

## **The complaint**

Mr B complains that ReAssure Limited failed to treat him fairly when he asked to take some retirement benefits in September 2023.

## **What happened**

Mr B holds pension savings with ReAssure. In September 2023 he submitted an application to ReAssure to withdraw part of his pension savings as a pension commencement lump sum ("PCLS" – generally known as tax free cash). ReAssure says that it had all the documentation it needed to proceed by 28 September.

Mr B didn't want to take all the PCLS he was entitled to receive. So, in order to protect the remainder of his entitlement, ReAssure told him that it would first need to transfer his pension savings into a new Retirement Account ("RA"). And once that was complete it would be able to pay Mr B the PCLS that he had requested.

But it seems that ReAssure failed to process Mr B's application as quickly as it would have wanted. It didn't open the RA and pay the PCLS to Mr B until January 2024. But it used the value of Mr B's pension as at the date it received his application when it calculated the amount that should be transferred into the RA. Mr B complained that, in December 2023, he was told that his pension savings had increased by around £14,000 since his application had been submitted, and that he would be given the benefit of that increase.

ReAssure didn't agree with Mr B's complaint. It said that, in order to treat all customers fairly, it would always use the date it received an application to determine the value of pension savings. But it reassured Mr B that the opening of his new RA had also been backdated to the same date meaning that his remaining pension funds were continually invested. ReAssure paid Mr B some interest for the late payment of his PCLS. And it paid him £600 for the inconvenience that he'd been caused. Unhappy with that outcome Mr B brought his complaint to us.

Mr B's complaint has been assessed by one of our investigators. He thought that the compensation ReAssure had paid to Mr B, and the way it had backdated the opening of the RA, was in line with what we'd expect the firm to have done. So he didn't think, after things had been put right, that Mr B had lost out. The investigator didn't think the complaint should be upheld.

Mr B didn't agree with that assessment. So, as the complaint hasn't been resolved informally, it has been passed to me, an ombudsman, to decide. This is the last stage of our process.

## **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 deciding this complaint I've taken into account the law, any relevant regulatory rules and good industry practice at the time. I have also carefully considered the submissions that have been made by Mr B and by ReAssure. Where the evidence is unclear, or there are conflicts, I have made my decision based on the balance of probabilities. In other words I have looked at what evidence we do have, and the surrounding circumstances, to help me decide what I think is more likely to, or should, have happened.

At the outset I think it is useful to reflect on the role of this service. This service isn't intended to regulate or punish businesses for their conduct – that is the role of the Financial Conduct Authority. Instead this service looks to resolve individual complaints between a consumer and a business. Should we decide that something has gone wrong we would ask the business to put things right by placing the consumer, as far as is possible, in the position they would have been if the problem hadn't occurred.

There seems to be little dispute about the key dates that underpin this complaint. ReAssure received a completed application from Mr B on 28 September 2023. And although I accept there were some processing steps it needed to undertake, ReAssure failed to pay the requested PCLS to Mr B until more than three months later. ReAssure accepts that time was far too long – and it has paid compensation to Mr B (that I will discuss in more detail later in this decision) based on a conclusion that the PCLS should have been paid as soon as Mr B's application was received.

So what I need to decide here is whether the way ReAssure has put things right for Mr B is fair and reasonable in all the circumstances.

When receiving an application for the payment of pension benefits, such as Mr B sent into ReAssure, I think it is reasonable that a firm be allowed a short period of time to complete some checks and undertake the administrative activities necessary to put the pension benefits into payment. So whilst Mr B's application was received by ReAssure on 28 September it might have been reasonable for there to be a short delay before his PCLS was paid to him.

But, given the delays and its desire to pay fair compensation to Mr B, ReAssure has used a payment date for the PCLS of 28 September – the day his application was received. So that is the date I will consider here as the point at which the PCLS should have been paid. That ensures that Mr B is not disadvantaged at all by any delays – in fact he should be marginally better off.

The main area of dispute between Mr B and ReAssure is change in the value of his pension savings between the point his application was received and the point at which ReAssure actually moved his money to the RA and paid the PCLS. Mr B says that his pension savings had grown by around 3.5% during that time. He says that ReAssure had told him that he would benefit from that investment growth once the PCLS was finally paid.

ReAssure says that it always values pension savings at the date that a completed application is received. It says that particularly ensures that consumers don't lose out if the market falls during the time it takes to process an application. But there is of course the opposite effect should the market rise during the processing period, as happened here.

I don't think it would be reasonable to expect ReAssure to make payments based on a "best case" scenario. Doing so would introduce a whole realm of difficulties particularly at times of volatile investment performance where a processing delay of just a few days might make a radical difference to the value of a consumer's pension savings. Instead I think that the approach adopted here ensures that all consumers are treated the same regardless of any processing delays that occur.

Mr B took a PCLS that was equal to just less than 8% of his pension savings. The remainder of his pension savings were invested via the RA. When Mr B made his application for the retirement benefits he chose the fund into which those savings would be invested. That fund was different from those he had made use of before taking his retirement benefits, and was designed for customers who plan on taking their pension savings as a long-term income within the next five years. It was designed to be less volatile than other potential investments, although still offering some growth.

Although ReAssure didn't actually open the RA, and transfer Mr B's remaining pension savings to the new investment, until January 2024, it backdated those changes to the date that Mr B's application was received. So the monies he invested in the RA would have benefitted from investment growth over the following months. Hopefully it will reassure Mr B to know that the value of the fund into which his pension savings were invested in the RA grew by around 3% between September 2023 and January 2024.

So in terms of the money that was left in the RA I think ReAssure's actions will mean that Mr B hasn't lost out. His pension savings were disinvested based on their value at 28 September and they were then reinvested in the new fund based on the market values the following day. That is exactly what should have happened had nothing gone wrong.

Mr B asked for a PCLS payment of £30,000. Given that amount would have been deducted from his pension savings before they were reinvested in the RA, it won't have benefitted from any investment growth. If nothing had gone wrong it should have been paid to Mr B at that time. So Mr B lost the use of that money for a period of just over three months. Generally I would award interest, at a rate of 8% simple, on a delayed payment of that nature. And that is what ReAssure has paid to Mr B less the deduction of income tax that it is required to make.

It is clear that the delay to the payment caused a great deal of distress and inconvenience to Mr B – I can see that he told ReAssure that the worry was affecting his sleep and his overall health. So I do think it right that ReAssure should pay Mr B some additional compensation to reflect that distress and inconvenience. I think that the payment ReAssure has made, of £600, is slightly in excess of what I would consider fair and reasonable in circumstances such as these. So I don't think any further compensation of this nature needs to be paid either.

I appreciate my decision will be disappointing for Mr B. But I hope the explanations I have provided will help him to understand that ReAssure has done all that it needed to in order to correct the errors that it made by delaying his PCLS payment. I am satisfied that he has been fairly put back into the position he would have been in had nothing gone wrong.

### **My final decision**

For the reasons given above, I don't uphold the complaint or make any further award against ReAssure Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 20 August 2024.

Paul Reilly  
**Ombudsman**