

The complaint

Mr W says that ReAssure Limited (ReAssure) treated him unfairly when it sent him incorrect information about his pension fund value between 2022 and 2025. He says ReAssure's offer to compensate him for this is not adequate.

What happened

Mr W has a pension with ReAssure. In 2022 the fund was worth around £200,000 when Mr W began taking capped drawdown income from the pension of £1,482 per month.

In April 2025, Mr W was sent information confirming the maximum amount of income he could take each year had increased. Mr W contacted ReAssure to take advantage of this.

It was at this point, in around May 2015, that Mr W was told by ReAssure that his pension value was £130,539. This was significantly lower than Mr W expected as the last statement he had received in May 2024 showed the value of his pension as £192,756. And previous statements also showed a similar value. Mr W didn't think ReAssure's latest statement could be accurate and believed (based on the previous statements) the fund was performing similar to the level of the income he'd been drawing.

Mr W then appointed an Independent Financial Adviser (IFA) to look into things. The IFA queried the performance of the plan and how the value had fallen so abruptly. ReAssure sent the IFA an email explaining that there had been a system error that meant the correct units weren't being deducted from Mr W's pension when income was being paid to him over the years. This was, ReAssure said, rectified in April 2025 and this was the reason why the value was adjusted to £130,539.

Mr W raised a complaint about this with ReAssure in June 2025. He said ReAssure's mistake has had a serious impact on his retirement plans. ReAssure offered Mr W £500 compensation but didn't agree with Mr W that his fund should be adjusted to the level it was prior to April 2025.

Mr W then referred his complaint to our service. At this point, ReAssure increased its offer to Mr W by an additional £500 (£1,000 in total) in an attempt to resolve the complaint.

One of our investigators looked at all the evidence and felt that ReAssure's new offer fairly compensated Mr W for the distress and inconvenience caused to him by the error. Mr W didn't agree and asked for an ombudsman's final decision on the complaint.

ReAssure then provided a breakdown of how Mr W's pension fund had performed on a month-by-month basis between 2022 and April 2025. This was shared with Mr W.

After I reviewed the evidence, I asked some further questions of Mr W about his retirement plans and how they had changed or would change as a result of ReAssure's mistake. Mr W's position can be summarised as follows:

- ReAssure's calculation of his fund value doesn't make sense. Mr W doesn't agree

that the fund value could be as low as £130,539 in May 2025 even taking into account his monthly withdrawals since 2022. He says that investment growth of the fund hasn't been taken into account by ReAssure.

- ReAssure's administration of his pension had been poor.
- He wouldn't have organised as many holidays or done work to his home between 2022 and 2025 had he known the true value of his pension over the years.
- He had not yet adjusted his income going forward as his fund had increased since the mistake was discovered in April 2025 but he may have to lower his income if his complaint isn't successful because of the Government Actuary's Department linked cap.
- Mr W didn't provide details of his savings and assets to me. He thinks that has nothing to do with his pension entitlement with ReAssure.

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.

It's not in dispute that ReAssure has made an error. It failed to adjust the units held in the pension to reflect the income that Mr W had been taking for three years. The issue I need to decide is whether ReAssure has now corrected Mr W's pension fund value and what it needs to do to fairly compensate him for the error.

ReAssure has provided Mr W with a new fund value and the month-by-month breakdown showing the correct monthly values for his holdings between 2022 and April 2025. As mentioned, this has been shared with Mr W. I've reviewed it too. Having done so, I've seen nothing to persuade me that ReAssure has calculated the value of Mr W's pension incorrectly. It must be remembered that Mr W was withdrawing almost £18,000 each year in income – something that will clearly have a major impact on the value of his pension fund. And with regard to the residual fund, Mr W will be aware that the value can go up as well as down. And the number of units held in the investments during price fluctuations will also have been impacted by the income withdrawals – and this ultimately affects the fund value.

I obtained an up-to-date month-by-month value from ReAssure prior to issuing this decision. I can see that the value of Mr W's pension was actually £137,142 on 1 May 2025 – not £130,539 as set out in the statement sent to Mr W at the time. So there was clearly an ongoing error even in May 2025. But I don't think I can fairly conclude from that error that Mr W's current pension valuation is incorrect and there is an ongoing miscalculation.

So, I'm not persuaded that ReAssure has done anything wrong when re-calculating Mr W's current fund value.

In terms of compensation for the error, Mr W's position is that ReAssure should adjust the current fund value to reflect the information he was receiving pre-April 2025. i.e. as if that information were true and he remains invested in the same number of units.

I don't agree that this would be fair. Essentially, ReAssure negligently misstated Mr W's pension benefits. The aim in compensating someone in such cases is to put them in the position they would be in if the negligent misstatement had not been made. It is not to pay them compensation in order to purchase the incorrectly promised benefits.

Mr W has had the benefit of taking the income that he's been drawing from the pension for three years. So I don't think it would be reasonable to ignore that income and treat those sums as if they had remained invested.

I've also not seen persuasive evidence or arguments that Mr W would have done anything materially different if ReAssure had not made the mistake between 2022 and 2025. Mr W says he wouldn't have taken as many holidays or done work to his house if he'd known about his true pension value. But even after discovering the mistake and the lower-than-expected fund value, Mr W hasn't reduced the income he's taking from the pension as might reasonably be expected of someone who's worried about having overspent on pension income. In fact, he increased the income to £1,589 per month in May 2025.

Mr W has mentioned that he might lower the income from the pension going forward – but this appears to be because he (in his own words) “*would be forced to lower [his] pension because of the Government Actuary's Department*”. So Mr W appears to be worried that he might have to lower his income if required by law – not because the *mistake* means that Mr W's pension fund has been depleted more than would otherwise have been the case and now won't last as long as he needs it to last.

I think it's also reasonable to take account of the fact that Mr W would always have known that his pension fund value could fluctuate. So even when he thought the fund value was around £190,000 before the mistake came to light in April 2025, he would have known when he was taking income that the fund's performance could decrease going forward.

So, overall, my view is that I can't fairly conclude that Mr W has suffered a financial loss for which ReAssure needs to pay him compensation. I've seen nothing to suggest that any expense Mr W has incurred since 2022 would not have been incurred but-for ReAssure's mistake. Based on the evidence available to me, I think Mr W is broadly in the position he would have been in had the mistake not happened at all.

However, ReAssure's mistake was a significant one. I understand why Mr W thought from the information he was receiving that the fund was performing well and growing at a similar rate to the amount he was withdrawing each year. So Mr W was misled as to his pension value for three years. And finding out the fund value was actually much lower in 2025 would have been a shock and a severe disappointment to him.

ReAssure has offered £1,000 in compensation. Whilst I know that Mr W isn't happy with this, I think this sum is reasonable in all the circumstances. So, my decision is that ReAssure should pay £1,000 to Mr W but doesn't need to do anything more.

My final decision

I uphold Mr W's complaint – and ReAssure Limited should pay Mr W £1,000 as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 16 March 2026.

Abdul Hafez
Ombudsman