

The complaint

Mr B complains, with the help of a representative, that he was mis-sold a pension that wasn't suitable for him by ReAssure Limited and that the paperwork produced at point of sale was misleading – in particular, in relation to the charges.

At the time of the sale, the business was General Portfolio, for ease I've referred to the respondent business as ReAssure throughout this decision.

What happened

Mr B took out a personal pension plan in 1989, he says the plan was recommended to him by ReAssure. Mr B has told us that he was self-employed at the time. Mr B paid regular monthly contributions of £20 into the newly established pension up until the end of 1991. After Mr B ceased paying contributions into the pension, having only built up a very modest fund, charges continued to be applied, and, in 2010, the plan lapsed without value.

ReAssure wrote to Mr B when the plan lapsed without value but the address it had on file was no longer correct at that point, and he didn't receive the notification.

Background to the complaint

Later, after finding out that the plan had lapsed and he wouldn't receive any benefit from it, Mr B complained about the sale of his pension on 24 October 2024. ReAssure investigated his complaint and issued a final response letter, it didn't uphold Mr B's complaint. Unhappy with its response, Mr B referred his complaint to us.

Mr B complained that:

- The plan wasn't suitable for him, there was a high likelihood of him not being able to maintain contributions and, as a result, the pension being eroded by the charges.
- The charges were high and not properly disclosed to him.
- The terms of the plan were not presented to him in a way that was clear, fair and not misleading.
- He wasn't told that his pension fund could be eroded by charges nor was the impact of ceasing contributions explained to him.
- The pension was mis-sold to him and, if he had been told about the risks of stopping contributions, he wouldn't have taken out the policy.

ReAssure initially objected to our service considering Mr B's complaint on the basis that it had been made outside of the applicable time limits. In support of its position, ReAssure provided us with copies of annual statements issued between 2000 and 2010, and the letter it had sent informing Mr B that the plan had lapsed.

Upon receipt of evidence that the correspondence was sent to an address where Mr B no longer resided at the time, ReAssure consented to us considering the merits of Mr B's complaint.

During the course of their investigation, one of our investigators asked Mr B for information to assist with their investigation. Among other things, he confirmed that:

- He was self-employed at the time of the sale.
- He no longer holds any records.
- He doesn't have copies of illustrations showing these were prepared with Life Assurance and Unit Trust Regulatory Organisation ('LAUTRO') prescribed charges, which were lower than the business' own charges.

ReAssure was also asked for information and it confirmed that it did not hold any paperwork from the point of sale due to the passage of time. It also confirmed that it had no record of Mr B (or any third parties on his behalf) contacting it in respect of taking benefits prior to age 65 or once he reached this age. And that, in any event, the plan had lapsed prior to Mr B reaching pensionable age.

The only piece of documentation that was ultimately discovered was a Personal Wealth Plan brochure from around the time of the sale.

Our investigator completed their review of Mr B's complaint; they concluded that it shouldn't be upheld. Mr B disagreed and made further submissions. I've read and considered these in their entirety, here I've only included a high-level summary of what I consider to be the material points:

- The impact of the charges that actually applied, and the impact that ceasing payment of contributions would have, was not explained to Mr B.
- The illustration would have been based on LAUTRO charges as the tables in the brochure were. Whilst these did comply with the format prescribed by the then regulator, they misrepresented the impact of the actual charges on the plan particularly where modest regular contributions were paid.
- No rational investor who believed there was a chance of them stopping payment of contributions in the early years would have taken out this policy, if the impact of ceasing contributions and the applicable charges had been set out in the paperwork. The failure to disclose this was deliberately misleading.
- The lack of transparent forecasting of the effect of stopping contributions, the disproportionate fixed fees and the unillustrated risk of erosion mean that the brochure and advice fell short of LAUTRO's requirement for fair, clear and not misleading communications.
- Overall, Mr B was not adequately informed about the key risks, and the product was not suitable for a low contribution investor or any investor who considered there was a risk of stopping payment of contributions. The failure to provide realistic illustrations constitutes a material misrepresentation at the point of sale.

The investigator responded explaining that the submissions didn't change their view. They reiterated that due to the time that had passed since the sale of the policy and when it ultimately lapsed without value, there was very little information available. There is no evidence of what was discussed and no documents other than the Personal Wealth Plan brochure. The brochure was a general document and understandably wasn't tailored to Mr B's circumstances. The plan was operated in line with its terms and, whilst the illustration may or may not have made things clearer for Mr B, they could not comment on that because no copy of it had been provided.

Mr B didn't agree, he maintained that the product brochure was a key sale document that customers would be reliant upon and it was required to be fair and not misleading. By using LAUTRO charges data and not its own higher charges, ReAssure was misleading

customers. In this case, that information led to the sale of this pension, which would not have occurred if accurate and fair information had been provided. The illustration would most likely have included similarly misleading information. If more accurate – and contradictory – information had been included Mr B wouldn't have proceeded to take out the pension. Or, in the alternative, if Mr B had proceeded based on contradictory information, then the plan would still have been mis-sold.

Because agreement couldn't be reached, this complaint has been passed to me for review.

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 parties to this complaint have provided detailed submissions to support their respective positions. I'm grateful to them for taking the time to do so. I've considered these submissions in their entirety. However, I trust that they will not take the fact that my decision focuses on what I consider to be the central issues as a discourtesy. The purpose of this decision is not to address every point raised in detail, but to set out my findings, on what I consider to be the *main points*, and reasons for reaching them.

It's my role to fairly and reasonably decide if the respondent business (in this case ReAssure) has done anything wrong in respect of the individual circumstances of the complaint made and – if I find that the business has done something wrong – award appropriate redress for any material loss or distress and inconvenience suffered by the complainant as a result of this.

When considering what is fair and reasonable in the circumstances, I need to take account of relevant law and regulations, regulator's rules, guidance and standards, codes of practice and, where appropriate, what I consider to have been good industry practice *at the relevant time*. Ultimately, I'm required to make a decision that I consider to be fair and reasonable in all the circumstances of the case.

The relevant standards are those that were applicable at the time of the sale (in this case 1989). I cannot look at the complaint with the benefit of hindsight or retrospectively apply rules, regulations or industry standards when considering whether or not the respondent business (in this case ReAssure) acted fairly and reasonably in relation to activities about which Mr B complains. Mr B complains that his personal pension plan was mis-sold to him on the basis that:

- The plan wasn't suitable for him; and
- The information provided at point of sale was misleading.

As explained earlier in this decision, the sole piece of contemporaneous information that has been provided is a product brochure from 1989. Both parties have confirmed that no other information is available.

I've set out below some of the relevant information provided within the brochure.

The allocation of contributions to Capital and Accumulation units is explained in the brochure (which varied depending on how contributions were paid). For example, under the allocation of contributions section, it was set out, amongst other things, that:

"Each regular contribution paid will be subject to a deduction in respect of Life Assurance cover, Incapacity Benefits and Waiver Benefit (when selected as

additional benefits) before being invested in one of the company's unit-linked pension funds. The amount of deduction for these additional benefits will be determined by the company Actuary. The remaining regular contribution will then be allocated to units in the funds in accordance with the investment mix chosen.

...Capital units will be credited in respect of the first two years' regular contributions made...

Accumulation units will be credited in respect of regular contributions for which capital units are not credited and in respect of any single contributions."

And

"For a single one-off contribution, 97% of the contribution will be allocated to accumulation units."

In relation to the cessation of contributions the brochure set out, amongst other things, that:

"If you do not exercise your right to withdraw and miss the due date of a contribution the policy will remain in force for a further 30 days.

If the contribution is not made within 30 days, contributions will be deemed to have ceased. In this case, life cover, incapacity and waiver benefit will cease and the policy will be considered as fully paid up.

If the policy becomes fully paid up, administration charges will continue to be deducted each month from the value of the units. The administration charges will be increased by up to six-fold if only capital units are standing to the credit of the Plan in respect of your personal and employer's contribution. **If these units become exhausted, the contract will lapse.**" [my emphasis]

And

"...A transfer value is not available in respect of regular contributions during the first five years. Thereafter a transfer value equal to a proportion of the bid value of your units will be payable.

A transfer value in respect of single contributions is available at any time. The table below provides an illustration of the value of your single contribution in the first five years of your plan.

The net cost of your single contribution	Tax relief at basic rate	Transfer values at end of year (£)				
		1	2	3	4	5
£	£					
500	166	649	686	726	768	813
1000	333	1310	1400	1490	1590	1700
5000	1666	6600	7100	7640	8220	8850

The above values have been calculated according to rules prescribed by Lautro. General Portfolio does not guarantee that the amount to be paid if the contract is terminated at one of the durations specified will be as high as the amount indicated. The amount actually payable will be determined by the number of units allocated and the ruling bid price of the units to which the policy is linked (less any relevant charges)."

I think the brochure does explain what happens where payment of contributions stopped in reasonably clear terms, including that charges would continue to apply and the risk that the plan would lapse without value.

The tables referenced aim to illustrate the position where a single contribution has been made, so these don't – nor do they attempt to – illustrate the likely position for customers, like Mr B, who would be making regular contributions. And I don't think it was unreasonable for ReAssure to provide such information in accordance with the regulator's expectations (including any applicable rules or guidance) at that time.

We haven't been provided with a copy of any illustrations prepared for and provided to Mr B, so I make no finding on the accuracy or clarity of the information provided therein. But, on a general note and as explained above, I wouldn't in principle consider it unreasonable for these to have been prepared in accordance with the regulator's expectations at the time, which Mr B alleges is most likely the case.

We don't have access to sufficient details of the information that was provided to Mr B at point of sale to reasonably conclude that he was misled, misinformed or, otherwise, not provided with sufficient information to make an informed decision. Nothing that I have seen persuades me that the plan was mis-sold to Mr B.

What has happened is, of course, unfortunate and I understand Mr B is disappointed that having paid into a pension plan, he hasn't received anything in return. But, based on the very limited information that is available, I'm not persuaded that this is a result of a failing on ReAssure's part.

My final decision

My final decision is that I don't uphold Mr B's complaint about ReAssure Limited and I make no award.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 27 October 2025.

Nicola Curnow
Ombudsman