

The complaint

Mrs P complains that ReAssure Limited (ReAssure) provided incorrect information in relation to her husband's personal pension which caused her distress and financial loss.

What happened

Mrs P's husband had a personal pension with ReAssure which was originally recorded as two separate policies although the policies have since been linked by ReAssure.

In May 2022, Mrs P's financial adviser contacted ReAssure with respect to the benefits that would be payable upon Mrs P's husband's death. I understand that, at the time, Mrs P's husband was unwell and she was seeking to make arrangements in the event that a claim might need to be made by her.

According to the financial adviser, ReAssure told them Mrs P would be able to receive a full return of capital. Sadly, Mrs P's husband passed away the following month and Mrs P advised ReAssure of this.

In response, ReAssure wrote to Mrs P on 8 July 2022 with respect to the claim on her husband's pension setting out the benefits she would receive. ReAssure advised Mrs P that she would receive a yearly income as annuity payments.

Mrs P telephoned ReAssure on 15 July 2022 regarding this letter to say she was not happy with opening an annuity. She complained that her financial adviser had been told by ReAssure that there would be a full return of capital and that an annuity had not been mentioned.

ReAssure wrote to Mrs P on 29 July 2022 to provide more detail on the benefits payable to her including the fund value of £98,398.13, the amount to be provided under the annuity, being £4,339.66, and the lump sum Mrs P would be eligible to receive, being £10,154.00.

Mrs P was unhappy and brought her complaint to us saying that ReAssure had told her financial adviser that the full "pot" would be paid to her if her husband was not in receipt of his pension, that ReAssure had acknowledged that they had provided incorrect information and that she had lost faith in ReAssure's ability to manage the funds.

Our Investigator's view was that:

- ReAssure have not made an error when advising Mrs P that the benefits must be paid to her via an annuity.
- The information provided by ReAssure to Mrs P's financial adviser during the call of 26 May 2022 could have been communicated in a clearer way.
- The incorrect information provided by ReAssure did not manage Mrs P's expectations well and this miscommunication has directly caused her distress and inconvenience.
- It would be fair for ReAssure to award Mrs P £150.00 in compensation.

Mrs P did not accept this and asked for her complaint to be referred to an Ombudsman.

I issued my provisional findings on the merits of Mrs P's complaint on 23 May 2024. In my provisional findings, I explained why I agreed with the Investigator's view and offered both sides the opportunity to submit further evidence or arguments in response. An extract of that decision is set out below and forms part of this final decision:

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 have reached the same conclusion as our Investigator.

I understand ReAssure have linked the two policies originally held by Mrs P's husband and so I will deal with them as though they are a single pension.

ReAssure have offered a compensation payment to Mrs P of £150 for distress and inconvenience which appears to relate generally to issues with the administration of Mrs P's husband's pension. They have not specifically acknowledged providing incorrect information to the financial adviser and have suggested that what was said had been misunderstood.

Following our Investigator's view that the communication from ReAssure could have been better, Mrs P said she was unhappy with the award proposed and said that this did not address the fact that, had they received the correct advice to begin with, Mrs P's husband would have been able to arrange his affairs to ensure that a larger amount was available to Mrs P upon his death.

I have listened to a recording of the call of May 2022 when the financial adviser contacted ReAssure to confirm the benefits which would be payable to Mrs P upon her husband's death. During this call, the representative from ReAssure told the financial adviser that ReAssure had the expression of wish form for Mrs P to receive 100% of the funds and said therefore that "it would be a return of funds on the policy" although the representative said that they didn't yet have the calculations.

My view is that the financial adviser ended the call on the understanding that there would be a 100% return of funds, as they have said, with the amount to be confirmed once the calculations were received, and this was then communicated to Mrs P.

In their correspondence with us, ReAssure have said they consider that their representative told the financial adviser it would 'possibly' be a return of funds but, having listened to the call, this is not my understanding.

I think it is reasonable to conclude therefore that incorrect or misleading information was in fact given to the financial adviser which was then passed on to Mrs P. As a result, Mrs P was put at a disadvantage from not having an accurate understanding of the situation and I therefore need to consider whether further compensation is due to Mrs P to reflect this.

When looking at any additional amounts which might be awarded to Mrs P, I will look at whether or not compensation is payable for any financial loss Mrs P may have suffered as a result of being denied the opportunity for her husband to make pension withdrawals during his life had he known how the pension payments to Mrs P would be arranged.

Had the correct information been provided by ReAssure in May 2022 therefore, it is likely Mrs P and her husband may have looked to take different action to ensure that the amounts available to Mrs P were received in the most efficient way. Indeed, Mrs P has said in her

response to the Investigator's view that, had they been advised properly, her husband would have started taking his pension and taken the lump sum he could have claimed.

We have clarified with ReAssure the options available to Mrs P's husband before his death had he wished to begin taking his pension earlier and whether the option of taking a tax-free lump sum was available. They have indicated that this would not have been possible as the pension was underfunded in May 2022. This means the fund value wasn't large enough to support the minimum pension owed to Mrs P's husband. ReAssure still had to pay that minimum pension – but the flexibility to do anything else wasn't available. Mrs P's husband would not therefore have been able to take a lump sum even if the correct information had been provided by ReAssure during this telephone call and Mrs P and her husband had sought to do this.

My view is that there were no options available to Mrs P or her husband which would have meant they would have received the money in a more tax-efficient way or that would have offered any other financial advantage had they chosen it.

I am satisfied therefore that Mrs P did not suffer a financial loss as a consequence of the information provided by ReAssure in relation to her husband's pension. And I also don't consider it fair and reasonable to expect ReAssure to honour what it had mistakenly said in the phone call. I will now look at whether or not Mrs P should receive compensation for distress and inconvenience because of the poor service provided to Mrs P by ReAssure.

In order to assess whether or not an award for distress and inconvenience following an error is adequate, we look at the impact that this error had on the consumer taking all of their circumstances into account. In this case, the incorrect information provided to Mrs P's financial adviser clearly came at a very difficult time for Mrs P. Her husband was in poor health at the time and passed away not long afterwards.

Mrs P has said that the decision was taken following the telephone call of 26 May 2022 to leave things as they were rather than for Mrs P's husband to spend time making arrangements for his pension payments. In particular, Mrs P said that she and her husband may have elected to take the pension payment earlier had they been given the correct information. Mrs P may have felt there was a benefit to them of taking this option, to the extent it was possible, and the distress to Mrs P in wondering whether this incorrect information from ReAssure had resulted in a lost opportunity is something I have to take into account. Mrs P also had to engage with ReAssure to try and establish why the letters sent in July 2022 did not match with the information her financial adviser had received.

Altogether, I consider the impact on Mrs P has been more than minimal and could have been avoided had ReAssure been more careful in their interactions with her on this matter.

My view is that Mrs P has suffered considerable distress and inconvenience for which I think a payment of £250 would be reasonable compensation.

ReAssure responded to say they had nothing further to add. In Mrs P's response, she said that her husband was never advised that he would not be able to take the 25% tax free lump sum. She also said that it seemed that there was no duty of care shown by ReAssure during a very distressing time.

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.

Mrs P's further comments have been reviewed. Having done this, my understanding is that Mrs P does not disagree with my provisional decision but would like her points to be noted. In view of this, this final decision confirms the findings set out in my provisional decision.

In relation to the point about Mrs P's husband not being advised that he would not be able to take the 25% tax free lump sum, although I agree that it would have been better for Mrs P to have been given all of the facts, generally information on this point would usually only be given in response to a particular query. I am not aware that Mrs P's husband ever raised the question of taking the lump sum and therefore I can understand why the fact that it wasn't an option wasn't communicated by ReAssure.

Finally, in response to the point Mrs P made about a lack of duty of care by ReAssure, I do agree that the service they provided fell short of what was expected, as set out in my provisional decision. The compensation I have awarded to Mrs P is intended to take account of this failure.

Putting things right

ReAssure Limited should pay Mrs P the sum of £250 to reflect the distress and inconvenience caused to her.

My final decision

My final decision is that I uphold Mrs P's complaint. ReAssure Limited should now pay Mrs P the sum of £250 to reflect the distress and inconvenience caused. This is the total amount it should pay. If it has already paid the £150 recommended by the investigator, then it need only pay the additional £100.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs P to accept or reject my decision before 9 October 2024.

Rana Chatterjee
Ombudsman