

The complaint

Mr L complains that ReAssure Limited failed to inform his financial adviser that his pension plan contained a market value reduction (MVR) when providing him with the details and valuation of his pot ahead of a transfer request.

Mr L would now like ReAssure to pay him the c£45,000 difference between what he was originally told his plan was worth and what was eventually transferred.

What happened

In early April 2024, Mr L's financial adviser wrote to ReAssure asking for information about his existing personal pension plan that he held with them. ReAssure wrote back on 18 April 2024 explaining that Mr L's policy had a current value of £425,389.96 and was invested in two of their with profit funds. ReAssure's letter didn't highlight that Mr L's plan would be subject to a MVR.

Based on the information provided, Mr L decided to switch his pension with ReAssure along with other pension pots he held elsewhere to a new provider to arrange an annuity. An Origo transfer request was submitted to ReAssure on 16 May 2024. Twelve days later, ReAssure spoke to Mr L's financial adviser on the telephone to discuss the switch and explained that the balance was around £45,000 less than originally quoted. During that conversation, ReAssure informed him the plan had an MVR but if he were to defer the switch until January 2025 when the policy matured, no adjustment would be applied. ReAssure explained that the difference in amounts was attributable to an MVR which accounted for around £12,000 and the balance was because of fund performance. The adviser explained that he'd revert to Mr L for a decision on whether he still wished to proceed. And, on 29 May 2024, ReAssure wrote to Mr L's adviser, confirming the current transfer value (at that date) was £379,773.28 because of the MVR being applied to the policy of £12,049.

On 30 May 2024, Mr L's adviser emailed ReAssure confirming that they wanted the switch to proceed. In addition, the adviser explained that he wanted to raise a formal complaint at Mr L's request. In summary, Mr L's adviser said that they were never originally informed about the presence of an MVR (in ReAssure's 18 April 2024 letter) so the information provided was relied upon as being accurate. The adviser also stated the ReAssure policy made up two thirds of Mr L's annuity planning and the other six pensions held elsewhere that formed part of that process had already been encashed; he said that meant had he been provided with the correct information, it's entirely possible that the process may have been deferred until January 2025. The adviser stated that Mr L was aware that he could defer moving the ReAssure plan until January 2025 but wished to proceed because his other pension pots had been encashed and he preferred not to have to go through another advice process with the associated fees that came with it. Finally, Mr L's adviser stated that they were concerned with the size of the fund fall, which in his opinion seemed excessive given the environment.

After reviewing Mr L's complaint, ReAssure concluded that they'd made a mistake. They also said, in summary:

- Details of the MVR should have been included within their letter to the adviser on 18 April 2024.
- The reduction in the original quoted transfer value (between April and May 2024) wasn't down to market performance. The pension had a death benefit attached and was for the amount of £35,000. That should have been confirmed in the April 2024 letter.
- As unclear information regarding the plan was provided, and to take account of trouble caused, they wanted to offer £700.

Mr L was unhappy with ReAssure's response, so he referred his complaint to this service. In summary, he repeated the same concerns that he'd set out to ReAssure. Mr L also explained that despite ReAssure's explanation about the £35,000, he still wasn't satisfied. That's because, he says, the 'current value' provided on 18 April 2024 made no reference to life cover and simply stated that they'd provide £425,389 if he took his benefits at that date.

The complaint was then considered by one of our Investigators. He concluded that ReAssure had already acknowledged their mistake but he didn't believe that they should be held to the higher transfer amount from their 18 April 2024 letter. In addition, he also felt the £700 ReAssure had offered to say sorry was fair in the circumstances.

Mr L, however, disagreed with our Investigator's findings. In summary, he said that ReAssure was getting away with malpractice. Mr L also said that the £35,000 life policy was set to run until he was age 65. He went on to say that had he deferred transferring the ReAssure plan until January 2025 (when the MVR no longer applied), he'd have had protection in place until that point which he no longer has. Mr L stated that he wanted ReAssure to recompense him for that.

Our Investigator was not persuaded to change his view as he didn't believe Mr L had presented any new arguments he'd not already considered or responded to and that ReAssure's offer of £700 was in his view, fair. Unhappy with that outcome, Mr L then asked the Investigator to pass the case to an Ombudsman for a 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.

I have summarised this complaint in less detail than Mr L has done and I've done so using my own words. The purpose of my decision isn't to address every single point raised by all of the parties involved. If there's something I've not mentioned, it isn't because I've ignored it - I haven't. I'm satisfied that I don't need to comment on every individual argument to be able to reach what I think is the right outcome. No discourtesy is intended by this; our rules allow me to do this and it simply reflects the informal nature of our service as a free alternative to the courts.

My role is to consider the evidence presented by Mr L and ReAssure in order to reach what I think is an independent, fair and reasonable decision based on the facts of the case. In deciding what's fair and reasonable, I must consider the relevant law, regulation and best industry practice. Where there's conflicting information about what happened and gaps in what we know, my role is to weigh up the evidence we do have, but it is for me to decide, based on the available information that I've been given, what's more likely than not to have happened. And, having done so, whilst I'm upholding Mr L's complaint, I'm not going to ask

ReAssure to do anything differently beyond what they've already offered - I'll explain why below.

I can well understand Mr L's disappointment when he learned that the transfer value of his ReAssure plan was considerably less than he originally anticipated, especially when it was to make up two thirds of his new annuity. But from what I've seen, before Mr L's pot was switched to his new provider, ReAssure contacted his adviser to highlight the correct balance of his pension and offered him the option of deferring the move until January 2025 when a MVR wouldn't apply; despite this, Mr L still chose to move his funds. And, in any event, ReAssure's letter is explicit about valuations quoted: *"Important – We recalculate the current value of the policy (which is the amount that is transferred) on the day after we've received everything that we need, taking into account any bonuses or reductions that apply"*. So, it seems to me that ReAssure had already set out to Mr L that the value included within the April 2024 letter wasn't set in stone and was subject to change.

Using financial services won't always be hassle free and sometimes mistakes occur. When they do, we'd ordinarily expect the business to put the consumer back in to the same, or as close to the same position that they would've been in were it not for the error. And, having looked at the approach that ReAssure have taken, it seems to me that they've done that. Ahead of the transfer taking place, Mr L was placed into an informed position of the true value of his plan – but we'd never ask a business to honour a transfer figure that a consumer would never have been entitled to in the first place as that isn't fair or reasonable. Conversely, had the true transfer figure been higher than that originally quoted in the 18 April 2024 letter, then we would expect ReAssure to honour that number.

Mr L's adviser was originally informed that the difference between the 18 April 2024 transfer value and the revised value given over the telephone on 28 May 2024 was in part due to poor investment performance (as well as the presence of an MVR); that subsequently transpired to be incorrect. ReAssure later explained in their complaint resolution letter of 10 September 2024, that £35,000 of the difference was because of death benefit cover that was attached to the pot that shouldn't have been included within the April 2024 total. ReAssure have said this figure shouldn't have been included as it was a separate policy, so I think their explanation is fair. Whilst I accept that Mr L wasn't provided with this information until well after he'd transferred, I think on balance, even if ReAssure had told his adviser during one of the several calls on 28 May 2024 that £35,000 of the difference was down to life cover rather than fund performance, it's more likely than not that he would've still transferred. I say that because whilst still wanting further clarification about the fund performance issue, Mr L's adviser instructed the transfer to still go ahead. But importantly, Mr L's adviser has already conceded that Mr L just wanted the transfer to go ahead as soon as possible because he didn't want to have to pay for another advice process in January 2025.

I don't agree with Mr L's adviser that the option to defer taking benefits in January 2025 (and by virtue, retaining the life cover) was taken away from him because he'd already encashed his other six pensions. Whilst I accept that Mr L may have wished to avoid going through a new, or even potentially shortened advice process in January 2025, in doing so, he would've mitigated the impact of the MVR and saved himself c£12,000 – but it was his decision, not ReAssure's, to transfer his plan and from what I've seen, he was placed in an informed position before doing so.

I thought very carefully about the information that ReAssure failed to provide to Mr L as well as the chain of events that followed. I've also given thought to the fact that I've seen no evidence to suggest that ReAssure transferred an incorrect amount to Mr L's new provider. In addition, I've also looked carefully about the impact that Mr L has said this issue has had on him. ReAssure have already offered to pay Mr L £700 for the trouble caused and I'm

satisfied that amount is in line with what I would have instructed them to pay him had they not already offered to do so. I'm therefore satisfied that an award of £700 is fair and reasonable in the specific circumstances of this complaint.

My final decision

ReAssure Limited has already made an offer to pay £700 to settle the complaint and I think this offer is fair in all of the circumstances.

So, my final decision is that ReAssure Limited should pay Mr L £700 if they've not already done so.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 14 May 2025.

Simon Fox
Ombudsman