

## **The complaint**

Mr L's first complaint point is that a withdrawal from his pension was incorrectly processed by ReAssure Limited ('ReAssure'). The withdrawal was meant to be from the tax-free element of his pension however an error was made, and the withdrawal was taxed. As a result, and to gain access to the required sum, a further withdrawal was required.

Mr L has also complained that the transfer of his pension from ReAssure to Quilter was unduly delayed and that those delays have caused financial loss.

## **What happened**

The chain of events covering both complaint points detailed above is extensive, and as such the below is a summary of the key points of contact only.

Whilst not all dates and communications are included below I would like to reassure all parties that all the evidence and commentary provided has been fully considered in reaching my decision.

In March 2022 Mr L contacted ReAssure raising issues around the servicing of a withdrawal request he had made.

On 29 March 2022 ReAssure confirmed they had processed a partially taxable £50,000 withdrawal. Upon receipt of this Mr L wrote to ReAssure stating that the payment had been processed incorrectly. He had requested a tax-free lump sum with ReAssure's error meaning he had received around £35,000 rather than the £50,000 he needed.

ReAssure provided Mr L with three options to correct this error on 19 April 2022, with Mr L choosing to request a further taxable withdrawal in order to access the required level of cash as quickly as possible.

In response to the issues faced with ReAssure Mr L decided to move his pension to Quilter. Application forms were completed, and a transfer request was submitted via the online Origo system on 15 July 2022.

ReAssure sent Mr L a cheque for £150 on 21 July 2022 in respect of the distress and inconvenience the withdrawal issue had caused.

An amount of around £479,000 was transferred to Quilter on 22 August 2022, with the letter stating that this was in "full and final" settlement of Mr L's policy.

Mr L raised a complaint with ReAssure, as the £479,000 was not the totality of his pension. This represented only the uncrystallised proportion of his fund, with a further amount not yet transferred.

ReAssure issued a complaint response in October 2022 accepting their error. An amount of £150 was offered by way of an apology with additional confirmation that ReAssure would construct an alternative timeline to take into account any delays in the transfer of the pension pots and ensure Mr L was not disadvantaged.

On a call between ReAssure and Mr L on 9 October 2022 it was confirmed that the encashment value of Mr L's pension pots would be backdated to 15 July 2022 (the date the transfer request was received) to ensure Mr L had not lost out.

ReAssure confirmed that an amount of around £306,000 had been transferred to Quilter on 19 October 2022, however, in order to accept the funds Quilter required further information about Mr L's lifetime allowance with this not being provided until 25 January 2023.

With his complaint not resolved Mr L referred the case to this service.

ReAssure issued a further complaint response on 6 February 2023. This stated that the amounts transferred to Quilter were correct (as at 15 July 2022) and that further information was being sought in order to calculate if the delay had negatively impacted the value of the Quilter pension. In addition, a further £350 was offered to cover Mr L's distress.

Whilst the case was being investigated ReAssure completed their redress calculations and concluded that Mr L had been disadvantaged by £2,727 as a result of their delays. This was based on the existing investments being encashed on 15 July 2022 and new investments being made within the Quilter pension on 29 July 2022.

Our investigator looked into things and concluded that the redress process used by ReAssure was appropriate and that the amounts offered to cover the distress and inconvenience caused by the issues were in line with what they would expect.

The investigator did state within their findings that ReAssure should update their redress calculation based on up-to-date investment prices from Mr L's Quilter pension and also provide Mr L with evidence of the value of his ReAssure pension pots as at 15 July 2022 to confirm the correct values had been used within the calculations.

In response Mr L did not agree, stating that his losses as a result of the delay had been higher and that the amount offered to cover the distress and inconvenience was too low.

ReAssure did not respond to the findings issued.

As no agreement could be reached the case has been passed to me for a 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.

In considering the first complaint point made by Mr L – the incorrect processing of the £50,000 withdrawal from his pension – I do not need to consider whether ReAssure made an error. They have already accepted this.

This decision has instead focussed on the actions taken by ReAssure to correct the mistake.

In trying to rectify the incorrect withdrawal ReAssure offered Mr L three options:

- Re-designate additional funds (£200,000) within the pension to the crystallised pot, sufficient to cover the tax charge, which would allow Mr L to reclaim the tax paid from HMRC.
- Mr L could return the amount he received to ReAssure. The transaction could be reversed and then a new tax-free payment could be processed.

- Process another taxable withdrawal which would provide Mr L with the additional monies required.

Two of the options above would have corrected the mistake and returned Mr L (and his pension) to the position he would have been in were it not for the error. However, both solutions would have taken time to complete and as such Mr L chose the third option. This did have an impact on the pension value, but provided Mr L with amount of cash he required.

Regarding this issue, I have reached the same outcome as our investigator and concluded that ReAssure's actions in correcting their mistake were appropriate and in line with what I would expect to see when such an error had been made.

ReAssure provided solutions and allowed Mr L to choose the one which best met his requirements at that time. In addition, and again in line with the findings issued by our investigator I consider the £150 offered by way of an apology and to compensate for the distress and inconvenience caused to be in line with what I would award in similar circumstances.

Overall, I am not instructing ReAssure to take any further action in respect of this complaint point.

Moving on to the second complaint point – the delays Mr L suffered when transferring his pension from ReAssure to Quilter – I again do not need to consider whether a mistake was made, as ReAssure have already accepted this.

As such, I have again focussed on the proposed redress and whether this is appropriate.

The chain of events which actually took place during the transfer of Mr L's pension is complex, with the two pension pots transferred at different times, and the re-investment of the transferred monies additionally delayed due to incomplete technical information being provided by ReAssure.

Any redress instructions I make are intended to place a consumer back into the position they would most likely be in had a business error not occurred. In this case to return Mr L's pension to the position it would be in had a delay not occurred.

To do this, a calculation must be completed which compares the value of the pension now with what its value would have been had ReAssure acted differently and transferred the pension without delay.

There are typically two parts to such a calculation.

Firstly, the impact of the delay on the encashment value of the existing investments (held by ReAssure in this case) must be considered.

In line with the chain of events laid out above, the transfer was originally requested on 15 July 2022 and as such, had there been no delay, it is the value of the two pension pots on this date which would have been transferred to Quilter.

Whilst Mr L may have been sent statements and transfer documentation before / after this date, which included other values for the pension pots (for example Mr L has referred to a value of around £324,000 within his commentary to this service), these values do not need to be considered within the redress calculation as the pension funds would (and should) have been encashed as at their value on 15 July 2022.

In this case no calculation for this element is required, as ReAssure have confirmed that the amounts eventually transferred to Quilter had been backdated, with the two pots transferred for around £479,000 and £306,000 already representing their 'correct' value on 15 July 2022.

The second part of the redress calculation considers the impact of the delay on the purchase price of any new investments made – in this case within Mr L's Quilter pension.

From the 15 July 2022 date, ReAssure would have taken time to transfer the funds to Quilter. Once at Quilter the funds would need to clear, and then new investments be arranged.

Our investigator concluded that had the above tasks been completed in a timely manner, new investments would have been made within the Quilter pension on 29 July 2022.

I do not consider this date unreasonable and therefore I see no reason to change it.

As such, part two of the calculation compares the purchase price of the new investments on the date they were actually made, with the purchase price had they been made on 29 July 2022.

In completing this part of the comparison ReAssure have calculated that (as at the date of their calculation - 18 September 2023) their delays had disadvantaged Mr L's pension by £2,727.

In line with the outcome reached by our investigator, I agree with the process followed by ReAssure in calculating any redress owed to Mr L because of their delays in transferring his pension to Quilter.

Whilst Mr L believes his losses are higher, the calculation completed by ReAssure is in line with what I would instruct in such circumstances, as it accounts for investment fund price movements in both the existing and new pensions over the delay period. As such I am not instructing ReAssure to take any further action in that regard, other than to repeat what our investigator has already said in their findings – that this calculation should be updated to bring it up to date.

I have also considered the amount offered by ReAssure to cover the distress and inconvenience caused by their errors. Here I would note that my redress instructions cannot be intended to punish a business for any errors they may have made, and are simply intended to return a consumer to the position they should be in.

Given this, I have concluded that the amounts offered by ReAssure in respect of the distress their errors caused Mr L are reasonable. I am therefore not asking ReAssure to take any further action in this regard, other to ensure that all amounts offered to Mr L are paid as soon as possible.

The redress instructions below are in line with those already communicated by our investigator.

### **Putting things right**

In line with the outcome already issued by our investigator ReAssure must now

- Update their redress calculation to the date of this decision.

- Ensure details of this are provided to Mr L in a clear and simple format with this including evidence of Mr L's pension fund values as at 15 July 2022.
- Ensure all payments for distress and inconvenience are paid to Mr L as soon as possible.

**My final decision**

In line with the rationale above I am upholding this complaint against ReAssure Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 22 April 2024.

John Rogowski  
**Ombudsman**