

The complaint

Mr O complains about ReAssure Limited (“ReAssure”). He’s unhappy ReAssure won’t allow him to take retirement benefits directly from his Personal Pension Plan (PPP) via flexi-access drawdown so he can retain his existing investments. And he doesn’t think it’s fair he’ll lose the loyalty bonus applicable to his PPP if he transfers to another pension provider.

What happened

In 1997 Mr O took out a PPP with Skandia Life (“Skandia”). Old Mutual Wealth Life Assurance (“Old Mutual”) took over part of Skandia’s pension business, including Mr O’s PPP, in 2006. And, after acquiring this part of Old Mutual’s pension portfolio, ReAssure became responsible for Mr O’s PPP in 2020.

Having decided to take benefits, Mr O called ReAssure on 5 December 2023, confirming he wished to take 25% Tax Free Cash (TFC), leave his remaining funds invested where they were, and access them when required via drawdown. ReAssure explained that Mr O would need to transfer to its Retirement Account to access his benefits this way. Unhappy with this, Mr O asked ReAssure for confirmation in writing that drawdown directly from his PPP wasn’t possible.

ReAssure sent Mr O information about its Retirement Account on 7 December 2023.

On 12 December 2023, Mr O contacted ReAssure, requesting information about the investment pathways available through its Retirement Account, including how the funds had performed over the previous five years. As ReAssure said it couldn’t guarantee a response to this request, Mr O asked it to send him transfer forms.

ReAssure wrote to Mr O on the same day, confirming which funds his PPP was invested in, the value of these investments, and the applicable bonus.

A week later, Mr O approached ReAssure with the same enquiries he’d previously made about the Retirement Account’s investment pathways. He expressed disappointment that despite requesting this information before, it hadn’t been provided.

Having received no response, on 27 December 2023, Mr O wrote to one of ReAssure’s directors about the prospect of having to sell his existing investments and invest in new funds if he wanted to take his pension via drawdown. He said the funds he’d invested in when he started his PPP had performed well over the years, while funds available through ReAssure’s Retirement Account had experienced limited growth and, in some instances, losses in value. Mr O repeated his request to take his benefits via income drawdown while retaining his existing investments.

ReAssure later sent Mr O confirmation of the funds his PPP was invested in, the value of his investments, and the applicable bonus. Separately, it also sent Mr O a Risk Questionnaire, saying that as he wanted to take his pension as a lump sum, he’d need to complete this.

On 18 January 2024, Mr O wrote to ReAssure again, repeating most of what he'd said in his 27 December 2023 letter and expressing dismay that instead of receiving a response, he'd been sent information he hadn't requested. Again, he asked ReAssure to agree to his request to take 25% TFC and remain invested where he was.

ReAssure wrote to Mr O on 9 April 2024, saying that as he wanted to take his pension as lump sum he'd need to complete, and return is enclosed Risk Questionnaire.

On 14 April 2024, Mr O wrote to ReAssure, repeating most of what he'd said in his 27 December 2023 and 18 January 2024 letters. He noted that it was still sending him irrelevant information and said that due to how long he'd been waiting for it to agree to him taking benefits from his PPP as requested, he'd been forced to cash in investments he held elsewhere.

ReAssure later sent Mr O his retirement options and information about its Retirement Account.

Mr O called ReAssure on 29 April 2024 to complain about not being able to access his pension benefits via drawdown without switching to its Retirement Account. He said this wasn't something he agreed to when he originally took out his PPP.

On 3 May 2024, ReAssure called Mr O to discuss his complaint. Mr O said that as he'd never agreed to his pension being passed through different companies, it wasn't fair to expect him to choose new funds.

ReAssure called and wrote to Mr O on 13 May 2024, with its final response to his complaint. It partially upheld the complaint and, in summary, said:

- It understood Mr O wanted to take TFC and leave his remaining value invested in the funds he chose when his PPP started. However, this wasn't an option under the terms and conditions of his PPP originally and therefore wasn't something it could agree to or change.
- The funds Mr O's PPP was invested in weren't available through its Retirement Account, so he should review information it had sent him about the other options available to him, including transferring his pension to another provider.
- As requested, it would investigate whether the value of Mr O's PPP would include bonuses if he transferred to another provider and update him under separate cover.
- It apologised for occasions when it failed to respond to correspondence Mr O had sent and in recognition of this arranged for £150 to be sent by cheque.

On 16 May 2024, ReAssure wrote to Mr O, confirming he could take 25% TFC from his PPP and transfer the remaining value to another provider. And if he did so, the transfer value would include his fund value and any applicable bonus.

Mr O responded to ReAssure's final response on 23 May 2024, asking it to evidence that when his PPP was migrated from his original provider to a subsequent provider and then ReAssure, he signed new terms and conditions, waiving his right to keep his existing investments when taking his TFC entitlement.

On 31 May 2024, ReAssure wrote to Mr O, confirming it didn't hold a copy of his original application form. It explained that it held limited records and relied on previous providers to forward it relevant documentation when policies were migrated to it.

Mr O responded to ReAssure's 16 May 2024 letter on 13 June 2024, saying he required assurances that if he transferred to another provider, his transfer value would include the bonus that was currently applicable to his policy. On 14 June 2024, he responded to ReAssure's 31 May 2024 letter, saying ReAssure couldn't unilaterally change the terms of his PPP contract without his agreement in writing. He acknowledged ReAssure's compensation for the service he received but said this didn't go far enough given the losses he'd suffer if he was forced to invest in its poorly performing funds.

As ReAssure's position remained the same, Mr O referred the matter to our Service.

One of our investigators considered the matter and, in summary, said:

- She didn't think ReAssure was acting outside the terms of Mr O's PPP, saying there was no provision for Mr O to take 25% TFC and leave his remaining funds invested where they were.
- She recognized the funds Mr O wanted to remain invested in weren't available under ReAssure's Retirement Account, but this wasn't something she could direct it to change.
- As an alternative, Mr O could transfer to another provider; however, she confirmed this would result in him losing the loyalty bonus applicable to his PPP.
- She didn't think ReAssure had acted unreasonably in not allowing Mr O to take benefits in the way he wished. However, given the service Mr O received from ReAssure, she thought the £150 awarded to Mr O for this was fair.

Mr O disagreed with our Investigator and, in summary, made the following comments:

- He took out his PPP to take advantage of investments available at the time and never agreed to its terms being changed so he'd be unable to take benefits from his PPP without selling these.
- ReAssure's approach was unfair and unnecessary as other providers would allow him to access his pension flexibly while retaining his investments.
- It appeared that ReAssure could impose any rules it liked, leaving him with no option but to move his PPP and lose his bonus.
- He wanted to transfer to another provider without losing his bonus or keep his PPP invested where it was after taking TFC.

As no agreement could be reached, the complaint was passed to me for a final decision.

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'm afraid I won't be upholding Mr O's complaint. I'll explain why.

It's clear that maximising and safeguarding the value of his PPP while flexibly accessing retirement benefits are things Mr O feels very strongly about. So, I can understand why he's unhappy ReAssure won't allow him to take benefits the way he'd like while investing where he'd like. Especially when he believes that what he's requesting is permitted under his PPP.

I know Mr O would like me to direct ReAssure to do as he's asked. But it isn't the role of this Service to regulate and tell a financial business how to operate – That's the role of the industry regulator, the Financial Conduct Authority (FCA). The FCA is responsible for checking how financial businesses are carrying out services and setting rules for them to follow. It isn't within our Service's powers to tell a business to change its processes or adopt new ones. We look to resolve individual complaints between consumers and businesses. And where we decide that something has gone wrong, we direct a business to put things right.

I have therefore considered whether ReAssure has treated Mr O unfairly by not allowing him to take 25% TFC from his PPP and leave his remaining funds invested where they are with the ability to access them via flexi-access drawdown when required. I've also thought about his request to transfer without losing the loyalty bonus applicable to his PPP.

Mr O believes the terms of his PPP allow him to take TFC and leave the rest of his funds invested where they are for access later. As ReAssure says he needs to transfer to one of its Retirement Accounts or another provider and disinvest from his existing funds to achieve part of what he's seeking, Mr O has requested evidence he agreed to new PPP terms, waiving his right to flexibly access his pension without having to transfer to another product.

Although Mr O's PPP was transferred from Skandia to Old Mutual and, finally, to Reassure following business acquisitions, there's no evidence this resulted in any changes to the original terms. Indeed, in saying Mr O can't take retirement benefits directly from his PPP in the way he'd like, ReAssure relies on the 1996 terms that applied when he took out his plan.

I've looked at what Mr O's PPP terms say to understand what the position is. And having done so, I'm satisfied that the way Mr O would like to take benefits isn't an option under his PPP. I'll explain why.

Traditionally, policies like Mr O's were written to provide annuity benefits in addition to TFC. The retirement benefit options set out in Mr O's PPP terms include purchasing an annuity; taking 25% TFC and purchasing an annuity with the remaining funds; and phasing retirement.

Under "*phasing retirement*", the terms refer to the flexibility of Mr O's PPP and how it could facilitate someone phasing their retirement benefits "*by leaving the plan in force (...) and encashing arrangements (...) to provide income required.*" I can see how Mr O could have interpreted this to mean he could take TFC, keep his remaining funds invested where they were, and draw income as needed from his PPP.

However, the terms don't say the phasing retirement option (the only form of drawdown available at the time) means a policyholder can retain their existing investments and flexibly access benefits directly from their PPP. It's also important to note that the drawdown option that applied when Mr O started his PPP is different to the *flexi-access* drawdown option that replaced this and is now available to him.

In 1997, although a policyholder could draw income from their fund while leaving the rest invested, there were limits to withdrawals and a requirement to purchase an annuity by the age of 75. Since then, there have been several changes which have impacted how policyholders can take benefits from schemes like Mr O's.

In April 2015, the government introduced new pension legislation aiming to give plan holders increased choice on how and when to take retirement benefits, commonly known as "pension freedoms". The concept of flexi-access drawdown was introduced, and this

replaced the older methods of drawdown, with all new income drawdown arrangements coming under the flexi-access drawdown rules.

Pension freedoms legislation was enabling rather than mandatory, so providers weren't required to offer flexi-access drawdown where the existing policy terms didn't require them to do so. As there's no provision in Mr O's PPP terms for him to have direct access to flexi-access drawdown, I'm satisfied that ReAssure is under no obligation to offer this. ReAssure's position on this is a commercial decision. Therefore, it's entitled to exercise its commercial judgment and not offer this option.

Notwithstanding this, ReAssure has provided Mr O with the options available to him if he'd like to take benefits via flexi-access drawdown. One of these involves transferring the proceeds of his PPP to ReAssure's flexible retirement product, its Retirement Account. I understand Mr O isn't happy with this as he'd have to disinvest. However, while I appreciate his reluctance to invest elsewhere when he's satisfied with the performance of his existing funds, the fact remains that the funds he's invested in are limited to his PPP. And, unfortunately for Mr O, ReAssure doesn't appear to have any plans to make these available under its Retirement Account. Again, this is an example of a business exercising its legitimate right to make such a decision.

I note Mr O's comments about the funds available under the Retirement Account (referred to as "*investment pathways*"); however, it might be helpful to explain that these investment pathways were introduced by the regulator to ensure that when a consumer such as Mr O was accessing TFC but leaving the remainder of their pension fund invested, they did so in a properly informed position as to how their fund was invested, and how this might align with their future objectives.

As Mr O isn't happy with ReAssure's investment pathways, I don't think ReAssure's suggestion that he consider transferring to other providers is unreasonable. Unfortunately, as ReAssure has explained, this will likely result in Mr O losing the loyalty bonus currently applicable to his PPP.

Mr O's PPP terms say that "*a special loyalty bonus may increase the value (...)*" of a policyholder's PPP "*to reward investors who maintain investments with Skandia Life [later, Reassure]*". So, I'm satisfied the loyalty bonus isn't guaranteed. It's contingent on policyholders retaining their benefits with ReAssure.

Given how long Mr O has held his PPP and what that means in terms of the level of bonus he's accrued, I can understand why he's so disappointed by the prospect of losing this. However, I'm unable to agree that ReAssure's position on the matter is unfair in the way he suggests. It simply reflects Skandia's stance on the same issue as set out in the PPP terms Mr O agreed to in 1997.

Turning now to the level of service Mr O received while enquiring about his retirement options. As his pension provider, Mr O had a reasonable expectation that ReAssure would respond to his queries and provide clear and relevant information. Unfortunately, I can't see that this consistently happened.

There were instances where ReAssure either failed to respond to Mr O's information requests or provided information he didn't ask for. In doing so, Mr O was placed in a position where he had to chase ReAssure and repeat his requests. It's clear to me that this caused inconvenience and understandably undermined his confidence in what he was being told.

In recognition of what happened ReAssure apologised and paid Mr O £150. Taking everything into account, including our Service's guidelines for awards for distress and

inconvenience, I think ReAssure has appropriately compensated Mr O. It represents a fair amount and is in line with what I'd have been directing it to pay if no award had been made. So, I won't be asking it to do anything further in this respect.

Overall, I haven't found that ReAssure is under any obligation to offer Mr O flexi-access drawdown directly from his PPP. Having been set up in 1997, the terms of Mr O's PPP don't include all the options available under the new pension freedoms that were introduced by legislation from April 2015.

I also find that ReAssure has correctly interpreted the terms of the Mr O's PPP, which mean he will likely lose the applicable loyalty bonus if he transfers his funds elsewhere.

I appreciate that this isn't the outcome that Mr O is hoping for, but as I'm satisfied that ReAssure's position on how he'd like to take retirement benefits is fair and reasonable, and I consider the compensation its paid for service failings is appropriate, I'm unable to uphold this complaint.

My final decision

My final decision is that I don't uphold Mr O's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr O to accept or reject my decision before 12 January 2026.

Chillel Bailey
Ombudsman