

## The complaint

Mrs P complains that ReAssure Limited failed to action her income drawdown request in the correct tax year. Mrs P says that because of ReAssure's delays, she's not been able to make full use of her personal allowance for the tax year.

## What happened

On 29 February 2024, Mrs P contacted ReAssure's helpline explaining that she wished to take £10,435 from the pension plan that she held with them. The following week, ReAssure emailed Mrs P a link explaining that she could make her request online. On the same day, 5 March 2024, Mrs P submitted a withdrawal request to ReAssure for £2,608.75 in tax free cash and a taxable amount of £7,826.25.

As ReAssure didn't send the latter payment to Mrs P until 15 May 2024, she raised a complaint with them. In summary, she said that she was unhappy about the time ReAssure had taken to issue her payment and that she was disappointed the monies had been paid in the new 2024/2025 tax year, rather than the 2023/2024 tax year that she'd wished. Mrs P said that meant the total post tax income which she will enjoy in the future from her pension plan has been diminished as she hasn't been able to use her 2023/2024 personal allowance.

After reviewing Mrs P's complaint, ReAssure explained that they'd received her completed paperwork on 6 March 2024. And, after conducting a review of matters, they concluded that they had taken too long to organise the payments for her. ReAssure also said, in summary:

- they were paying her 8% p.a. simple interest from the date they should've made the payments to the date they paid her monies and that amounted to £58
- they were offering £300 for the inconvenience that they'd caused
- as she wasn't able to make use of her personal allowance for the 2023/2024 tax year, if she forwarded them details of her tax return, they'd consider any impact this had had on her

Mrs P responded to ReAssure explaining that she was also concerned about the tax implication for future years, rather than just the previous (2023/2024) tax year. ReAssure subsequently explained that they needed to see how the income withdrawal had affected her in the 2024/2025 tax year. Once Mrs P had completed a tax return, ReAssure said that they would then consider the implications of them not paying the income in a timely manner.

Mrs P was unhappy with ReAssure's response, so she referred her complaint to this service. In summary, she said that ReAssure's approach was unfair because it meant that the total post tax net sum which she can derive from her pension over its future lifetime has been reduced.

The complaint was then considered by one of our Investigators. She concluded that ReAssure's approach was reasonable because as well as recognising their delays, ReAssure had also agreed to look at any tax implications that Mrs P may have as a consequence of their delay at the end of the tax year.

Mrs P, however, disagreed with our Investigator's findings. In summary, she said that she didn't agree a loss had not been crystallised because if her income tax allowance is not used within the specific tax year, it's then lost. Mrs P went on to say that ReAssure's offer to compensate her for the additional tax that she may suffer in the 2024/2025 tax year is spurious. That's because, she says, the late payment of the March 2024 monies has used her personal allowance for the 2024/2025 tax year and it doesn't deflect from the loss of her allowance for the 2023/2024 tax year. Mrs P explained that she'd calculated her financial loss to be in the region of £1,550 (£7,800 x 20%) that she wanted ReAssure to compensate her for.

Our Investigator was not persuaded to change her view as she didn't believe that Mrs P had presented any new arguments she'd not already considered or responded to. Unhappy with that outcome, the case now comes to me 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 Mrs P 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. Instead, I will focus on what I find to be the key issue here, which is whether the offer ReAssure have made to put things right for Mrs P is fair and reasonable.

My role is to consider the evidence presented by Mrs P 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 Mrs P's complaint, I won't be asking ReAssure to do anything beyond what they've already offered - I'll explain why below.

When mistakes occur, we'd ordinarily expect the business to put the consumer back into the same position that they would've been in were it not for the error. But sometimes, because of the passage of time and certain events outside the control of the business, that's not always possible. So, in those instances, we'd expect the business to put the consumer back into as close a position as possible to what they should've been in. And, having looked at the chain of events that have occurred in this instance, it appears to me that ReAssure have tried to do just that. ReAssure can't wind the clock back – they've already conceded that they delayed paying Mrs P her pension commencement lump sum (PCLS) and her taxable income in the correct tax year.

### ReAssure's delay in sending Mrs P her pension payments:

ReAssure have acknowledged the delays in paying Mrs P her pension monies and awarded her 8% p.a. simple interest to cover that window which amounted to £57.77 (which they then rounded up to £58). ReAssure say that:

- the tax-free cash (of £2,608.75) that was paid on 26 March 2024 should have been paid on 20 March 2024. That amounted to £3.43 in interest.
- the taxable component (of £7,826.25) that was paid on 14 May 2024 should have been paid on 21 March 2024 – the day after the tax-free cash. That amounted to £54.34 in interest (which takes account of the tax debited from the initial payment).

ReAssure say that they typically process withdrawals in around 10 working days, so based on when Mrs P submitted her request, I'm satisfied that those notional payment dates don't look unreasonable. ReAssure have also offered to pay Mrs P 8% p.a. simple interest for the period that she didn't have those monies which is the same approach that this service would have instructed them to follow had they not already offered to do so.

### The consequence of Mrs P's unused 2023/2024 income tax allowance

I can well appreciate Mrs P's frustration at not receiving her income from ReAssure when she'd hoped. Mrs P says that she'd planned the withdrawal amount to tie in with her other income and fully utilise her personal allowance, but by missing the 2023/2024 tax year her allowance for that tax year has been under used and can't be claimed back. Mrs P also says that the total post tax income that she will enjoy in the future from her pension policy has been diminished because she wasn't able to use her personal allowance in 2023/2024. Mrs P wants ReAssure to recompense her for the lost tax allowance that she believes amounts to around £1,550 as a consequence of their delays – but I don't agree.

As I've already explained, ReAssure can't wind the clock back – but it wouldn't be fair or reasonable for me to instruct them to pay Mrs P compensation for a notional loss that didn't actually crystallise in the 2023/2024 tax year.

ReAssure have already committed to looking at the impact of the late payment on Mrs P's tax position across the two tax years and I think that's fair as it's the approach that this service would have instructed them to take had they not already offered to do so. Whilst Mrs P says that the total post tax income that she will enjoy in the future from her pension policy has been diminished, I don't agree because I'm satisfied that this approach would result in a line being drawn in the sand. I'm mindful that we're now into a new tax year so Mrs P can submit her tax return for 2024/2025 to allow ReAssure to look into matters for her when she is ready to do so.

### Trouble and upset

There's no doubt that Mrs P has suffered some degree of hassle as a consequence of this chain of events. Having carefully considered matters, I'm of the view that an award of £300 acknowledges the inconvenience that ReAssure has caused to Mrs P. ReAssure have already offered to pay Mrs P £300 in recognition of the trouble that they've caused so I'm satisfied that this amount is fair and reasonable in the circumstances and is also in line with what I would have instructed them to pay her had they not already offered to do so.

### **Putting things right**

- If they've not already done so, ReAssure should pay the late payment interest (£58) to Mrs P.
- ReAssure should pay Mrs P £300 for the trouble caused if they've not already done so.

I'm satisfied that approach is fair and reasonable in the circumstances.

### **My final decision**

ReAssure Limited has already made an offer to pay Mrs P interest on the late payment of her pension withdrawals, £300 for the trouble they've caused and committed to checking if the delay has impacted her income tax liability in the 2024/2025 tax year in order to settle the complaint, and I think this offer is fair in all of the circumstances.

So, my decision is that ReAssure Limited should take the steps above to put things right for Mrs P.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs P to accept or reject my decision before 4 June 2025.

Simon Fox  
**Ombudsman**