

## The complaint

Mr M's complaint is about deductions ReAssure Limited made to the fund values of his whole of life policies and information it gave him about those policies and those deductions.

In essence, Mr M says ReAssure failed to explain these deductions, failed to reassure him that the revised fund values were correct and failed to explain whether in any circumstances if he carried on paying premiums his cover could still stop. What ReAssure sent him instead contained numerous errors, he says, making him concerned about his cover and ReAssure's competence to administer it correctly. The policies were originally with another firm but responsibility for them transferred to ReAssure.

## Background

My provisional decision of 30 May 2025 set out the circumstances of and background to the complaint - and then my provisional findings - in the following terms:

### What happened

Mr M started a policy in January 2006 with £198,090 of life cover for a premium of £4,438 a year. He took another policy in January 2010 with cover of £1,101,758 for a premium of £28,499 a year. The total combined cover was £1,299,848 for a premium of £32,937.

I gather that after an October 2019 policy review, Mr M took a top up policy with cover of £622,887 for a premium of £26,429 a year. The cover amount was the amount by which the other policies' combined cover had dropped following the review. So once the top up cover started in January 2023, the effect was that the total cover remained £1,299,848 and the combined premium was now £59,367 (the £32,937 from before plus the £26,429 top up).

In correspondence it appears ReAssure treats the first two policies as one policy and the top up as a separate policy. I gather £49,430 was deducted from the combined value of the first two policies and £16,333 was taken from the fund value of the top up policy. It was on this basis that ReAssure wrote to Mr M in November 2022 to say it would be adjusting the policy values because charges hadn't been deducted correctly from them. It later offered Mr M £250 - sent to him later by cheque - for shortcomings, such as delays, in how it had dealt with this and with Mr M's queries. But Mr M remained unhappy and came to us.

Our investigator reviewed this matter and concluded the deductions from Mr M's policies were for mortality costs that had become due but hadn't been deducted by ReAssure between December 2020 and February 2022. This error apparently started when the policies migrated between systems. ReAssure spotted it only in March 2022.

Our investigator was satisfied spreadsheets ReAssure sent us showed the deductions to the policies were made to correct this error. She mentioned ReAssure had told us the policy premiums and benefits are guaranteed between reviews and were non-reviewable in and from April 2024.

Our investigator noted ReAssure had offered a further £250 to settle the complaint. She felt

that ReAssure ought to offer £750 in total to reflect the distress and inconvenience caused to Mr M by its errors. This was to reflect that Mr M had been seeking answers for around two years during which time the lack of clarity had caused him distress.

Mr M still considered ReAssure hadn't provided a clear and accurate account of the amounts deducted from the policies – so he remained concerned about policies' guarantee to provide the whole of life cover. So he wanted an *“accurate and clear allocation of the two amounts deducted from the policies”*.

He was also concerned by the statement: *“Once the policy value has been eroded the policy will lapse.”* He said he has sought clarification of this as it implies that once the value of the plans is nil, they will end despite further premiums being paid. He wanted a *“clear simple statement that says that as long as premiums continue to be paid, the plans remain in force”*.

Our investigator shared this with ReAssure and conveyed the following reply to Mr M:

*“...we confirmed to the client already that the plan is non-reviewable going forwards and as long as they keep paying the premiums the sum assured will be payable on death. The surrender value will erode itself over time, meaning if they want to benefit from the funds they would be better doing this prior to the fund erosion.*

*We provided the allocation and the projections, further as the plan is now non-reviewable the projections for the policy are now somewhat irrelevant as all the clients needs to do to retain the plan is keep paying.”*

She also noted that ReAssure had previously said:

*“Essentially the plan will continue as long as the premiums are paid, at their current values as long as the policy holder wishes. The plan will enter debt but remain in force and the client will eventually lose their surrender value to keep the policy in force. So if he wishes to benefit from the plan prior to claiming on it, he would need to think about making a decision shortly”.*

#### What I've provisionally decided – and why

It seems to me ReAssure did fail to deduct the cost of cover correctly from the quoted policy fund values – and that this was the reason for its later adjustment of those values. Mr M has pointed out the value of the 2020 policy didn't make sense as it seemed too high given what he'd paid into it and what the cover was supposed to cost. It seems to me this supports the idea that the firm did make an error in not deducting the cost of cover properly, and that the right answer was for the policy values to be adjusted to what they would've been had the right sums been deducted at the right times to meet this cost.

ReAssure's initial explanation of these adjustments as being for 'contractual charges' lacked detail. Also the explicit plan charges were much smaller than the adjustments being made, so this lack of detail understandably undermined Mr M's confidence in the accuracy of what ReAssure was telling him.

I also note a letter sent to Mr M that says he hasn't paid any of the £34,645 that is due in premiums, and then says the cost of life cover is nothing and that £4759 is savings and £1321 is charges. It then says he has paid in £26429 and the cost of life cover is £20348 and investment performance also reduced the value by £24495 (the value fell from £54873 to £34645 apparently). None of this is very clear and some of it seems contradictory.

I also agree ReAssure's April 2023 letter made little sense when it said the cost of the cover for the £32000 premium policy was £66263 but then also said the cover cost was £29237 and referred to investment performance being negative by £75533. I think it likely this letter was a standard template whose wording would usually correctly explain the figures that are imported into it. But the wording wasn't suited to or accurate for a situation where the transactions affecting the policy included a retrospective deduction of cover costs for past years. I think this deduction also affected the investment performance shown, because the adjustment was made by deducting units that ought to have been cancelled in the past, so the value removed when those units are cancelled will have been a different (and possibly higher) figure than the missed life cover costs themselves (i.e. the adjustment would in effect remove growth on the missed costs).

I also note Mr M receives statements saying the costs of cover and other deductions is exceeding what he is paying in – which I think is the case. These then warn him that this means his policy value is being eroded – which I think is right. But they also say that if this continues and his policy ends without value, he would lose the policy cover. That is not right, from what ReAssure has said. What ReAssure says is that for Mr M, so long as he pays his premiums, his cover will continue.

I gather this is because Mr M is above the age at which a further policy review could be carried out – so I gather that if a policy fund runs out of money, Mr M won't be called upon to pay an increased contribution, but his policy won't end either so long as he keeps paying his current premium.

I gather therefore that the wording on his statement – saying his cover could end - is not applicable and is standard wording that applies in most cases but not in Mr M's. That being so, I agree with Mr M that this is confusing and contradictory information. It seems highly unsatisfactory that Mr M should get statements wrongly warning him his cover might end. It is entirely understandable that Mr M in such circumstances would be caused considerable concern – not least given the very large sums of money at stake here - and so would have to seek clarification of ReAssure whenever he received statements of this kind.

So I share the view that letters and information sent to Mr M by ReAssure have fallen well short of what was needed to explain to the correct position. I am very surprised that more hasn't been done by ReAssure to stop incorrect information being sent to Mr M in this way.

Should ReAssure continue to send Mr M information that is incorrect we would of course entertain further complaints from him or on his behalf about that (if ReAssure was unable to resolve these) and make further awards if warranted. But in the present case I'm satisfied the sum our investigator proposed of £750 is sufficient redress for the inconvenience and concern ReAssure's failings caused Mr M. His concern and distress was significant given how significant the policies were for him financially and their importance for his peace of mind given their purpose was to provide for his family when he died.

I note that these failings include another error ReAssure made – in deducting too much for the cover from one of his policies. And that this also contributed to the confusion and inaccuracy in what Mr M was sent by ReAssure. From what I've seen, this error was never disclosed by ReAssure to Mr F – and only came his attention when ReAssure was trying to explain to us the policy value calculations it has sent us.

With all this in mind, I understand why Mr M would have concerns about what he has been told. It seems his primary concern is that the cover is kept in force and can be paid out upon his death for the benefit of his family. I find it unsatisfactory that Mr M should have to rely on reassurances relayed to him by our service from ReAssure about the continuation of this cover. For that reason, I'm minded – in addition to the distress award above - to direct

ReAssure to write to Mr M setting out for him clearly the amounts his policies would pay out, and the circumstances in which those sums could be paid (i.e. death, critical illness and so on), and the amounts he will need to pay in order to guarantee that those benefits are paid.

I've no specific reason to doubt that the policy value adjustments have been done correctly now – as no further errors with the cost of cover deductions or the policy valuations have been highlighted beyond the those I've outlined (the failure to deduct cover costs and then the deduction of excessive costs). That said, it is disappointing that what ReAssure has sent us so far doesn't seem to be sufficient to prove ReAssure has correctly recalculated Mr M's policy values – although it may well have done this correctly.

ReAssure makes the point that the policy values are irrelevant if Mr M's purpose is to keep them in force for the death benefits – because cover will continue so long as he keeps paying the policy premiums. It also has suggested more than once – in what it has sent us – that Mr M needs to act soon if he wishes to benefit from his fund value. Mr M doesn't - as I understand it - wish to cash in his policies in order to benefit from the fund values. But I note in the past Mr M was able to use his fund value to pay his premiums for a while. ReAssure suggests his fund value will be gradually run down (presumably unless there is extraordinary fund growth) due to cover costs exceeding the value of the premiums paid. ReAssure also suggests Mr M's cover will continue regardless of what the fund value is, so long as his premiums continue being paid. With all that in mind, Mr M's fund value might be relevant if he were able to use it to fund his premiums for a period – and so save on paying premiums – which is something he was apparently able to do in the past.

In view of this I'm currently minded to direct that ReAssure includes in its statement for Mr M about what he would have to pay to guarantee his cover continues, an explanation of any scope there is for him to fund part of this cost from his existing fund values – and if there is such scope, to calculate the figures for this and set them out for him.

In reaching this view I've thought carefully about whether ReAssure was at fault for not giving Mr M information about this earlier (if he can use the fund to cover premiums).

Having done so, at present I don't think ReAssure was at fault for not proactively giving Mr M information about this. I say this because ReAssure wasn't acting as Mr M's adviser but as the administrator of the policy. I can't see that Mr M has asked for information about using the fund to cover premiums specifically, so I don't find ReAssure at fault for not giving him more information about this (if indeed it is possible).

But I've noted that information on how the policy works exactly doesn't seem to be readily available to or held by Mr M - and ReAssure hasn't been able to give him policy information when explaining some of its points (such as why policy reviews don't take place after age 80, for example). So I think it fair and reasonable to ask ReAssure to explain to Mr M whether he could use his policy fund to cover some of the premiums due - noting again here that Mr M does not wish to surrender his policies and wants to ensure his cover is maintained.

So at present I intend to uphold Mr M's complaint on the basis and to the extent above.

*- provisional decision text ends.*

ReAssure Limited replied accepting my provisional findings. Mr M replied thanking us for conveying confirmation the policy would pay out on death as long as the premiums carried on being paid – and for conveying again confirmation that the policy premium wouldn't be reviewed further during Mr M's lifetime.

Mr M also said, in brief summary:

- It would be reassuring to receive a statement from ReAssure confirming, as I proposed, *“the amounts his policies would pay out, and the circumstances in which those sums could be paid (i.e. death, critical illness and so on), and the amounts he will need to pay in order to guarantee that those benefits are paid.”* He would like to receive the information I suggested from ReAssure before I issue my final assessment.
- By insisting on using standard forms, providing inaccurate information, making significant accounting errors and failing to answer even simple questions over the telephone, ReAssure was negligent and caused Mr M, a client for many years, considerable upset. Multiple errors over such a long period is wholly unacceptable and ReAssure hasn't given any guarantee this will not continue, which is extremely disappointing.
- He does not wish to surrender the plan, so he acknowledges the unit values have a reduced bearing on matters.
- His financial adviser assisted him with putting together the documents for this claim – and he has provided the invoice to demonstrate this. He doesn't think it unreasonable for ReAssure to reimburse him for this cost, which was incurred due to its errors. This was just the cost for his adviser's time – he (and relatives acting for him) spent considerably more time on this.

The invoice was dated September 2023 and was for £750 with the description *“Assistance in relation to ReAssure Whole of Life policies including complaint to FOS.”*

The matter has accordingly been passed back 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.

Having done so, I arrive at the same conclusions as in my provisional decision – for the same reasons. But I consider a payment for costs Mr M has claimed is also warranted. I discuss this further below. But I decline Mr M's request that information I proposed to direct ReAssure to provide as part of my award, should instead be requested from it before I make my award. I don't agree that I should anticipate ReAssure failing to abide by my award.

As regards Mr M's claim for costs incurred with his financial adviser in connection with these matters, it is apparent Mr M's professional adviser carried out some administrative work on his behalf in connection with the policies, and so Mr M incurred costs as a result. This is something of which ReAssure is aware as it received queries from the adviser.

But using financial services will usually require some time to be spent on administrative matters – and so this isn't something I would routinely award compensation for. Also our service is free to consumers and one that consumers are able to use without professional assistance – and so I wouldn't routinely award compensation to reimburse a consumer for professional costs incurred in preparing or bringing a complaint to our service. So insofar as Mr M's claim for costs involves work of that nature, it isn't something I will award redress for.

I'm mindful also that my proposed award of £750 was for inconvenience as well as distress – and while the use of a professional adviser will have added to Mr M's costs, it will have reduced the inconvenience he suffered. In other words, an element of my proposed award can be viewed as covering already, in another way, an element of the costs for which Mr M was invoiced.

Having said all of that, the notion that Mr M would likely have needed considerably less help from his adviser in relation to his whole of life policies had ReAssure not made the errors I've identified and for which my decision is designed to compensate him, is compelling. As such I'm bound to find that an element of the extra costs incurred by Mr M in connection with the administration of his whole of life policies, is something that it is fair and reasonable for me to make provision for in my award. I find ReAssure should pay Mr M £200 for this accordingly.

I therefore uphold Mr M's complaint on the basis and to the extent that I've outlined above.

### **Putting things right**

I uphold Mr M's complaint. To put things right Reassure Limited should:

- Pay Mr M £750 for distress and inconvenience he suffered due to ReAssure's errors I've identified above.
- Pay Mr M £200 in connection with some of the extra costs he likely incurred with his financial adviser due to ReAssure's errors above.
- Write to Mr M clearly setting out for him the amounts his policies would pay out - and the circumstances in which those sums could be paid (e.g. death, critical illness and so on) - and also setting out the amounts he will need to pay in order to guarantee that those benefits are paid (i.e. the premium requirement).
- Write to Mr M with an explanation of any scope there is for him to fund from his existing fund values any part of the premium requirement – and if there is such scope, to calculate the figures for this and set them out for him.

I direct that Reassure Limited write to Mr M in the terms I've outlined above within one month of receiving his acceptance of this decision.

### **My final decision**

For the reasons I've given and in light of all I've said above, I uphold Mr M's complaint. ReAssure Limited should put things right by doing what I've said above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 18 July 2025.

Richard Sheridan  
**Ombudsman**