

The complaint

Mr and Mrs R complained about ReAssure Limited (ReAssure). They have said that ReAssure has delayed in paying them the surrender value when their Flexible Mortgage Plan/Mortgage Savings Plans matured.

What happened

Mr and Mrs R held two Flexible Mortgage Plan/Mortgage Savings Plans with ReAssure. The first taken out in May 2000 and a further top up was made in April 2001. ReAssure wrote to Mr and Mrs R on 3 March and 2 April 2024 to confirmed that the maturity dates would be 13 April and 13 May 2024 respectfully.

A letter was sent to Mr and Mrs R on 18 March 2024 confirming that their payment forms had been received and that ReAssure will be working out the policy's final value on its end date of 13 April 2024. The letter confirmed that Mr and Mrs R should wait up to five working days for the money to clear in their account.

Mr and Mrs R did not receive the surrender value from the April plan as expected and they called on Re-Assure multiple times across April and May 2024 as no answer had been provided.

On 14 May 2024 Re-Assure explained that policy was in two parts, that the actual maturity date was 13 May 2024 and that the maturity values were being calculated. Mr and Mrs R were unhappy that they had been received letters giving a different maturity date of 13 April and had been told that they would receive the value shortly after this.

When Mr and Mrs R called on 23 May to question when payment would be received they were told the payment for the second part of the policy was still being calculated and was told that an interest payment of £4,000 would be made to them.

By 6 June Mr and Mrs R had received the surrender value from their plans but had not received the £4,000 interest payment they were told that would be paid. They were informed by a manager at ReAssure on this date that the £4,000 interest payment was a clerical error and should have actually been £400 which had already been paid.

ReAssure accepted that they had quoted the incorrect amount of interest payable, had not managed Mr and Mrs R's expectations in terms of what amounts would be paid and they delayed paying the maturity amount which resulted in them contacting ReAssure numerous times. ReAssure made an offer of £600 for the trouble and upset caused to Mr and Mrs R and have offered to pay the loss of interest that was caused due to the delay. Our investigator thought this offer was a fair way to resolve the complaint and wrote to Mr and Mrs R endorsing ReAssure's offer.

Mr and Mrs R have said they do not accept ReAssure's offer and have asked for their case to be considered by an Ombudsman.

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.

As both ReAssure and Mr and Mrs R agree that a delay has been caused and incorrect information given, I do not feel it necessary to go in to where the delay occurred and how.

The outstanding issue, as I see it, on this complaint is whether the offer made by ReAssure is fair to compensate Mr and Mrs R for the distress and inconvenience and any financial loss they may have experienced.

In the complaint form submitted to our service Mr and Mrs R said that the delay came at a critical time when starting their business. They have not been financially affected and have explained that this was as a result of borrowing money from family. I also agree that having to borrow money from family would have been a source of embarrassment for Mr and Mrs R.

I have not seen any evidence from either party to suggest that Mr and Mrs R have incurred a financial loss and combined with the testimony in our complaint form I am satisfied that one has not occurred as a result of a late payment or additionally charged interest as a result of the delay.

ReAssure has acknowledged that when compensating Mr and Mrs R for the late payment of the surrender value they should have calculated this at a rate of 8% rather than using the Bank of England base rate plus 1%. This has resulted in a further £11.28 net being awarded to Mr and Mrs R.

As there is no financial loss and ReAssure have made an offer to compensate Mr R and Ms R for the delayed payment in line with our service's approach I am not making any further award with regard to this.

In respect of the distress and inconvenience suffered by Mr and Mrs R I can see that they did need to chase ReAssure on numerous occasions and were provided with misleading information.

I think it was reasonable for Mr and Mrs R to rely on the information they were being told by Re-Assure which understandably gave them certain expectations about when they would have received their funds and how much the amount would be.

I appreciate Mr and Mrs R were told by ReAssure they could expect a £4,000 interest payment however I've not seen any evidence that this amount was ever actually owed by ReAssure. I do accept this would have created a certain level of expectation and would have been disappointing not to receive this.

In their response to the Investigator's assessment Mr and Mrs R have said that ReAssure have lied to them on one or two separate occasions concerning when they should receive the April payment. I do agree that wrong information was provided to them but in my opinion this is not the result of a deliberate attempt to mislead Mr and Mrs R.

Having considered everything that has happened I'm satisfied that ReAssure's offer to increase the interest for the delayed maturity payment is in line with what our service would recommend. And £600 for the distress and inconvenience caused to Mr and Mrs R is fair and reasonable in the circumstances. I am not going to ask ReAssure to do anything further.

Putting things right

To put things right ReAssure should:

- Pay the £11.28 in interest and
- Pay £600 for the distress and inconvenience Mr and Mrs R experienced.

My final decision

My final decision is that this complaint should be upheld. To put things right ReAssure Limited should take the actions I've outlined above.

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

Rob Croucher
Ombudsman