responded to my recent email that this approach is inconsistent with the fact Mr S didn't want to make withdrawals in 2022/23 due to the market situation. I'd ask it to go back and read what I said above: Mr S had a justifiable reason for not wanting to withdraw from his *SIPP with C*, but not from the ReAssure plan.

There's also been an ongoing delay on the transfer of funds Mr S wishes to make to C from which he will then take future income. I'm not in a position to say without the benefit of hindsight how Mr S might have invested that sum had it been transferred to C sooner. All I can say is over a year ago, Mr S made a decision to switch his funds with ReAssure into the Deposit Pension Accumulator fund.

He informed our investigator that he has background in pensions and I think he was reasonably aware that as matters had stalled with ReAssure he at least had a duty to mitigate losses in terms of how the funds other than TTFC were invested. It would have been open to Mr S to select other funds with ReAssure in a similar way to how he could have selected other funds with C. Therefore even though I accept the fund ranges were different, I'm not proposing to make any further award for this.

Distress and inconvenience

Mr S has also been caused a significant amount of distress and inconvenience. ReAssure offered £300, but I explained in my Provisional Decision that a higher award is warranted in the particular circumstances of this complaint. I've taken into account that ReAssure has at times been slow to respond to Mr S and issue updated valuations. Frequently these were wrong – including another incident more recently when ReAssure should have been well aware there was still a complaint with the ombudsman service. I also don't find it acceptable that ReAssure should expect Mr S to ignore all incorrect system-generated valuations because he should know what the correct amount is. These amounts change over time according to the formula, which incorporates further investment growth.

In any case at the very time ReAssure assured Mr S its valuation was now correct, it was still wrong. That was inexcusable. As I noted above, it would understandably have led Mr S to think that the tax-free cash amount on his plan could have been restricted on ReAssure's system for some reason, and prevented him from feeling he could safely proceed with a RA application. I don't accept ReAssure's point that all he had to do was fill in the forms and hope that all would come good in the end. Mr S had no reason by this point to trust in ReAssure's competency to manage his pension plan at all. This is a serious matter when considering who to entrust his funds to in future. I'm not in the least surprised that he would prefer to remove his funds from ReAssure altogether.

On the page about awards for distress and inconvenience on our website we set out that an award of between £300 and £750 might be fair where the impact of a mistake has caused considerable distress, upset and worry – and/or significant inconvenience and disruption that needs a lot of extra effort to sort out. Typically this would be measured over many weeks or months. A payment above the £750 level is more likely to involve substantial distress, upset and worry affecting daily life over many months or over a year. We won't typically break down our awards on a time cost or 'per action' basis as Mr S would like me to do.

I've taken into account the purpose for which Mr S required the tax-free cash but also the disruption this delayed transfer has caused to his ability to consolidate his funds together at provider C and move on with his retirement plans. Whilst I acknowledge that this didn't necessarily have the highly disruptive daily impact we might see when complaints involve

other financial products, Mr S has been prevented from moving on with his plans for almost a year – which by any account is a substantial delay.

On balance I consider ReAssure should now pay Mr S an increased amount of £750. I'm taking into account at the same time that this should be sufficient to prevent another complaint arising providing ReAssure now completes the transfer without further delay. I asked ReAssure to confirm in response to my Provisional Decision whether it's awaiting further documentation from Mr S or C. It responded:

“We have been trying to contact Mr S since 12th February 2024 to confirm the TTFC figure before we make payment and send the remaining funds to [C]. Please could you ask him to call our office to give his authority to proceed.”

In order to accept my Final Decision and receive payment of the amounts set out below, Mr S will now need to provide ReAssure with the confirmation it needs.

My final decision

I uphold Mr S's complaint and require ReAssure Life Limited to pay him compensation as follows:

1. Add interest at the Bank of England base rate + 0.59% to the sum of £45,555 from 16 January 2023 to the date the TTFC is actually paid to Mr S. Interest accruing between 29 November 2023 and 3 January 2024 should be excluded from this calculation, because that delay was out of ReAssure's control.
2. Subtract from (1) the actual amount of TTFC paid to Mr S, and pay any shortfall to him as compensation.
3. Pay Mr S £2,148 as compensation for his inability to use up the rest of his personal allowance in 2022/23 with income withdrawals from the ReAssure plan.
4. Pay Mr S the sum of £750 for the distress and inconvenience caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 14 March 2024.

Gideon Moore
Ombudsman