

## **The complaint**

Mr B, as a trustee of a trust he settled an investment bond in, complains that ReAssure Life Limited (ReAssure) failed to surrender on that bond when requested.

## **What happened**

Mr B, along with his late wife, took out an investment bond in 2000 and placed it in trust for the benefit of their son. The bond was arranged with a single payment of £10,000 which was invested across four funds in equal proportions. Following the passing of Mr B's wife, Mr B remained as the sole trustee.

In early 2024 Mr B was looking to surrender the bond and after submitting the required paperwork to do so, was told the encashment was in process and that the transfer would take around 10 to 12 days to complete. On the same day ReAssure also sent him a letter to say that he needed to register the trust as it wouldn't accept the exemption reason he was looking to rely on. There was also some confusion from ReAssure about whether the beneficiary was being appointed as a trustee and Mr B's name.

Mr B didn't think ReAssure was acting fairly by not accepting his exemption reason and for the delays in sending him the proceeds of the bond. He complained to ReAssure about these matters, but it didn't agree it had acted unreasonably by requiring the trust to be registered before the surrender could go ahead. ReAssure did however agree it had given contradicting information and hadn't sent a letter it agreed to send following a phone call detailing the conversation it had with Mr B about the registration of the trust. It recognised it had caused Mr B stress and worry because of those errors and sent him a payment of £900 as an apology to reflect the trouble caused.

Mr B was dissatisfied with ReAssure's response to his complaint and asked our service to look into what happened further. One of our Investigators considered the matter and agreed ReAssure had made a number of errors in its communications with Mr B but didn't think it had acted unfairly in insisting the trust be registered.

Responding to our Investigator to disagree with those conclusions Mr B argued that the sum assured was in trust and not the policy so its cash value should be paid without registration. And that in any event the policy was exempt from the trust registration requirements. He also said as ReAssure had told him the surrender was in process it should honour that commitment and send the proceeds of the policy to him. And, asked that it be considered that the letters sent to him about his policy prior to the transfer said the trust "may" need to be registered which implied ReAssure's request the trust be registered was unnecessary.

As an agreement couldn't be reached Mr B's complaint was passed to me to decide.

## **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.

And having done so, I won't be upholding Mr B's complaint. I understand from what Mr B has told us that this situation has had a significant impact on his health which I'm sorry to hear about. In deciding this complaint, I need to conclude whether ReAssure has fallen below its obligations to him, and if it has, whether that caused detriment to Mr B.

The crux of this matter is whether ReAssure has acted unfairly in asking Mr B to first register the trust before it surrenders the value of the policy to Mr B. Amendments had been made to the requirements for trust registration in 2020, which were implemented to aim to improve the transparency of trusts. This amendment required that "Express Trusts" needed to be registered unless they fell under one of the relevant exemptions in Schedule 3A of the relevant legislation (SI 2017/692).

In my view, the trust Mr B set up with his late wife could fairly be considered by ReAssure to be an "Express Trust", because it was a trust deliberately created by Mr and Mrs B. The evidence available shows there was a clear intention to create a trust, a declaration of who was to benefit, and the subject matter of the trust was known, the investment bond. Those are the typical requirements for such a trust and as the evidence demonstrates this it follows I'm satisfied ReAssure fairly considered the trust to be one that required registration on surrender.

Unless an exemption in Schedule 3A applied then ReAssure's requirements that the trust first be registered before it encashes the bond wouldn't be, in my view, unfair.

When Mr B completed the paperwork to surrender his trust he said the following, which ReAssure rejected as a valid reason in the circumstances, as to why he thought the trust to be exempt.

"This is a schedule 3A trust set up to open a bank account for a child... in accordance with HMRC exemptions"

This is a reason under the schedule but it's important here to think about the asset held in trust, which was an investment bond which put simply is a type of savings product where an amount is invested aiming to grow over time, often combining investment returns with life insurance benefits. Rather than what Mr B had told ReAssure his exemption reason was. For Mr B's reason to apply the trust would need to hold a bank account declared in the name of beneficiary. The asset Mr B gifted into trust isn't that, it is an investment bond. And while he may have intended the proceeds to later be used in the way he described on surrender to ReAssure, the trust and product weren't structured in the way Schedule 3A would require for Mr B's given reason.

I've also considered the other exclusions in Schedule 3A and haven't seen that any of those apply. For example, while there was a life assurance element to the bond the exception around life policies wouldn't apply to the trust's investment bond because it isn't a pure protection policy, it is intended as a savings/investment vehicle. I specifically mention this one as Mr B has alluded to it in his later submissions.

It follows then in my view ReAssure hasn't acted in an unfair or unreasonable manner by asking Mr B to first register the trust. I say this because as a tax liability may be incurred by surrendering the bond held in this trust, perhaps due to its capital growth, I read the trust registration requirements as requiring this trust, given its nature and type of asset contained within it, to be one that ReAssure reasonably considered required registration. While these requirements weren't in place at the time Mr B created this trust, the rules require trusts regardless of when they were created to be registered upon certain triggers being met, such as here a potential tax liability on surrender.

I understand Mr B's point that the communications prior to his surrender request weren't definitive about the requirements to register the trust. But that isn't unusual, and I don't think that means ReAssure has acted unfairly. ReAssure doesn't put itself out as providing tax or trust advice to Mr B's trust and so by using terms like "may" it is merely raising the possibility but not providing a definitive answer whether the trust needs to be registered, because not all circumstances will require registration.

Nor do I think by the action of saying the encashment and transfer was in process requires ReAssure to carry that out regardless of whether Mr B registered the trust or not. ReAssure has provided incorrect information about that, which it doesn't dispute, but in my view it isn't reasonable for me to require ReAssure to send the policy proceeds to Mr B just because it told him it would do so. I say this because in my view the requirements around trust registration outweigh a mistaken commitment made by ReAssure to Mr B. It follows then despite what ReAssure told Mr B mistakenly, I don't find it unreasonable it hasn't agreed to complete the surrender without the trust first being registered. Understandably by sending incorrect communications and making verbal assurances has caused Mr B upset and frustration, aggravated by his personal situation.

For that impact, along with the issues around Mr B's name, unsent letter and whether or not the beneficiary was a trustee, ReAssure offered him £900 as an apology. It's clear to me that given what Mr B's told us about his medical situation that the impact of such stressors would have a higher impact on him. But in my view, regardless of whether ReAssure was the sole cause of those or not, I'm satisfied the offer it has already made fairly reflects the upset, frustration and inconvenience it caused in those matters. I would add here that it isn't the role of our service to punish or fine firms when mistakes are made and the offer ReAssure has made is higher than what I'd typically expect to see be offered for a situation like this, even when taking into account the increased impact such stressors would cause Mr B given his situation.

I do understand Mr B's position and why he feels so strongly about ReAssure not encashing the bond. But for the reasons I've explained I'm not persuaded ReAssure needs to do anything more than it has already done to resolve Mr B's complaint.

### **My final decision**

For the reasons explained above, I don't uphold Mr B's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B as trustee of the trust to accept or reject my decision before 11 December 2025.

Ken Roberts  
**Ombudsman**