

The complaint

Mr and Mrs C complain about the way ReAssure Limited dealt with the surrender of an investment. They say following a surrender request they made, it delayed the sale of the investment, and this has caused a financial loss.

What happened

In 2000, Mr and Mrs C took out a flexible mortgage plan with Legal & General (now ReAssure). The plan held a number of policies within it including stocks and shares ISAs for both of them.

In May 2024, Mr C contacted ReAssure to make enquiries about cashing the ISAs and having the proceeds sent to a bank account held in Mrs C's name. Their intention was to use the proceeds from both ISAs to reduce their mortgage balance.

They were provided with the necessary forms, and on 17 May 2024, they completed and returned the payment release forms. Shortly after this they went on holiday. When they were away, they were expecting the funds to be received into Mrs C's bank account as requested.

On 22 May 2024, ReAssure said it received the forms and on the same day it attempted to contact Mr C by phone to explain it needed verbal authorization to make a payment of the proceeds from his investment into the requested bank account as it wasn't in his name. As it didn't make contact it sent a secure message and letter by post explaining what it needed.

On 31 May 2024, the proceeds from Mrs C's investment were paid to her (with late interest from 22 May 2024).

Around the same time, Mr C contacted ReAssure using Mrs C's phone (as his wasn't working abroad) for an update. He was told that he would need to provide verbal authorization for his transaction. This was provided and the surrender process commenced.

On 14 June 2024, the proceeds from Mr C's investment were paid to him (with late interest from 31 May 2024)

Mr C raised a complaint as he was concerned that he had received nearly £500 less than Mrs C for his investment. As these were linked policies that had begun at the same time, he said he has suffered a loss as a result of the additional time it took to sell his shares.

ReAssure looked into the complaint, but didn't think it had done anything wrong.

Following this Mr C referred the complaint to this service for an independent review.

One of our investigator's looked into the complaint. They found ReAssure acted fairly and properly when dealing with the surrender requests. In summary they said:

- ReAssure did attempt to contact Mr C the same day it received the surrender forms but couldn't reach him over the phone. So, they emailed explaining what was needed

and the reasons why.

- These actions were to protect Mr C from fraud and ensure his request was legitimate before processing the surrender. ReAssure must take precautions when handling any withdrawal request, especially when the payments are directed to a third-party bank account.
- Once the verbal authorization was given on 31 May, ReAssure acted quickly to process the request.
- ReAssure can't be held responsible for the market movement between when they requested the verbal authorization and when it received it.

Mr C didn't agree with the outcome. So requested an ombudsman reaches a decision on his case. In summary he said:

- He didn't receive an email explaining what was needed to accept the request. If he had he would have called as soon as he received it as he had access to his emails but not phone calls while abroad.
- He was not told if he wanted his part of the ISA proceeds paid into his wife's account then he would have to wait for a phone call from ReAssure to give verbal authorisation for this, and if he had been told this, he would have made provision for this by providing Mrs C's telephone number. It was unfair not to make it clear that such a step would be required before processing the surrender.
- The reason stated by ReAssure for what happened was because of a review by its specialist team of the forms indicated it needed verbal authority to ensure he had access to the funds once the payment has been made. The only reason for seeking verbal authority is related to where the funds should be paid, not whether the shares should be sold. He had already given written authority to sell them. ReAssure could have and should have sold the shares and then, if necessary, waited until they had verbal authority before paying the proceeds into Mrs C's account. But by delaying selling the shares, it caused the loss stated.

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.

The crux of this complaint relates to the process followed by ReAssure to surrender Mr C's investment. He is unhappy it didn't sell his shares as soon as it should have done, and this has resulted in him receiving less money than he thinks he is entitled to. The issue stems from the requirements ReAssure needed to make payment and additional authorization it sought from Mr C, but wasn't able to obtain immediately, resulting in a delay in selling the shares during a downturn in the market.

Firstly, I've looked at how ReAssure communicated with Mr C. ReAssure says as soon as it received Mr C's form and reviewed the paperwork it noticed further information was needed from him due to the payment not being made to an account in his name. It says it tried to contact him by phone first on 22 May 2024, but was unable to connect. Mr C has explained he was unable to accept phone calls while he was abroad. So it doesn't seem he was in a position to answer the call.

ReAssure says it also sent Mr C an email to explain the authorization needed and provided a copy of the correspondence. But Mr C says he never received it, and had access to his email, and would have responded if he read it. So, there is uncertainty here about receipt of the email. I also note that Mr C says a letter was sent to his home, which he picked up when he

returned from abroad. I've seen a copy of the letter dated 22 May 2024, which sets out what was needed from him.

Having considered these points, I think I can determine that ReAssure used multiple communication channels to contact Mr C as soon as it became aware there was additional information it needed from him to process his request. So, in my view, it did take reasonable attempts to complete the surrender as quickly as it could. It is unfortunate that due to Mr C not being at home during the period he didn't receive the phone call, and the letter sent was only read after he had returned. But overall, I'm satisfied ReAssure took reasonable action when trying to communicate the requirements it needed from Mr C. It tried several methods to contact Mr C, and it was proactive in trying to complete the transaction.

ReAssure has explain the reasons why it needed the further authorization was due to the funds being paid into an account that wasn't Mr C's. And this was part of its obligations to keep client money safe. While I appreciate that the funds were being pay to his wife's account, I still think it was reasonable for ReAssure to take the approach it did. As mentioned above, it does have obligations to prevent fraud and protect client money. So, while I understand Mr C's frustration, I don't think ReAssure has made an error by requiring further authorization in the circumstances.

Mr C says ReAssure should have told him about its requirements sooner. But again, I don't think I can say an error was made by not informing him about this when he made his initial inquiry about surrender. I haven't seen that ReAssure was made aware that the payment for Mr C's shares would be made to an account not in his name until it received the completed forms. While this is his choice, this has resulted in additional steps being required to fully complete the transaction. We know Mrs C's surrender completed quicker as the account the proceeds were paid into was in her name – indicating ReAssure were dealing with things expediently where it had all the information needed.

Mr C has questioned why his shares couldn't be sold, pending the authorization of the bank account that the proceeds were due to be paid to. I understand why Mr C sees the sale of the investment and the payment of the proceeds as separate points. But when considering ReAssure's overall obligations, I think it was reasonable not to go ahead and sell until it had all of the information it needed to complete the full transaction. In the event it didn't receive the required authorization, it would be left with sold down funds that shouldn't have been. So there is a risk if it sells and is then unable to pay out. Also, hindsight tells us that an earlier sale of the shares would have realised a higher monetary payment to Mr C, but ReAssure was unable to influence market movements during the period the transaction was pending. So I don't think the approach taken was unfair, and it was reasonable for it to only action the sale when it was satisfied that all of its requirements could be met. I can see once it received the authorization from Mr C, it sold the shares immediately.

I understand Mr and Mrs C will be disappointed with my decision, but for the reasons given, I haven't found that ReAssure is responsible for the loss they claim.

My final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs C to accept or reject my decision before 19 September 2025.

Daniel Little
Ombudsman

