

The complaint

Mr R has complained that ReAssure Limited made payments to him under his flexi access drawdown policy that he did not request, causing him distress and leading him to transfer his benefits.

What happened

I have previously issued a provisional decision regarding this complaint. The following represents excerpts from my provisional decision, outlining the background to this complaint and my provisional findings, and forms part of this final decision:

“Mr R had requested and taken taxable income from his drawdown policy in 2021 and 2022. However in July 2023 ReAssure paid £11,345.59 into his bank account when Mr R had not requested any withdrawal. Mr R noticed the error and told ReAssure about it. He asked ReAssure to explain how this had happened, and he returned the money to it.

In August 2023 ReAssure paid Mr R an amount of £50,244, again without him requesting it. Mr R told ReAssure about its error and repaid it the money. My understanding is that on this occasion, unlike the first erroneous payment, ReAssure had financed the payment by deducting units from Mr R’s policy. On 16 August Mr R made a formal complaint, highlighting that for the second time he’d received an unrequested payment and had not been given an explanation for this. He said his calls with ReAssure revealed that it did not know the cause of its errors.

In September 2023, before ReAssure had responded to the complaint, it paid a third amount to Mr R in error. This was again for £50,244, and Mr R returned it.

On 29 September 2023 ReAssure provided a complaint response, apologising for its errors but not explaining why they’d occurred. It paid Mr R £350 to reflect the inconvenience it had caused.

In late 2023 Mr R asked for a £25,000 gross payment withdrawal from his policy. The net of tax amount of £20,000 was paid to him in December 2023. However, around this time ReAssure also made a fourth payment in error, this time for £150,732.

In January 2024 a fifth unrequested payment was made to Mr R for £50,244. He emailed ReAssure on 18 January to say that these payments had caused stress to him and his wife. He also said that he’d been caused a great deal of inconvenience because his bank had needed to interview him due to the size of the payments that he was returning. Mr R asked for an explanation for the errors, and also raised concerns that the payments were related to a scam.

ReAssure’s response on 25 January enclosed a copy of its 29 September 2023 letter, but provided no further comments because it stated it had already replied to Mr R’s complaint.

On 7 February, along with sending a cheque to repay the latest incorrect payment, Mr R wrote to ReAssure to say that he’d spent many hours rectifying its errors. He also

commented that ReAssure had funded the August 2023 unrequested payment from his policy, and although it said this amount had been reinvested in his plan, he could not tell whether he'd been financially disadvantaged by this. He repeated his request for an explanation of the payment errors. Mr R said that he was looking at transferring his benefits to another provider because he had lost confidence in ReAssure.

On 15 February ReAssure issued Mr R with a further complaint response. It accepted it had caused Mr R and his wife stress and inconvenience, and said that actions had been taken to avoid any further unauthorised payments being made. In terms of any deductions that had been made to Mr R's policy to fund unrequested payments, ReAssure said that it would ensure this had not caused any financial loss by backdating payments to return the policy to the correct position. It also stated that it would resolve any tax implications and "put this straight with HMRC." ReAssure offered Mr R a further £400 compensation to reflect the difficulties it had caused him.

On 8 March ReAssure wrote to Mr R telling him that whilst it could not explain why the incorrect payments had been made, ad hoc withdrawal requests were triggering a further payment the following month. It said it had ring fenced Mr R's policy to stop these errors occurring. Mr R responded on 11 March to say that ReAssure's lack of explanation for the errors was causing him great concern about the security of his pension.

On 12 April Mr R sent a further letter at the same time as returning the £150,732 payment. He highlighted that in total ReAssure had paid him £312,809.59 in error. He again requested a detailed explanation for the payments, and he said he had no way of calculating whether he'd been financially disadvantaged by the one payment made in August 2023 that was deducted directly from his policy. It does not appear that ReAssure responded directly to this letter.

A transfer of Mr R's pension benefits away from ReAssure was later completed.

In October 2024 Mr R brought a complaint to this service. He reiterated his unhappiness about ReAssure's explanation for the payment errors, and repeated that he had no means to check whether any financial detriment caused by the August 2023 payment being funded from his policy had been reversed. Mr R confirmed that when returning some of the larger payments he'd had to speak directly to his bank, causing him stress and expending time explaining to the bank what had happened. He also said that he had to wait weeks for ReAssure to confirm it had received the money. Mr R commented that he'd been checking his bank balance daily for unrequested payments, and that he'd been concerned such payments could represent a scam.

Mr R said that having lost confidence in ReAssure and transferred his fund, he'd incurred a 1% cost with the receiving provider. He also said that he'd had to spend time contacting an independent financial adviser (IFA), and had to pay him fees. Mr R highlighted that when he'd told ReAssure about the incorrect payments, it had suggested he could retain them. He was unhappy about this suggestion because the payments would have incurred 40% income tax. Mr R explained that he'd received a P45 from ReAssure, but this had detailed income he'd not received. Mr R also provided a copy of a P60 from ReAssure which showed similar figures.

A further issue raised by Mr R was that ReAssure had delayed the transfer of his funds by failing to respond to correspondence from the receiving provider, and that this had led to his pension benefits not being invested for a period of time.

Following referral of the complaint, with regard to time limits applicable to referrals ReAssure confirmed that it consented to this service considering this case. In terms of any IFA fees Mr

R had incurred as a result of its errors, ReAssure asked to see invoices of these, and it said that it would then confirm whether it was willing to refund them.

Our investigator did not recommend that ReAssure refund Mr R for the 1% cost he'd incurred on his pension when transferring to a new provider, on the basis that the decision to transfer was made by Mr R. Whilst he agreed that the compensation amounts of £350 and £400 offered by ReAssure were reasonable to reflect the distress and inconvenience it had caused Mr R by making the unrequested payments, he proposed that it should also pay a further £100 to compensate Mr R to date for the inconvenience of having to sort out his tax position. The investigator stated that if Mr R were to experience further problems resolving taxation issues with HMRC as a result of the incorrect payments, he would need to raise a new and separate complaint with ReAssure.

The investigator proposed that ReAssure should provide Mr R with confirmation of the steps taken or calculations that showed his policy had been returned to the correct position after the incorrect payments were made to him. In terms of IFA fees, he said that if Mr R could evidence that he'd paid for IFA advice that related to the erroneous payments, he should share invoices with ReAssure for it to consider.

In response to the investigator's view, Mr R said that he felt he'd been forced to transfer from ReAssure due to the problems he'd had with its standards of administration. He said that this had caused him to incur costs, and he didn't think the compensation proposed sufficiently reflected the hours he'd spent rectifying ReAssure's payment errors. The investigator replied that whilst he understood why Mr R was unhappy with the transfer costs, his view was that it wouldn't be reasonable to say that Mr R had been forced to transfer his benefits, but instead that he'd made his choice after receiving bad service.

Mr R asked for his complaint to be referred for review by an ombudsman. ReAssure confirmed that it accepted the investigator's view.

What I've provisionally 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.

At outset I note that Mr R told ReAssure he was unhappy with the time it was taking to transfer his benefits in 2024, stating that it had not responded to questions from the receiving provider to allow the transfer to complete, and that this caused his pension benefits not to be invested for a number of weeks. Mr R also raised this in his complaint form to this service. However it does not appear that ReAssure has ever provided its formal response to this issue. This being the case, if Mr R remains unhappy with transfer delays, he will need to make a separate complaint to ReAssure about this. If he is unhappy with its response, he is able to refer that matter to this service.

For ease of reference, I've used sub headings to address what I consider are the key elements of this case.

Funding of the unrequested payments deducted from Mr R's policy

As I understand it, only one of the five unrequested payments was funded by deducting units from Mr R's policy. That was the payment made in August 2023. It is not clear how the other four payments were funded, but on balance it does not seem that those four payments were taken directly from the money Mr R held in his policy.

ReAssure has indicated that it ensured Mr R was not caused a financial loss as a result of the August 2023 payment being taken from his policy by backdating the reinvestment of this sum. It has said it placed the policy “back in the correct position.”

In light of Mr R’s experience of ReAssure’s administration of his policy, where he received a number of sizeable unrequested payments over a prolonged period, I consider it is entirely understandable why he has questioned whether ReAssure correctly reinstated his pension benefits having deducted the August 2023 payment from them. Like the investigator, I therefore consider it appropriate that ReAssure provide Mr R with documentary evidence to show how the August 2023 payment was returned to his policy. The information it gives Mr R will need to show in a clear and easy to understand format how this reinstatement of the payment has placed him back in the position he would have been in if the August 2023 payment had never been made.

Mr R transferring his pension benefits away from ReAssure

ReAssure incorrectly made five unrequested payments to Mr R between July 2023 and January 2024. As Mr R has highlighted, the total of these payments was £312,809.59. ReAssure therefore regularly made substantial payments in error to Mr R over a six month period.

Mr R says that his confidence in ReAssure’s ability to administer his policy was impacted to the extent that he felt it was necessary for him to move his funds to a new provider. This resulted in him being charged 1% of his pension fund by the new provider. He has asked that ReAssure compensate him for the costs he’s incurred as a result of transferring.

It is clear that the quality of administration that Mr R experienced from ReAssure when it paid him these unrequested amounts was poor. I appreciate that Mr R has said he felt forced in the circumstances to move his pension. Later in this provisional decision I’ve considered the distress and inconvenience ReAssure’s errors caused him. But on balance, I do not consider the errors which Mr R experienced should result in him being compensated for the costs he’s incurred moving his funds to a new provider.

I say that because, despite the size of the incorrect payments and the frequency with which they were made, it does not seem to me that ReAssure’s administration of the policy in this case was of such a poor standard that the only reasonable option left for Mr R was to move his funds away from ReAssure. I would agree with Mr R that the explanations given by ReAssure about why the payment errors were occurring were not initially of any real help. But ReAssure did confirm to Mr R that it was putting procedures in place to prevent the incorrect payments happening, and the solution it eventually put in place was to ring fence the policy and to use a manual process for any actual payment requests Mr R made.

In the circumstances my view is that it would not be reasonable for me to require ReAssure to reimburse Mr R for transfer costs he incurred, as I do not consider that the only reasonable option Mr R was left with when he encountered the problems that he did was to transfer these benefits.

IFA fees incurred by Mr R

Mr R has explained that he has used the services of an IFA to rectify the problems he has encountered as a result of ReAssure’s payment errors. In particular he has said that he incurred IFA fees in the course of arranging his transfer of benefits away from ReAssure.

ReAssure stated to this service: "In regards to any fees from a financial adviser due to our error, please can we obtain copies of invoices in regards to these specific errors so we assess and confirm if we are or are not able to refund."

Based on this comment, I would say that ReAssure's stance on whether it is willing to offer reimbursement of any IFA fees that Mr R has been charged is unclear. However, it would seem that ReAssure has not committed to covering any IFA fees – it's only made an offer to consider doing this.

Either way, I need to assess whether it would be fair for ReAssure to cover any IFA fees that Mr R has been charged. And based on my finding above that it would not be reasonable for ReAssure to be required to cover costs Mr R has incurred when transferring his benefits, I would also conclude that it should not be required to cover any fees that the IFA charged for arranging or advising on the transfer. That's again because my view is that ReAssure's errors were not sufficient to reasonably cause Mr R to transfer.

I'm unclear whether Mr R also consulted his IFA about ReAssure's payment errors, incurring fees for any advice or input that the IFA may have provided about that issue. But if he did, overall my view is that receiving the erroneous payments in his account, whilst clearly causing Mr R significant difficulties, would not reasonably have required him to seek the services of an IFA.

In conclusion my current view is that ReAssure should not be required to cover any IFA fees that Mr R has been charged.

Tax information provided to Mr R by ReAssure

Mr R has forwarded two documents that he was given by ReAssure that relate to the tax year 2023/24. They are a P60 and a P45. Both show a gross income of £213,415, with tax of £42,683 being deducted (so at a rate of 20%).

I note that on 28 May 2024 Mr R told ReAssure that the P60 was incorrect and he raised a complaint about this. On 10 June ReAssure provided a corrected P60, showing the gross payment Mr R had requested and taken in the tax year of £25,000, with £5,000 tax being deducted.

In its complaint response on 15 February 2024, ReAssure said that it would resolve any tax implications with HMRC as a result of the incorrect payments it had made. It appears that it has corrected the P60, but it's not clear to me whether it has also corrected the P45 which Mr R told ReAssure about in his message to it on 17 September 2024. At the same time, I'm mindful that by now Mr R may have already resolved matters with HMRC in relation to the 2023/24 tax year.

Subject to what Mr R and ReAssure say about this issue in response to my provisional decision, my current view is that ReAssure should ensure that it has provided Mr R with accurate documents covering the 2023/24 tax year, and assist him where necessary with his dealings with HMRC on this subject. As ReAssure has recognised, it needs to sort out any difficulties it has caused Mr R in his tax affairs as a result of making the incorrect payments that it did.

Distress and inconvenience caused to Mr R by ReAssure's errors

As I have already noted, ReAssure made multiple substantial payments in error to Mr R over a period of about six months. Mr R has explained the difficulties that this caused him. He has said that he was the one who identified the erroneous payments rather than ReAssure, and

when he told the business the response was initially to deny that there had been a mistake. Due to their size, Mr R had to contact his bank to return some of the payments. He was also worried that the payments might relate to a scam taking place.

It is clear that Mr R has had to spend a considerable length of time sorting out the return of the incorrect payments with both ReAssure and his bank. He was also caused significant distress by ReAssure because it could not confirm for certain why this was happening. As he has explained, Mr R felt that he needed to check his bank balance daily to ensure no new payments had been made to him in error.

ReAssure initially offered Mr R £350 to reflect the distress and inconvenience it had caused him, and then offered a further £400 as mistaken payments reoccurred. Our investigator proposed that ReAssure pay a further £100 compensation, taking into account the problems Mr R might encounter rectifying his tax position as a result of the wrongly made payments. ReAssure agreed to this suggestion, therefore increasing the total compensation amount to £850.

Having considered what has happened in this case, and awards made by this service on complaints with similar circumstances, my current view is that £850 compensation for unnecessary distress and inconvenience caused to Mr R by ReAssure's errors is fair. My understanding is that ReAssure has already paid Mr R the original £350 offer that it made, but it's not clear to me whether the other compensation sums offered have also been paid. In response to this provisional decision, I would ask the parties to confirm what compensation payments have been paid so far to Mr R.

I appreciate that Mr R is likely to be disappointed with my provisional findings. However, my current view is that fair compensation in this case should be reflected in the distress and inconvenience payment I have proposed. ReAssure should also carry out the necessary actions outlined below."

Responses to my provisional decision

Mr R commented that his policy had originally been capped drawdown, but that ReAssure had changed this to flexi access without his authority, and this had facilitated the payment errors occurring. He said that under the capped drawdown, the size of the payments made in error would not have been permitted.

Mr R disagreed with my conclusion that ReAssure's administration of his policy was not sufficiently poor to mean that the only reasonable option left to him was to transfer his benefits. He also highlighted that ReAssure's ring fencing of his policy to stop the erroneous payments being made only occurred after he'd incorrectly received five payments. In terms of IFA fees, Mr R explained that he'd not spoken to an IFA in relation to ReAssure's payment errors, but had only consulted one and incurred fees when transferring his pension.

ReAssure responded that it was willing to increase its payment to reflect distress and inconvenience caused to Mr R by a further £150, bringing this to a total of £1,000.

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.

Mr R says that the incorrect payments were only possible because his policy was converted into flexi access drawdown. He has said this happened without his authority. However this has not formed part of the complaint considerations in this case, and so if Mr R wishes to

complain about his policy being converted to flexi access without his consent, he would need to raise that separately with ReAssure.

In terms of this complaint, I appreciate that Mr R does not agree with the conclusion I reached in my provisional decision about his request for compensation for the costs he incurred when transferring his pension. I have carefully considered Mr R's further comments in this regard. Whilst I entirely accept that the quality of ReAssure's administration was unacceptable when making the payments, my view remains that it was not sufficiently poor so that Mr R's only reasonable option was to transfer his benefits to another provider. I therefore do not consider ReAssure should be required to compensate Mr R for costs he incurred to his fund by transferring, or for IFA fees charged in respect of the transfer.

ReAssure has confirmed that it is willing to offer a further £150 compensation to Mr R in respect of the distress and inconvenience it unnecessarily caused him, bringing the total amount under that heading to £1,000. Overall my view is that this is a fair compensation amount to resolve this complaint. I also consider that the other actions I proposed in my provisional decision that ReAssure should carry out remain appropriate in the circumstances.

My final decision

My final decision is that I uphold this complaint in part, and require ReAssure Limited to carry out the following actions:-

- Pay Mr R £1,000 compensation in total for unnecessary distress and inconvenience caused to him by ReAssure Limited's errors. Any compensation already paid by ReAssure Limited under this heading in relation to this complaint should be deducted from this total amount of £1,000, with the remaining balance being paid to Mr R.
- ReAssure Limited must provide Mr R with documentary evidence to show how the August 2023 payment was returned to his policy. The information it gives Mr R will need to show, in a clear and easy to understand format, how this reinstatement of the payment has placed Mr R back in the position he would have been in if the August 2023 payment had never been made.
- ReAssure Limited must ensure that it has provided Mr R with accurate documents covering the 2023/24 tax year. It must also assist him where necessary with his dealings with HMRC where these relate to the incorrect payments it made to Mr R.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 7 August 2025.

John Swain
Ombudsman