

The complaint

Mr M has complained that ReAssure Limited (ReAssure) were responsible for problems he encountered when taking his pension benefits as a retirement annuity. These problems included delays, inconsistent quotations and poor customer service, causing him to suffer a financial loss.

Mr M would like to be compensated for this loss as well as the distress and inconvenience he has suffered as a result.

Mr M also complained that Provider A paid ReAssure a commission in respect of his annuity purchase. He would like to be paid this amount as compensation for the costs he incurred when retaining an independent financial adviser (IFA) to help him resolve this situation.

What happened

I have reviewed all the evidence provided by both parties. I have not reproduced all of this in this decision but concentrated on what I believe to be the most relevant parts.

Mr M held two pension policies with ReAssure, which had been passed on to it from another provider (Provider A) as a result of a commercial bulk transfer of policies. On 10 May 2023, ReAssure sent Mr M a Retirement Options Pack (ROP) which outlined his options for taking his benefits.

It told him:

Your pension will provide you with a guaranteed amount of retirement income and tax free lump sum if you use ReAssure's retirement offering at your 70th birthday.

It went on to indicate that he could achieve an annuity income of over £2,000 per annum (pa) more with the guarantee than he could by taking an annuity from a different provider. It also stated that he needed to accept the offer within 28 days or otherwise the guarantee would expire.

The ROP stated that Reassure had an agreement in place for Provider A to offer the guaranteed income annuity on its behalf. It also confirmed the level of annuity Provider A would offer would be at least equivalent to the guaranteed level of income provided by his policy.

Mr M replied to ReAssure on 15 May 2023 to confirm that he wanted to take the guaranteed income level and was passed on to Provider A to arrange the annuity purchase. Provider A subsequently contacted ReAssure on 26 July 2023 via the Origo system to request a transfer of Mr M's funds to enable the annuity to be purchased.

ReAssure wrote to Mr M on 4 August 2023 to ask him to complete a form to confirm that he had received financial advice about his annuity purchase. Mr M called ReAssure on 10 August 2023 to agree that the completion of this form was unnecessary. Mr M called

ReAssure again on 11 August 2023 to request it to send the details of how he could provide it with his bank details, which he emailed to ReAssure the same day.

On 29 August 2023, Mr M once more called ReAssure, seeking an update on the progress of his annuity purchase. During the call, ReAssure told Mr M that it would need to contact Provider A to confirm the income that he would receive when the annuity commenced.

In addition to the income guarantee, Mr M's pension plan also contained an element of Guaranteed Minimum Pension (GMP). After learning the value of his benefits was not enough to provide the GMP, he called ReAssure on 7 September 2023. ReAssure confirmed that it would cover any GMP shortfall. Mr M called ReAssure again on the following day, 8 September 2023 to query why it had sent him a further email requesting verification of his identity. Mr M also informed ReAssure that Provider A had confirmed that it had sent all the transfer documentation to ReAssure to allow the transfer of funds to take place.

On 11 September, however, Reassure sent Mr M a Lifetime Allowance (LTA) declaration to complete. Mr M called ReAssure on 13 September 2023 to query this but was told that the LTA form was needed to allow the funds transfer to take place.

Mr M completed and returned the LTA declaration to ReAssure by letter on 28 September 2023. ReAssure called Mr M on 17 October 2023, leaving him a voicemail to inform him that it had discovered that he had exceeded the LTA and consequently the annuity quotes he had received from Provider A were incorrect. It emailed Mr M the same day to confirm this information and inform him that the amount that he could take in Tax-Free Cash (TFC) was lower than he had been told.

On 19 October 2023 ReAssure sent Mr M details of his retirement options after the LTA had been correctly applied. Mr M complained to ReAssure on 20 October 2023. He complained that the retirement options he had been sent differed from those provided by Provider A and that the TFC element had been decreased and the income increased, which would result in a higher income tax liability.

ReAssure responded to Mr M's complaint on 7 December 2023. It said:

When [Provider A] sent quotes to you previously, they were incorrect. This is because they didn't take your LTA circumstances into account when producing their quotes. Therefore, the options that we sent to you on 17 October 2023 are correct. The figures were calculated and checked by our Actuaries after reviewing your completed Declaration Form, which confirmed you had exceeded your LTA.

ReAssure went on to explain that it always quotes on a standard basis (single life, no guarantee, level and paid monthly in advance) and that it would provide Mr M with a new quote to include a widow's pension after his death.

It apologised for the incorrect quotes that had been initially issued and offered him £300 compensation to reflect its poor customer service.

ReAssure also said that if Mr M confirmed which retirement option he wanted to accept within 21 days, it would backdate his annuity with Provider A to 26 July 2023.

Mr M replied to ReAssure on 17 December 2023. He said that he was disappointed that the retirement quotes he had been offered were different to those offered by Provider A and that he had appointed an Independent Financial Adviser (IFA) to act on his behalf.

On 22 December 2023, Mr M's IFA contacted ReAssure to ask for information about the calculation of his LTA and TFC as well as the quotations including a widow's pension. It also sent ReAssure a letter of authority (LOA) confirming that Mr M gave it permission to act on his behalf.

On 10 January 2024, ReAssure issued an additional complaint response to confirm that it produced annuity quotes on a standard basis and confirmed that the offer to backdate the annuity start date to 26 July 2023 remained open.

ReAssure responded to the IFA's queries on 8 February 2024, before writing on 27 February 2024 to confirm that c£180,000 – the amount of Mr M's fund value on 26 July 2023 - had been transferred to Provider A, with c£22,000 in tax free cash paid directly to Mr M. The amount paid to Mr M included a payment of £780 in respect of interest at a rate of 8% simple.

On 11 April 2024, ReAssure wrote once more to correct an error it had made in the previous email. It had transferred c£228,000 to Provider A, rather than the c£180,000 it had previously advised him.

ReAssure issued further responses to Mr M's complaint on 28 June 2024 and 25 July 2024, confirming that it had completed reviews of his complaint and their stance remained unchanged.

Unhappy with this, Mr M brought his complaint to this service.

Our investigator reviewed all the evidence from both Mr M and ReAssure, before forming the view that although ReAssure had made errors in the way it had treated Mr M, the compensation he had been offered was appropriate in the circumstances. They also informed Mr M that they felt that Provider A also bore some responsibility for the errors in the way his annuity purchase had been handled.

Mr M remained unhappy and so the complaint has been passed to me to make a final decision.

Before doing so, I contacted ReAssure to ask if it had completed the loss assessment it had promised Mr M on 20 June 2023 – and if so, what were the results. ReAssure responded to say that it did not consider that Mr M had suffered any financial loss as a result of its actions. It said:

....to ensure [Mr M] was not disadvantaged we arranged for him to take the Annuity with Provider A instead of ReAssure and arranged for it to be backdated to 26th July 2023, which was the date we received the Origo request. As a gesture of good will, we also added interest to his TFC payment for the period of the delay. As [Mr M] had exceeded the 28-day limit in which to secure his guaranteed income, we were not obliged to do this. We believe the action we've taken is more than fair in the circumstances. It would not seem reasonable for ReAssure to have to compensate C further due to [Provider A]'s errors

Mr M also wrote to our investigator to say that he had complained to Provider A, which had awarded him £500 compensation for his distress and inconvenience, together with a payment for loss of interest up to 26 July 2023. He had accepted this offer.

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 have reached the same conclusion as our Investigator and uphold Mr M's complaint. I do, however, also agree that ReAssure has already taken appropriate actions to compensate him.

I will explain now how I have reached my conclusions.

Firstly, I think it's important to reflect upon the role of this Service. Our role is to impartially review the circumstances of a complaint and make a decision on whether a business has made errors or treated a customer unfairly. Where it has, we expect a business to fairly compensate a customer for any financial loss and distress and inconvenience they have suffered as a result.

In the circumstances of this case, there are two main parts of this complaint. The first of these I need to decide is whether ReAssure is responsible for any undue delay to Mr M taking up his annuity.

To do this, I've considered the causes of this delay. The root cause of this appears to be how the Lifetime Allowance (LTA) applies to the amount of tax free cash (TFC) that can be taken. Since April 2023, an excess charge applies to all lump sum withdrawals which exceed the LTA limit. Also, TFC cannot be taken from pension benefits in excess of the LTA limit. This means that each lump sum withdrawal must be recorded to ensure that these limits are not exceeded.

When Mr M received his original ROP on 10 May 2023, the figures quoted in the document did not take into account any consideration of lump sums Mr M had previously taken, which counted toward his LTA limit. It did, however, state that Provider A would assess the LTA remaining to Mr M if he chose it as his annuity provider.

As Mr M subsequently chose Provider A to give him an annuity quotation, it should have confirmed with Mr M how much TFC he could take without breaching the LTA limit.

I can see that Provider A did not do this, resulting in it providing quotes to Mr M which incorrectly overstated how much TFC he could take.

In mid September 2023, once ReAssure realised that the quotations were incorrect and that Mr M was not entitled to the amount of TFC that Provider A had quoted him, it had no choice but to correct this error and offer revised annuity quotes based upon the amount of TFC that he was actually allowed to take. As Mr M completed the LTA forms on 28 September 2023 and ReAssure sent the revised annuity quotations in mid October, I can't see that there was any undue delay in sending Mr M the corrected quotations.

As a result, I find it fair and reasonable to conclude that the delays to Mr M taking his pension benefits were not the responsibility of ReAssure but were outside of its control. Consequently, I can't see that it did anything wrong here.

The second element to Mr M's complaint relates to the service he received when trying to take his pension benefits. Mr M has stated that he felt that it was difficult to contact ReAssure by email and telephone communications were difficult as he found himself speaking to different staff members who he did not believe had the required knowledge to help him.

I can see that Mr M had communicated with ReAssure both by email and telephone on a number of occasions, before appointing an Independent Financial Adviser (IFA) to help him resolve the difficulties he was finding in getting his annuity and TFC withdrawal set up.

While I can appreciate that Mr M was becoming very frustrated with the repeated contacts he was having with both ReAssure and Provider A, I can't see from the evidence that ReAssure treated him unfairly in this respect. I consider that ReAssure's contacts with Mr M were undertaken with intention of acquiring all the necessary information to process his annuity correctly.

ReAssure did, however, cause some delays when it failed to respond to Mr M providing it with the banking information it had asked for on 11 August 2023, causing Mr M to have to call again toward the end of that month to request an update.

I can also appreciate the frustration and loss of expectation ReAssure caused Mr M when it asked him to complete the LTA questionnaire on 11 September 2023 after confirming to him on 8 September 2023 that the annuity request was being processed.

I also consider it fair and reasonable to find that ReAssure did not respond promptly to the LTA questionnaire Mr M sent on 28 September 2023, not contacting him to tell him that he had exceeded the LTA until 17 October 2023.

I can see that in its response to Mr M's complaint, it acknowledged these failings and offered him £300 for the distress and inconvenience it had caused him. As I have noted above, ReAssure arranged for Provider A to set up Mr M's annuity and backdated his guaranteed income to 26 July 2023, when it first received Mr M's request to take up his annuity quotation with Provider A. It also added interest to Mr M's TFC for the period of the delays.

Taken in conjunction with the interest paid by Provider A for the delay up to the 26 July 2023, I consider that Mr M has been offered appropriate compensation in respect of the delay in him receiving his payments.

As the date for Mr M to secure his guaranteed income had already passed, ReAssure had no obligation to apply the guarantee when it received Mr M's completed annuity application in February 2024. It did, however, apply the guarantee and backdate it to ensure Mr M had not been disadvantaged.

Consequently, I consider the compensation ReAssure has offered Mr M to be appropriate in the circumstances of this complaint and in line with the guidance this service has published when considering compensation for mistakes.

Finally, I will address the issue Mr M raised about the commission that ReAssure received from Provider A in respect of the purchase of his annuity. I fully appreciate Mr M's view that ReAssure should forfeit this commission and pay it to him in compensation for the costs he incurred in using an IFA to help him settle this complaint. I cannot, however, agree. Any commission ReAssure has received is laid down as part of the commercial arrangement it has with Provider A. Consequently, this lies outside of the remit of this service and so I cannot consider this.

To conclude, I find that the actions ReAssure have taken are sufficient to settle this complaint.

Putting things right

To compensate Mr M fairly, ReAssure should undertake the actions it has already offered Mr M, if it has not already done so.

- Pay Mr M the sum of £300 in respect of the distress and inconvenience its mistakes caused him.
- Arrange for Provider A to set up Mr M's annuity and backdate his guaranteed income to 26 July 2023.
- Pay interest at the rate of 8% pa simple in respect of the undue delay to him taking his tax free cash. This interest may be taxable as income. If ReAssure deducts any tax from the interest it should provide Mr M a tax deduction certificate if he asks for one. This will allow the consumer to reclaim the tax from His Majesty's Revenue & Customs (HMRC) if appropriate.

Provide details of any sums calculated to Mr M in a simple format.

My final decision

For the reasons given above, I uphold Mr M's complaint.

ReAssure Limited should take the actions outlined above to resolve this complaint if it has not already done so.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 26 September 2025.

Bill Catchpole
Ombudsman