

The complaint

The trustees (Mr J and Mrs J, Mr J1 and Ms J1) have complained about how ReAssure Limited ('ReAssure') has administered the policies held within these trusts. They say that they have not been reviewed correctly, and incorrect information has been provided about them. This has caused them a significant amount of distress and inconvenience and led to further work being needed to amend the trusts.

What happened

Our Investigator thought the complaint should be upheld. But no agreement could be reached between Mr J and ReAssure, following the Investigator's opinion, therefore, the complaint was then passed to me.

I issued my provisional decision saying that the trustee's complaint should be upheld. A copy of the background to the complaint and my provisional findings are below in italics and form part of this final decision.

What I said in my provisional decision

This complaint has been principally brought by Mr J and his wife Mrs J, who are the owners of the policies complained about. The two other trustees to the complaint are also part of it, but I will refer mainly to Mr and Mrs J in this decision.

The issues this complaint concern are very long running and a significant amount of detailed background has been provided by all the parties to the complaint. I won't repeat all of what has happened, or has been said before, as all parties to the complaint are aware of it. And this reflects the Financial Ombudsman Service's role as an informal dispute resolution service.

And this isn't Mr and Mrs J's only complaint that has been considered at the Financial Ombudsman Service. Mr and Mrs J have made a joint complaint about some of the same issues raised here. And this was decided by an Ombudsman in 2017. And Mrs J also has a complaint about similar issues to this one, that was also decided by an Ombudsman in 2023. There is significant overlap between all of these complaints and, as I'll mention below, these earlier decisions have affected this complaint.

Mr and Mrs J both have life cover policies and Mrs J has a critical illness policy. These were started with another business initially and ReAssure is now responsible for these policies.

There have been significant problems with the administration of these policies over time. In summary ReAssure has not completed the contractual policy reviews at the right time. And when it did complete the reviews, new policies had to be started in respect of some of the cover they had due to the European directive on gender neutral pricing. And that this new policy provided insurance cover on a different basis. Mr and Mrs J have been provided with incorrect information about these policies, in particular they have been given incorrect policy numbers and incorrect unit statements and policy values. And they say this has led to them needing to amend, or planning to amend, the trusts that these policies are held in.

These issues were first considered by the Financial Ombudsman in 2017. The ombudsman agreed that ReAssure had poorly administered Mr and Mrs J's policies. To put this right he said that:

- *ReAssure should review the policies in line with the original review terms and assume any increases in payments were paid.*
- *He gave a direction to how ReAssure should provide cover in respect of Mrs J's critical illness insurance.*
- *He made an award in respect of the distress and inconvenience that these issues had caused Mr and Mrs J.*

ReAssure did attempt to review the policies in line with this earlier decision. But it continued to administer them incorrectly. And Mr and Mrs J, on behalf of the trust the policies are held in, have brought these ongoing problems to the Financial Ombudsman Service.

Some of the issues that relate to Mrs J's policies alone have been considered separately. An ombudsman has already considered Mrs J's (similar) complaint to this one. I won't provide a summary about this as the separate issues should remain part of that complaint. And the issues that overlap I'll talk about below in respect of this complaint.

But since the Ombudsman's decision in 2017 ReAssure has continued to make ongoing errors with the administration of these policies essentially in the same way. These have led to Mr J and the trustees ongoing complaints which are, in brief:

- *ReAssure has altered the policy numbers of the policies and it has provided correspondence that quoted incorrect policy numbers.*
- *The policies are written in trust and changing the policy numbers may have invalidated this trust. It will be expensive to change the trust to accommodate the policy number changes.*
- *The policy reviews have not been completed correctly.*
- *Incorrect information about the fund values of the policies has been provided over time.*

One of our Investigators has considered these ongoing complaints. Our Investigator has worked with ReAssure to try and rectify them to the consumers satisfaction. And I can see that:

- *ReAssure has been able to change the policy numbers. It's systems and communications will use the policy numbers communicated to Mr J in 2018 going forward.*
- *It was recognised how the reviews had been incorrectly performed and what ReAssure should do to correct this.*

To put the ongoing errors right, ReAssure has agreed to:

- *Confirm by letter the policy numbers, policy benefits and premiums paid. Mr and Mrs J, and the trustees, will be able to provide this to their legal representatives to prepare new trust arrangements.*
- *Wave any increased premiums due to the 2021 policy reviews. The policies will have these increased premiums credited to them as if they have been paid by Mr J until the reviews are completed correctly. I understand this process is now complete and Mr and Mr J are paying the full premiums to the policies as of February 2024.*
- *Pay Mr J £2,200 for the distress and inconvenience these ongoing complaints have caused him.*
- *Pay half of the legal costs Mr J and the trustees have incurred in relation to seeking legal advice about changing the trust these policies are held under – these are costs up until 4 August 2023. These costs are estimated to be around £4,500 (in total). Mr J should provide an invoice to show he has paid this.*

Mr J initially accepted this to resolve the complaint. I understand the compensation has been paid to Mr J.

But there was some further correspondence, which mainly concerned the letter ReAssure proposed to send to Mr and Mrs J. ReAssure provided a copy of the letter it intended to send to Mr and Mrs J. This was dated 1 February 2024. After receipt of the proposed letter Mr J continued to provide comment on how he thinks the letter should be revised.

As a result of this our Investigator asked that ReAssure:

- Include an apology within the body of the letter.
- State why it is reverting to the original policy numbers that were confirmed to the consumers in 2018.
- Confirm that some missing premium letters were sent in error and there are no missing premiums on any of the policies.
- Include the contents in a certain font.

And I can see that Mr J is still unhappy with how ReAssure have administered these policies. ReAssure has confirmed that the policies use gender-neutral rates where appropriate and it has provided an explanation about the indexation of them. Mr J has said he may raise the gender-neutral premium issue with the industry regulator. There were no further issues raised about the sums assured, indexation and premiums paid. And I think the policies have now been amended in line with the reviews that should have been performed all along.

I don't think any further new material issues were raised. And the remaining issue which still needs to be decided is the contents of the letter that should be sent to Mr and Mrs J and the trustees. Our Investigator informed both parties that an agreement has not been fully reached that the complaint should be considered by an Ombudsman.

What I've provisionally decided – and why

I've considered all the available evidence and arguments to provisionally decide what's fair and reasonable in the circumstances of this complaint.

I won't go over all of the issues that have surrounded the changes made to these policies due to the reviews. But I think the recent correspondence has shown that these have now been completed correctly and Mr J and the trustees now have policies with the correct unit values, sum assureds and they are paying the correct premiums for them.

I can see that Mr J still thinks gender-neutral pricing may be an issue but I'm not persuaded that this is the case. And in any event Mr J says that he may raise this with the industry regulator. And whilst I now don't think I need to make a direction about this issue ReAssure should bear in mind the significant problems the reviews to the policies have had in the past and ensure these do not happen again in the future.

There have been significant issues raised about the critical illness aspect of the policies and how the cover has been affected by the use of top up policies. But this issue is only relevant to the complaint that concerns the policy in Mrs J's name. And an ombudsman has considered this issue already, so I won't comment further about this here.

ReAssure has changed the policy numbers of Mr and Mrs J's policies over time. It says that it has needed to do this at times due to changing systems and business practices. And it has, at times, provided incorrect and confusing information to Mr and Mrs J and the trustees about this. Indeed, it still isn't entirely clear why there have been these policy number changes. And it's evident that this issue has caused Mr and Mrs J a significant amount of worry and inconvenience. This is because these policies are important to them, and they think the incorrect information about them affects the trust they are held in.

That said, as far as I can see, this issue has now been resolved. ReAssure has been able to provide correct policy numbers for all the policies these consumers hold. As well as the other policy information I've outlined above.

It's been agreed that ReAssure should send a letter to Mr and Mrs J that contains information about these policies, as well as some other information. This letter has been shown to Mr and Mrs J and as far as I can see (or have been made aware) the information now provided to the trustees in this document is correct.

Mr J doesn't entirely agree with the contents of the letter, and I've read his most recent correspondence in which he has said that further issues, such as more detail about the complaint, should be added to this letter. Whilst I can see why he would want this I think, in principle, the letter provided to them in February 2024 is largely correct and significant additions or amendments would be counterproductive.

The purpose of this document is to provide straightforward and clear information about the policies because this has been lacking in the past. So, making this document more complicated, and or adding more detail about the surrounding circumstances wouldn't be right and would possibly add more confusion to the overall situation.

So, I think ReAssure should issue this letter as it is with some of the amendments our Investigator recently suggested. These are:

- *Include an apology within the body of the letter.*
- *Say why it is reverting to the original policy numbers confirmed in 2018.*
- *Confirm that some missing premiums letters were sent in error and there are no missing premiums on any of the policies.*

But these amendments should be as brief as possible, and I agree with the contents of the letter dated 1 February 2024 other than this. And if Mr and Mrs J need the letter producing in a larger or different font or format ReAssure should do its best to accommodate this. But this should be in addition to a letter provided using a standard formatting.

It's been agreed that ReAssure should provide a significant amount of compensation for the mistakes that it has made over the years. I can see that this is a very important issue for Mr J but I think the amount that has been paid so far is fair. I'm not persuaded that it should be increased.

ReAssure has agreed to pay half of the costs the trustees has incurred in seeking legal advice to amend the trusts – these are costs up until 4 August 2023. The total cost of this has been estimated to be £4,500. Having thought about this, I echo what both our previous ombudsman have said about it. It's clear that this may have caused the trustees some costs, but it's not entirely clear why this is, or what changes the trust needs to make. And I agree that ReAssure shouldn't be liable for all of the costs of a trust arrangement which they have very little input or control over. So, I think agreeing to pay half of these costs is right, on the provision that the trustees can provide an invoice that demonstrates they have paid for the trust to be amended.

Mr J has recently said that the direct debit and payment arrangements have changed. He says that the collection date has been altered and they were not notified of this. He says this may have caused them some further problems and that compensation should be paid to address this.

As far as I can see this has not been considered by ReAssure yet. So, I won't be able to issue a final decision about it until this has happened. And it also wouldn't be right to delay the resolution of the complaints Mr and Mrs J have already made due to this new issue. Because of this I'm not going to address this in detail here.

But if ReAssure needs to take action to put this right it should bear in mind the problems that Mr and Mrs J have already had with these policies and it should do this promptly.

Developments

Mr J, the trustees and ReAssure, received my provisional decision. ReAssure didn't have anything to add after they'd seen it.

Mr J, on behalf of the trustees, responded in detail to my earlier decision. I have read everything that he has provided, and I'll summarise what he said below. I won't respond fully

to everything he has said. Again, I must bear in mind we are an informal dispute resolution service and much of what Mr J said in his response is a summary of his ongoing complaints and is information I had already considered. Mr J said:

- He reiterated the background to these complaints. He went through the errors ReAssure has made over time and how long he had been dealing with these. He explained the effect that this has had on him.
- He provided some information about how the trusts were set up. For the avoidance of doubt, he says there are four trusts and Mrs J's policy is not in trust. He again said how the failure to carry out the policy reviews affected the trusts and the changes the trustees have had to make.
- He outlined the situation with the policy numbers and how this had changed over time, partly due to previous investigations and Final Decisions by the Financial Ombudsman Service.
- He outlined the lengthy time over which the policy reviews were not conducted properly. He said that he needed to do significant work himself in respect of the policy reviews.
- He said what he would like in the letter that ReAssure will provide.
- He had agreed to settle the complaint on the basis I outlined. But he now doesn't think the compensation is enough as the problems have not been resolved in a timely manner and he has had to do a lot of work himself to put things right.
- He received another consumers details at one point, which also demonstrates poor administration on the part of ReAssure.

Mr J has again raised some recent problems he has had with premium payments. As before I'm not considering these here.

As no agreement has been reached, I've gone on to reconsider the complaint and issue my final 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.

Whilst Mr J did respond in detail to my provisional decision, I don't think it's unreasonable to say that he didn't raise any new points, or provide any new evidence, after receiving it. So, I'll say straight away that whilst I've considered all of what Mr J has provided and said, I've reached the same conclusions I reached before, for the same reasons.

As I said in my provisional decision whilst I can accept that, to some degree, the changes to the policies may have led to the trustees needing to make changes to the trusts. I still don't think it's entirely clear why these trust changes were needed, and the costs Mr J has talked about incurred. I have noted what Mr J has said throughout this complaint, and in response to my provisional decision, about how the policy numbers have needed the trusts to be changed or new trusts started. And the comparisons he has made to other situations that involve trusts.

But I'm still aware that this isn't always the case, policy numbers can and do change whilst policies are held in a trust, and this can be dealt with a variety of ways. And I still don't think that ReAssure should be fully liable for trust arrangements that it has no input over and will be, by definition, bespoke to the trustees' circumstances. So, I still think paying half of these costs is reasonable compensation for any changes the trustees have had to make to the trusts due to the errors that ReAssure has made.

It has been agreed ReAssure will provide a letter with certain information in it. Whilst I note the new amendments that Mr J has proposed I still think this letter should be relatively brief and factual. I don't think Mr J's recent additions help to achieve this as they contain information about the complaint itself over time and so on. So, my decision is that ReAssure should issue this letter as it was provided in February 2024 with some of the amendments our Investigator recently suggested. These are:

- Include an apology within the body of the letter.
- Say why it is reverting to the original policy numbers confirmed in 2018.
- Confirm that some missing premiums letters were sent in error and there are no missing premiums on any of the policies.

I agree with the contents of the letter dated 1 February 2024 other than this.

And as before if Mr and Mrs J need the letter producing in a larger or different font or format ReAssure should do its best to accommodate this. But this should be in addition to a letter provided using a standard formatting.

Mr J has reiterated his broader complaint points about how ReAssure has made continued errors in administrating his policy. Such as the problems with the fund values, receiving correct information about them and the policy reviews which were not performed as per the policy terms and conditions. And he's now noted that he was once sent information he shouldn't have been. I've talked about most of these issues in my provisional decision in detail and I won't repeat these here.

I already said that Mr J should receive significant compensation for these errors, and I still think this is the case. At the time the complaint was passed to me to consider Mr J agreed with the amount proposed between him, our Investigator and ReAssure. He now says that he 'regrets' this agreement and thinks the compensation should be reconsidered and increased.

But having looked at things again I still think the amount that has been already agreed and offered is reasonable. I'm not underestimating the errors that ReAssure has made and the effect that his has had on him and the trustees. I'm sure this has caused him a significant amount of distress and upset. A monetary award of £2,200 is appropriate where a mistake has caused sustained distress over a long period of time, this distress can be high enough to have, for example, affected someone's health. I think this level of distress and inconvenience is what has happened here and so, overall, I still think this amount is reasonable.

So my final decisions is that the trustees complaint should be upheld and compensation paid as below.

Putting things right

ReAssure should:

- Pay Mr J £2,200 for the distress and inconvenience it has caused. If this has already been paid, then ReAssure does not need to pay it again.
- Pay half of the legal costs Mr J incurred in relation to changing the trust these policies are held under – these are costs up until 4 August 2023. Mr J should provide an invoice to show he has paid this.
- Amend the letter as I've outlined above and issue it.

My final decision

For the reasons I've explained, I uphold the trustee's complaint.

ReAssure Limited should put things right by doing what I've said above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr J, Mrs J, Mr J1 and Ms J1 as trustees of the J trust to accept or reject my decision before 26 July 2024.

Andy Burlinson
Ombudsman