

The complaint

Mr B has complained to ReAssure Limited about the decreasing value of the flexible drawdown policy he holds with it.

What happened

The investigator who considered this matter set out the background to the complaint in her assessment of the case. I'm broadly setting out the same background below, with some amendments for the purposes of this decision.

In March 2020, Mr B contacted Legal & General, the previous provider of his policy before a "migration" to ReAssure in August 2020, to discuss the drop in the value of his pension fund. As a result, Mr B switched all of his pension into the L&G Index Linked Gilt Fund.

After the migration to ReAssure, and having sought guidance from Pension Wise, a government service set up to help people understand the pension options available to them, Mr B signed an application form for a ReAssure Retirement Account ("RA"), which enabled him to take tax free cash and enter into drawdown.

Mr B took his 25% Tax Free Cash ("TFC") lump sum of £38,322.19. The remaining 75%, totalling £117,414.80, was invested in the Corporate Bond Fund.

In 2021, ReAssure wrote to Mr B four times with quarterly and annual updates. The fund values were:

Date of update	Fund Value
5/2/2021	£117,770.88
7/5/2021	£114,331.71
5/8/2021	£117,309.86
5/11/2021	£114,516.11

ReAssure repeated this in 2022, providing fund values as follows:

Date of update	Fund Value
4/2/2022	£106,863.55
6/5/2022	£99,954.91

Mr B then withdrew £5,000 on 20 May 2022, which resulted in the following fund values:

Date of update	Fund Value
12/8/2022	£99,188.27
4/11/2022	£89,204.23

And then, at the beginning of 2023, Mr B's fund value was as follows:

Date of update	Fund Value
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10/2/2023	£93,222.52
5/5/2023	£92,244.38

On 22 May 2023, Mr B called ReAssure to express his dissatisfaction with his fund value.

ReAssure replied on 19 June 2023. It didn't uphold the complaint, and in summary, said the following:

- The RA is a flexible drawdown product, and its value depends on a number of factors including the amount paid in, withdrawals, and performance.
- Mr B's fund was solely invested in the Corporate Bond Fund, which is a unit-linked fund. Performance within funds such as this is heavily dependent on financial markets, and with the Covid pandemic and subsequent economic effects, the financial markets were unprecedentedly affected.
- As ReAssure isn't a firm of financial advisers, it encouraged Mr B to use "Unbiased" to seek financial advice to ensure this investment strategy was appropriate for him.

Mr B called ReAssure on 3 August 2023 expressing further dissatisfaction.

An annual statement was sent to Mr B on 16 August 2023 confirming that his fund value was £90,614.50. In the same month, Mr B switched from the Corporate Bond Fund into the Deposit Fund.

ReAssure responded to Mr B's call of 3 August 2023 on 29 August 2023. It encouraged him to approach this service if he remained unhappy.

Since then, two further quarterly fund value updates were sent to Mr B, as follows:

Date of update	Fund Value
10/11/2023	£91,765.92
9/2/2024	£92,899.50

Mr B referred his complaint to this service. One of our investigators considered the matter, but didn't think the complaint against ReAssure should be upheld. She said the following in summary:

- She noted that the statements issued to Mr B contained the following information:

"Because of the flexibility available to you and the performance of your investment over the long term, it's important that you review your policy regularly. Our online tool allows you to:

- *See how changing contributions or withdrawals could affect your policy*

Review your policy today at www.reassure.co.uk/online-review"

And also the following:

"Review your investment

You should regularly review the funds you're invested in especially if your circumstances or plans have changed.

You should always make sure that the funds you're invested in match your attitude to risk and what you have planned for your money. For example:

- *If you stay in low risk funds too long you may miss out on strong growth in financial markets and your policy could be more vulnerable to the effects of inflation.*
- *On the other hand, if you're planning on taking a large proportion of your savings soon, being in higher risk funds puts you at risk of sudden movements in the stock markets affecting what you may get back.*

If you're not sure about what funds to invest in, you should seek guidance or independent professional advice."

- The statements sent to Mr B also gave an indication as to what his pension fund might be worth in the future, based on assumptions of growth rates and inflation.
- ReAssure estimated that, the longer Mr B remained in his current investment strategy, the lower his pension might be in the future.
- The investigator was satisfied that the information provided to Mr B was clear and encouraged him to review his investments regularly.
- ReAssure also provided Mr B with information as to how he could get financial advice if he needed it. But in its role as the administrator of the pension plan, it wasn't able to give Mr B advice – it could only manage the pension plan in line with Mr B's instructions.
- The RA was a "self-service" product and ReAssure wasn't in a position to provide financial advice or ensure that the chosen fund was suitable for him. It didn't know about Mr B's circumstances or objectives. But Mr B had confirmed in the application form that he'd sought guidance from Pension Wise.
- As ReAssure wasn't responsible for Mr B choosing the investment fund, it couldn't be held responsible for the fall in the value of Mr B's pension fund. Also, the available evidence didn't support the position that ReAssure had provided misleading information about the fund or had offered any guarantees about performance.

Mr B disagreed, however, saying the following in summary:

- His pension plan was transferred to ReAssure from Legal & General, but this hadn't been his idea.
- He'd needed to access the tax free cash amount as he needed to repay his mortgage.
- He'd been previously badly advised with regard to this pension pot – as had been confirmed by an ombudsman in a previous complaint against the advising firm responsible for the transfer of his employer's pension scheme money to the Legal & General plan. But he hadn't received any compensation from that.
- Legal & General had changed his pension plan, and he'd contacted it, saying that he was concerned that it was getting smaller.

- He'd been suffering from multiple health and financial issues, and it had been very difficult to manage all of these at the same time. The matter had caused him a lot of anguish and distress.
- He'd told ReAssure that he wanted to protect what was left of his pension fund, but it had lost a lot of value. ReAssure had gambled with his money and had lost much of it, and there was no quality of care in its dealings with him.
- Re-Assure had told him that he needed to change his plan, and it told him on the phone that it was going to look into the errors. He's incurred a series of losses, but no-one has listened to him or tried to help. As a result, he now trusted nobody.

As agreement couldn't be reached on the matter, it's been referred to me for review.

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.

And having done so, whilst I know this might disappoint Mr B, I've reached broadly the same conclusions as the investigator and for similar reasons. There's little in fact that I think I can meaningfully add to what the investigator has already said.

I'd firstly say that, with regard to Mr B's other complaint about the transfer of his pension funds from his ex-employer's scheme, I can see that this has been resolved separately. So I won't be commenting on that particular matter here.

But regarding Mr B's complaint about ReAssure, I do understand Mr B's disappointment with the way his pension fund has fallen, but, as with the investigator, I can't reasonably attribute blame for this to ReAssure. The nature of the investment fund which Mr B chose – the Corporate Bond Fund - when he submitted his application to take his tax free cash and leave the remaining pension fund in the RA meant that it was particularly vulnerable to the types of economic turbulence which financial markets have experienced over the last few years.

But as noted by the investigator, ReAssure had no hand in Mr B choosing that particular fund. It seems that Mr B sought help from Pension Wise and then chose the Corporate Bond Fund.

And I can also see, as with the investigator, that ReAssure has encouraged him to review his investment strategy to see if it was still the right one for him.

Investment performance on its own isn't something which this service would look at – this is usually the result of what's going on in financial markets, rather than being the fault of the pension plan provider. And I'm unaware that the regulator has any concerns over the way in which ReAssure has managed its Corporate Bond Fund. So I don't think that I could reasonably conclude that the drop in the value of Mr B's pension plan is the result of anything more than the drop in value of the corporate bonds within that particular fund.

I've noted what Mr B has said about contacting ReAssure to ask it to protect the value of his pension plan, but I can see that this then resulted in him switching into the Deposit Fund in 2023. Again, this was up to Mr B – ReAssure wasn't able to advise him which fund might be best suited to him.

In closing, as I've said above, I do understand Mr B's disappointment with the fall in the

value of his pension plan, and I also sympathise with the difficult health and financial circumstances he's experienced. But a financial loss isn't always a result of an error on the part of a particular financial firm. It can simply be the result of changing financial and economic circumstances.

In this instance, for the reasons given above, ReAssure isn't responsible for those financial losses. And Mr B's pension fund might well recover some of its value in the future.

But if Mr B did receive financial advice from a firm other than Pension Wise to invest in the Corporate Bond Fund and he feels that this wasn't right for him and has caused the financial loss, it's open to Mr B to take this up with that firm.

But as with ReAssure, going forward I would encourage Mr B to seek financial guidance or advice, either through Pension Wise again, or another organisation, to ensure that the pension fund he's invested in is the right one for him.

My final decision

My final decision is that I don't uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 27 June 2024.

Philip Miller
Ombudsman