

The complaint

Mr B complains that ReAssure Limited (ReAssure) took unauthorised fees from his portfolio without his knowledge or permission since 2013. And that he'd only discovered that these payments were being taken when ReAssure changed the information on its annual statements. He said he'd never heard of the company to whom the payments had been made.

Mr B also said that he'd instructed ReAssure to stop the payments when he'd first discovered they were being paid. But it had continued to pay them for a further 12 months.

To put things right, Mr B wants ReAssure to refund all fees paid since 2013.

What happened

I understand that Mr B started his pension in 2007 with a provider which was taken over by ReAssure in 2011. The paperwork from the time shows that he agreed to pay his adviser – adviser P – 6% for the initial advice and renewal commission of 1%.

Mr B signed the paperwork needed to set up the pension on 8 May 2007. The original pension provider wrote to Mr B on 29 May 2007 to confirm that after he'd taken his tax-free cash, £138,711.71 would be available. The letter provided Mr B's cancellation rights and stated:

"How much will the advice cost?"

For arranging this plan, [pension provider name] will pay commission to [Mr B's adviser, who I'll refer to as adviser P] of £8,322.66 immediately and 1.00% of the fund each year thereafter."

Mr B said that his pension is now in drawdown. And that he has been taking income from his pension since 2009. ReAssure wrote to Mr B about this in 2009, copying adviser P.

ReAssure wrote to Mr B on 12 April 2012 with its estimate of the maximum income limit on his drawdown policy. The letter stated the following at the end:

"Copies of this letter have been sent to:

[Adviser P]"

ReAssure issued the annual statement for Mr B's pension on 13 April 2012. This also stated:

"Copies of this letter have been sent to:

[Adviser P]"

On 16 April 2012, Mr B wrote to ReAssure to query the statement he'd just received. He wanted to know why his pension had reduced from £138,711.17 in 2007, to £84,012.56. Mr B acknowledged that he'd been receiving an income from his pension, but felt that his fund

had reduced by more than expected. He asked for a year-by-year performance breakdown, including any charges that had been applied to his pension.

On 2 May 2012, ReAssure wrote to Mr B to confirm the charges being taken from his policy. These were an Annual Management Charge (AMC) of 0.1% and a Recurring Management Charge of 1% each year. It also said that parts of his request were non-standard and therefore would incur a fee to provide.

On 7 May 2012, Mr B emailed ReAssure to ask it if there were any additional charges he was unaware of. He also asked it to confirm the potential cost of providing the additional information he'd requested.

On 23 May 2012, ReAssure reconfirmed the charges in line with the information it'd provided to Mr B in its 2 May 2012 letter. It said it would charge Mr B £25 to provide the other information he'd requested.

ReAssure sent Mr B his annual statement on 16 April 2013. This stated:

"Copies of this letter have been sent to [Mr B's adviser, which had changed names and which I'll now refer to as adviser T]"

ReAssure said that in 2021, it amended its statements in keeping with updated requirements intended to make charges clearer. The statements now included the £ amount of commission paid to a customer's financial adviser.

On 12 April 2021, Mr B received his annual statement. This explicitly stated that £638.36 had been paid to his *"Financial Adviser"*.

Mr B said he then contacted adviser T, which told him it had never heard of him either. He said he immediately instructed ReAssure to stop any future payments to adviser T.

On 21 April 2022, Mr B received a new annual statement showing commission of £583.40 had been paid to adviser T. And on 23 June 2022, Mr B called ReAssure about the adviser commission on his policy. He told it he'd never heard of adviser T. He wanted to know why ReAssure had deducted commission. ReAssure told Mr B that he'd need to write to it to stop the payments to adviser T.

Mr B wrote to ReAssure on 27 June 2022 to register his concerns about the situation. He said that when he'd questioned why the charges were being deducted, he'd been told his adviser was listed as adviser T, which he'd never heard of. He wanted to know why the payments were being made. He said that if the payments proved to be illegitimate, he would ask for them to be refunded.

On 22 September 2022, Mr B called ReAssure as he wanted to know why there was an adviser on his policy. ReAssure said the adviser had been attached to the policy from the start. Mr B asked for the adviser to be removed. He also requested a breakdown of all charges paid to the IFA.

On 28 September 2022, ReAssure wrote to Mr B to confirm that it was in the process of removing the commission charge from his policy. It also provided a commission summary for most of the last two years.

On 13 April 2023, ReAssure sent Mr B his annual statement. This showed that £473.33 commission had been paid to his adviser. He said he received it on 11 May 2023.

On 12 May 2023, Mr B called ReAssure to discuss his concerns about charges being received by an adviser he didn't recognise. He said he'd never received a response to his query. ReAssure told Mr B that it had written to him in September 2022 to tell him it would stop the commission. Mr B said he hadn't received this, so ReAssure emailed a copy of it to him.

On 30 May 2023, Mr B called ReAssure to ask it to confirm to him through email that it would refund the commission paid. And to confirm the date range that the refund would cover.

On 5 June 2023, Mr B wrote to ReAssure again to ask it why commission was still being paid to adviser T. He said that the commission payments had only become apparent to him in 2022 when ReAssure had changed the details shown in the annual statements. Mr B said that ReAssure had only provided details of the commission paid in 2021 and part of 2022, even though he'd asked for a full history. He said he assumed ReAssure had paid commission to adviser T since 2013. He asked it to return all of the commission paid to his account. Mr B requested again a full breakdown of the commission deductions to adviser T on his policy.

On 22 June 2023, ReAssure emailed Mr B to tell him that backdated commission of £309.42 had been reinvested into his policy. It said that this reflected commission paid over the period from 24 October 2022 to 24 May 2023.

Mr B couldn't access this email. So on 6 July 2023, ReAssure wrote to Mr B again to confirm the steps it'd taken. Mr B didn't think the commission that had been refunded was correct.

On 25 July 2023, ReAssure issued its final response to the complaint. It felt that the commission payments had been made correctly to adviser T, in line with the original policy. It also said that as adviser T had merged with adviser P in 2013, it had been reasonable to continue to pay the commission to adviser T until Mr B had written to it to ask it to stop. ReAssure acknowledged that Mr B may never have been made aware of the adviser merger.

ReAssure said that it had reinvested the commission that it had continued to deduct from 24 October 2022 to 24 May 2023 into Mr B's policy. It apologised for sending Mr B incomplete information. It said it'd made a mistake. It acknowledged that this had caused Mr B inconvenience. And said it'd like to transfer £200 to his bank account to say sorry. It also said that it'd asked Mr B to be provided with the full information he'd requested.

On 1 September 2023, Mr B wrote to ReAssure to acknowledge its complaint response. He said he'd never been made aware that adviser T was receiving commission on his policy. He said he'd not received any correspondence to this effect and hadn't had any contact with adviser T. And asked ReAssure to return all payments made to his adviser from 2013.

On 12 September 2023, ReAssure wrote to Mr B with a breakdown of all commission payments it'd made to adviser T from 24 April 2013 to 24 September 2022.

On 11 October 2023, Mr B wrote to ReAssure to confirm his intention to bring his complaint to this service.

On 5 November 2023, ReAssure issued a further final response to the complaint. It still felt it'd correctly paid commission up to the time Mr B had asked for it to be stopped. But it accepted that Mr B had experienced further delays to his request for a full commission breakdown. It apologised and offered Mr B a further £150 for the time taken to issue this.

Unhappy with ReAssure's response, Mr B brought his complaint to this service. He said

ReAssure hadn't made him aware that it was paying commission to adviser T. He felt that it should've told him about the commission payments sooner. He said that if he'd known about the commission payments, he would've cancelled them.

Our investigator issued her view on the complaint on 26 April 2024. She first considered whether or not the complaint was in this service's jurisdiction. She felt that it was. She considered that Mr B had brought his complaint within three years of the point when he reasonably became aware that something might be wrong when he received his 2022 statement showing that ReAssure was paying commission.

Our investigator then considered the merits of the complaint. She felt that ReAssure's compensation offer of a total of £350 compensation for the inconvenience it had caused Mr B was reasonable. She also felt that as Mr B had asked for the commission payments to stop on 22 September 2022, ReAssure's offer to refund the commission payments made from 24 October 2022 to 24 May 2023 was fair.

Our investigator didn't feel that ReAssure had explained why it had chosen to refund commission from 24 October 2022, rather than a few days after Mr B's request to stop the commission on 22 September 2022. She felt there might be a valid reason for the delay. She therefore didn't think that ReAssure needed to take any further steps to put things right.

Mr B didn't agree with our investigator. He asked for an ombudsman to review his complaint. But he didn't provide any specific reasons for not agreeing with our investigator's view.

I asked ReAssure to confirm why it'd only refunded charges from October 2022, when Mr B had asked it to stop commission on 22 September 2022. I wanted to know why it hadn't refunded Mr B nearer to the date of his request. I also asked it how long it would expect it to take to cancel payments like these after a customer request to remove their adviser.

ReAssure said that it made the last commission payment to adviser T on 24 September 2022. It said it had processed the cancellation of all future commission payments on 28 September 2022. This meant that the first commission payment it refunded - October 2022 - would've been the next payment due to adviser T. ReAssure also confirmed that its standard turnaround time for a request like Mr B's was ten working days.

As agreement couldn't be reached, the complaint has come to me for a 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.

Having done so, I agree with our investigator that the compensation ReAssure has offered Mr B for its failure to provide the information he requested in a full and timely manner is fair under the circumstances of this complaint. I also consider that ReAssure's refund of the commission payments made from October 2022 to May 2023, after Mr B had asked it to stop those payments, is fair. I know this will be disappointing to Mr B. I'll explain the reasons for my decision.

Where a business has made an offer to settle a complaint – as ReAssure has done – what I have to decide is whether, in all the circumstances, that offer is fair and reasonable.

In this case, ReAssure has acknowledged that it didn't provide Mr B with all the information he requested in a timely manner. I understand that it's now provided this information and offered a total of £350 compensation for this failure.

ReAssure has also refunded all the commission paid after processing Mr B's request to stop making those payments to adviser T.

I first considered whether the refund is fair.

Is the commission refund fair?

Mr B's complaint is that ReAssure should refund the commission it paid to adviser T, an adviser he'd never heard of. He felt that ReAssure had taken unauthorised fees from his portfolio without his knowledge or permission since 2013.

I can see that Mr B felt that he'd first contacted ReAssure about the explicit adviser charges shown on his annual statements in April 2021, but I'm satisfied that the evidence shows he first did this on 23 June 2022.

I acknowledge that I've not been provided with any evidence that adviser P ever wrote to Mr B to let him know his adviser would now work for adviser T. But I can't reasonably hold ReAssure responsible for this. Based on the evidence, I'm satisfied that Mr B agreed to the annual commission payments in 2007, when he set up his pension. I'm also satisfied that ReAssure then fairly and reasonably paid that commission. It did this first to adviser P, and then to adviser T once those advisers had merged.

ReAssure told Mr B that it couldn't agree to refund the commission charges since 2013, as those charges were set up when his policy was set up. And the charges were still going to the same financial adviser firm as it'd merged with another company.

I agree with ReAssure that it isn't its responsibility to notify its customers if their adviser changes names or merges with another adviser. And I also note that in any event, ReAssure did include the new adviser's name on some of the documents it sent Mr B. For example, as I noted above, the annual statement sent to Mr B on 16 April 2013 stated that a copy had been shared with adviser T.

Similarly, the 2014 statement sent on 2 May 2014 stated:

"Copies of this letter have been sent to:

[Adviser T]"

So did the statements sent on 18 May 2015 and 25 April 2018.

Therefore I'm satisfied that Mr B has received annual statements since 2013 which showed his new adviser's name.

Overall, I'm satisfied that it wasn't ReAssure's responsibility to remove adviser T from Mr B's policy. And, in any event, it couldn't have known that Mr B no longer had a relationship with adviser T.

From what I've seen, the evidence shows that the amount ReAssure has refunded Mr B is fair. I say this because Mr B first asked ReAssure to stop the commission payments on 22 September 2022. ReAssure then processed his request on 28 September 2022, after the September 2022 commission payment had been made, but well within its standard turnaround time.

I'm therefore satisfied that ReAssure has correctly processed a refund for all of the commission payments that it paid in error from October 2022 to May 2023.

I next considered whether the compensation ReAssure has offered Mr B for the inconvenience is fair and reasonable.

Distress and inconvenience

In its July 2023 complaint response, ReAssure acknowledged it'd made a mistake when it'd failed to send Mr B all the information he'd asked for. I understand that it offered him £200 to say sorry. And said that it would provide the full information requested. I've not been informed about whether or not the £200 ReAssure offered has been paid to Mr B.

In its November 2023 complaint response, ReAssure acknowledged that it'd caused further delays to Mr B's request for a full commission breakdown. It apologised and offered him a further £150 for the additional inconvenience caused. Again, I don't know whether or not the £150 ReAssure offered has been paid to Mr B.

It's clear that ReAssure should've fully responded to Mr B's request for information sooner. I appreciate that the delay would've been stressful and inconvenient. But I'm satisfied that ReAssure has now provided all of the information requested. And I also consider that the £350 it offered Mr B to say sorry is reasonable under the circumstances.

Overall, I'm not persuaded that ReAssure should be required to take any further steps than those it has offered to take to put things right. I can see that ReAssure has already refunded the correct commission. But as I'm not sure whether or not it has paid the £350 compensation it offered Mr B, I uphold the complaint.

Putting things right

I require ReAssure Limited to pay Mr B the total of £350 compensation it offered him for the inconvenience caused by its delayed provision of the information he requested.

If ReAssure Limited has already paid Mr B the £350 compensation it offered him, it need take no further action.

My final decision

For the reasons set out above, I uphold Mr B's complaint. ReAssure Limited must take the action detailed in "Putting things right" above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 9 September 2024.

Jo Occleshaw
Ombudsman