

## The complaint

Mr R complained about ReAssure Limited. He said ReAssure failed to offer adequate support when he wanted to switch funds, leading up to the maturity of his policy. He said because of this, and the mistakes caused by ReAssure, he incurred investment losses, as well as cause him distress and inconvenience. He would like ReAssure to compensate him for his loss.

## What happened

Mr R held a flexible mortgage individual savings account (FMISA) with ReAssure. As part of his regular mortgage repayment, Mr R had been paying a premium to ReAssure, for his FMISA. ReAssure administered his FMISA. It had been using a proportion of his premium for life assurance cover and then passed the remaining portion to another company, Fidelity to invest in a stocks and shares ISA. The premise being that Mr R would have proceeds that he could use to pay the remaining balance due on his mortgage, on maturity of the policy.

Initially, ReAssure contacted Mr R in December 2022, and informed him that his monthly premiums for his flexible mortgage ISA had not been sent over to Fidelity. It told him that this was because of a system error.

ReAssure said it took action to try and resolve the error and thought its action would work – but it initially didn't and caused a further system error, leading to lengthy period of uncertainty. It manually transferred over Mr R's monthly premiums to Fidelity and then, after several months, resolved the issue. Fidelity, the company that invested Mr R's premiums, had calculated that he lost £21.20 by it not being able to invest his premiums sooner, so this was added by ReAssure to his account. ReAssure then sent Mr R a letter and said it would pay Mr R £700 for the distress and inconvenience caused. It said sorry to Mr R and said this payment was for the poor service and mistakes it had made during this time.

Mr R was not happy with ReAssure's response and referred his complaint to our service. His dissatisfaction was initially about the system error and poor service that ReAssure provided. But as ReAssure had resolved the first issue, his dissatisfaction became about how ReAssure failed to provide support to him during the last year of his policy, and what he felt the consequences of their lack of action was. He made a number of complaints in a letter to ReAssure dated 14 October 2023. I have not included his complaints about the system error as these, seem to have been resolved. He said:

- ReAssure had since making the system errors, failed to provide him with a reasonable response and failed on many occasions to assist him to resolve his queries.
- It had provided inaccurate advice in how to manage his fund, and this had caused him financial loss. He said ReAssure's failure to respond to his requests and specifically, to help him switch funds, meant that he made investment losses.
- The consequence of everything that he had outlined meant that his FMISA, in its final year, with its reduction in value, reduced his ability to make his mortgage repayment.

- ReAssure had caused him considerable distress and inconvenience. He said the payment ReAssure had made of £700 wasn't enough and that he would like an additional £2,550.
- The service provided by ReAssure during this time was poor. He provided a timeline of the dates and times that he tried to contact ReAssure but said didn't get a response.

Mr R then clarified further his complaint in an email to our service on 12 March 2024. He said his complaint had changed, from his initial concerns. He said the issue was not now about compensating him for the mismanagement of his funds as he saw it, but for the inadequate response and support, to reallocate his fund to a safer investment in the run up to the policy maturing. He said his policy incurred investment losses in the final year leading up to its maturity in November 2023. He said this could have been avoided if it had been more responsive to his requests for help over the previous months. He said he wanted to switch to safer investments to mitigate the risk.

Mr R then pointed to Fidelity's website and a screenshot that he provided that he said showed that it was ReAssure that managed instructions regarding switches and that it had failed to deal with any of his emails earlier in the year when he asked for help. ReAssure sent another response to Mr R on 28 April 2024. It responded specifically to it not responding to his requests for help in January and then October 2023. It said it could see Mr R had contacted him on 14 January 2023 and later in the year on 14 October 2023 and that it didn't reply to him.

ReAssure said it reviewed the content of both of Mr R's emails. It said in January 2023 when he made contact, it would have been unable to advise him on what to do when his policy matured. It said it isn't regulated to provide advice to him. ReAssure added that later in the year, although it could see Mr R was dissatisfied, it felt it had provided appropriate compensation for the system error that it was dealing with at that time. ReAssure said it was unable to agree that it impacted on Mr R's decision to request a fund switch with Fidelity, who it said was responsible for investing his money. It said though that it had made errors as it failed to respond to his email from January and October 2023. It said Sorry and arranged a second payment of £400 to be sent to Mr R.

Mr R responded to ReAssure's second offer of compensation. He said it had paid to him £1100 to date. But, he said, there remained a shortfall for the losses he incurred in the last year he held his FMISA, due, in his view, to ReAssure's mistakes. He said the shortfall was around £2400. He said he would like ReAssure to pay this to him to resolve his complaint.

An investigator looked into Mr R's complaint. She made the following findings, She said:

- She didn't think ReAssure had been unfair with how it had responded to Mr R's complaint.
- Mr R went on Fidelity's website on 7 October 2023 to switch funds to cash and received an error message that he needed to contact ReAssure directly. She said Mr R called ReAssure but after 15-20 minutes of waiting on the phone, he terminated the call.
- Mr R then went on ReAssure's website and was advised that his policy was not supported so he called it again. A second time, after 15-20 minutes, he said he ended the call.
- She could see he emailed ReAssure a week later but without any reference to a switch.
- From what she had seen, ReAssure hadn't been expressly told by Mr R that he needed help switching funds.

- The annual statements provided to him by ReAssure, made it clear who had responsibility for switching funds.
- ReAssure was not given the opportunity to respond and direct him back to Fidelity. She concluded ReAssure had not been unfair, so she didn't recommend it do anything further.
- ReAssure had upheld part of Mr R's complaint as it did not respond to two of his emails. She said this seemed fair and reasonable.
- Finally, that the email sent in January 2023, where he wanted to know what action to take on his policy when it matured, she could see ReAssure was an execution only service and was not regulated to provide that advice to Mr R.

Mr R was not in agreement with the investigator's view. He said Re-Assure appeared to have had control over instructions to his FMISA for an unconfirmed duration of the policy. He said this is not what he would expect from what the investigator called an execution only service. He said, it was reasonable to expect the parties concerned to communicate clearly.

Mr R said his complaint was that ReAssure was operating outside of its permitted remit which prevented him from managing his own investment in the manner indicated in its annual statement. He reiterated the issue could have been resolved if ReAssure had responded to his call in January 2023, 11 months before the policy matured. Mr R said ReAssure could have removed its control over his FMISA with 11 months to maturity. By not doing this, he was unable to switch funds in his FMISA, he said at no time did he have the freedom to independently access his FMISA funds, and subsequently his FMISA fell in value by £3500 over the previous year.

Mr R provided a recap of what happened in October 2023. He said neither Fidelity nor ReAssure was able to help him, and so he had effectively lost control of his funds. He said if ReAssure had responded promptly to his query of 14 January 2023 then he could have established ReAssure had control of his FMISA and released that control so he could have had the freedom to allocate his FMISA funds as he saw fit. He said to close the complaint he sought £2400, this being to do with the £3500 fall in value of his policy less £1100 ReAssure has paid to date.

Mr R also mentioned another complaint about ReAssure regarding a payment that it sent to Fidelity, that was investigated separately. I can see that this complaint has been resolved. Because the parties are not in agreement about the contact that Mr R made in January and October 2023, his complaint has been passed to me, an ombudsman, to look into.

### **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.

I have independently reviewed Mr R's complaint and have arrived at the same outcome as the investigator, for broadly the same reasons. I will explain why.

The crux of Mr R's complaint as he has described himself is that he thinks ReAssure had an undeclared and inappropriate control of instructions to his FMISA. He believes that he was unable to gain access to switch his funds and so because of this, he incurred investment losses, as his policy went down by around £3500 in the last year.

First of all, before I give my findings on Mr R's substantive complaint, I can see that from the outset, his complaint issues originally were to do with a system error. Mr R's premiums were not being automatically sent through to Fidelity. There was a delay, whilst ReAssure tried to resolve matters. It eventually did, and I can see that it paid £21.20, this representing

what Mr R lost out on by its system error. ReAssure also paid £700 compensation to Mr R for what it called poor service and also the mistakes it made with its system errors. I don't need to make any findings about this as such as the matters in relation to ReAssure's system error seem to have been resolved.

What is left for me to consider, is as I've already listed to be the crux of Mr R's complaint now. There are two periods when Mr R contacted ReAssure to ask for support, in January and October 2023. He said on both occasions, if ReAssure had responded to him then he would have been able to find out how to make a switch on his funds and moved them to cash. He said he would have been able to avoid making a loss within his FMISA and that the value of his funds dropped by around £3500 during this period. I can see that ReAssure were responsible for the administration of Mr R's FMISA. It collected his premium, then paid a proportion to his life assurance cover and was supposed to then send the remaining amount to another company, Fidelity. ReAssure was not responsible for the investments that Mr R held in his FMISA, what he was invested in, or any instructions around that including switching. Fidelity was responsible for them.

So, when ReAssure contacted Mr R in December 2022 to notify him that its system error meant it wasn't sending his premium to Fidelity, it was in its capacity as administrator as I have just described. ReAssure isn't regulated to carry out instructions about Mr R's funds, switch them or provide advice about them.

In January 2023, when Mr R contacted ReAssure, he sent an email and asked what he should do when the policy matures. He didn't ask about switching funds or raised any concerns about his policy being close to maturity. Mr R said later on that he would have gone on to discuss this if ReAssure had responded to him, but I haven't seen anything contemporaneously from the time, that would suggest to me that this was something that Mr R was needing help or support with. There were no other attempts by Mr R from this contact in January 2023, all the way through to October 2023 where he attempted to email, or phone ReAssure to ask about switching or to share his concerns about moving to cash or a safer investment.

I don't think it would be fair of me, on balance, to reasonably conclude on the back of one email where Mr R asked about what to do when his policy matured in November 2023, that he would have naturally gone on to discuss something that he didn't then raise, until 9 months later, when he had incurred a loss. So, it follows that I am satisfied ReAssure didn't do anything wrong at this stage or that it ought to have done anything further.

Moving on, Mr R then contacted ReAssure in October 2023, and it was then that he was given a series of poor experiences with it. He said he went to the Fidelity website to try and switch his investment to cash. He could, at this point, see that his investment had dropped and wanted to try and make a switch. He said when he tried to gain access through Fidelity's website that he was instructed to contact ReAssure. He sent a screenshot of what Fidelity said, showing a phone number. He said he then tried to call ReAssure twice but, on both occasions, he gave up after waiting for between 15-20 minutes and also tried ReAssure's website but was given a notice to say his policy was not supported.

I can understand why Mr R was frustrated with this experience, when he attempted to try and switch his funds. That said, I have to echo what has been said by the investigator here, that Mr R hadn't actually contacted ReAssure, and asked them about switching his investments. He didn't talk to either ReAssure on the phone or send either a message to say that he wanted to switch his funds, or his concerns about his investment in this regard. So, ReAssure was unable to respond to his concerns and presumably if it were given the opportunity, it would have informed him that he would need to contact Fidelity, as it was not responsible for making any switches or for his investment. Mr R has said on a few

occasions, that he didn't persist with Fidelity, call it or message it, because he was prompted on its website to contact ReAssure in the first instance, but I can't then see that Mr R did make contact with it at this point. Instead, he waited on the phone and gave up because he had waited for 20 minutes on two occasions and then found a message on its website but didn't contact ReAssure about the matter again.

The explanation provided by ReAssure, satisfies me that if Mr R had persisted and contacted it, that he would have been directed to Fidelity and would have been able to make his switch, if that is what he wanted to do at that time. Or, if he had contacted Fidelity, he would have been able to do the same. Mr R has mentioned quite a lot about ReAssure having control over his FMISA account, but I have not seen any evidence of this, to the extent that Mr R has described it. Rather, ReAssure has been administering his FMISA and has made some mistakes with its system error and poor service, that it has looked to rectify by saying sorry and paying compensation for distress and inconvenience to him. I don't think, on balance, that the mistakes it has made, has extended to anything more than this.

In conclusion, I don't think ReAssure are responsible for Mr R's investment losses as I don't think it was at fault that he didn't switch funds to cash. I don't think it was aware of Mr R's wishes as he didn't notify it of what he wanted to do either in January or in October 2023. I have not seen any email or otherwise that Mr R said he wanted to make a switch to ReAssure during this period of time, other than when he raised it as a complaint.

That said, ReAssure didn't respond to his email asking for help about the maturity and he did have a series of frustrating episodes: twice on the phone and then again on ReAssure's website as he said he tried to obtain help from it. It has said sorry for this and paid him £400. So, in total it has paid £1100 for the distress and inconvenience it said it has caused Mr R, due to its original system error and its delay in resolving this along with poor service as I have outlined. I can see it has already paid this and I don't require it to do anymore. I appreciate that my decision will be disappointing for Mr R but based on everything I have read and the findings I have given, I don't uphold his complaint.

### **My final decision**

My final decision is that I do not uphold Mr R's complaint. Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 27 February 2025.

Mark Richardson  
**Ombudsman**