DRN-5877357

The complaint

Miss H complains that ReAssure Limited failed to comply with her instruction to pay a single lump sum payment from her pension into her bank account. She also complains that it did not provide an explanation for its failure to do so.

What happened

Miss H had a personal retirement (s.226) pension policy with Legal & General. She took out the policy in 1985. The policy is now the responsibility of ReAssure and so it is required to deal with her complaint.

Miss H contacted ReAssure in March 2024. She said she wanted to take all of her pension with it as a trivial lump sum. She completed a Lump Sum application form on 16 April 2024 and returned it to ReAssure. She also contacted ReAssure at this time and explained that she had two other pension "pots." She had taken one of these as a lump sum in 2014 and she had initially decided to take the other one (with a provider I'll refer to as "A") as a lump sum too. However, she realised that the value of all three pots exceeded £30,000.

Miss H telephoned ReAssure to explain about the other two pots. She said that she would prefer to take the ReAssure pension as a single lump sum and she said she would leave the pension with A for the time being. She wasn't sure at the time what stage her application to take the pension with A had reached.

Miss H says that despite further correspondence with ReAssure she wasn't sent a substantive response to her application for a trivial lump sum payment until 14 August 2024. ReAssure told her that because the total value of her pensions exceeded £30,000, she could not take her pension from ReAssure as a "trivial commutation lump sum." It said this was in accordance with government legislation. ReAssure said that her only remaining options were to take an annuity or transfer the policy. It said it would issue an updated "options pack" to her.

Miss H said she had already accepted the lump sum in April 2024 when she returned the completed application form. She thought ReAssure was now reneging on the guaranteed sum which she'd already accepted. ReAssure responded to say that it could not pay her a single lump sum, but she could still take an annuity or transfer her pension. It sent transfer request forms to her on 12 September 2024.

Miss H was not satisfied. She said she'd told ReAssure repeatedly that she wanted a single lump sum. ReAssure now told her she needed to transfer to another provider, and she had to deduce that meant she needed to find a provider to transfer to. She thought this made no sense given that the only reason agreeing to such a transfer would be to take the whole amount as a single lump sum.

On 11 November 2024 ReAssure sent Miss H a "Small Lump Sum Payment" form to complete. It said this applied where the value of the pension was less than £10,000. Miss H says she was concerned when she received this as the value of her policy was around £14,000. ReAssure subsequently apologised for sending this form. It said it had made an error and reiterated that the only options available to Miss H were to transfer to another provider or take an annuity.

Miss H complained to ReAssure about what had happened. She said she still wanted to take her pension as a single lump sum, and she wanted ReAssure to send the funds to her bank account.

ReAssure investigated her complaint. It acknowledged it had delayed telling her that because of the values of her other policies she had exceeded the £30,000 trivial limit. That meant the only options available to her would be to take an annuity or transfer the policy. It said it was arranging for annuity quotes to be sent to her. It apologised for the errors made and the upset and inconvenience she'd been caused. It paid her £300 by way of compensation for what happened.

Miss H was not satisfied with this response. She complained to our service. She said that ReAssure had failed to tell her what rules prevented ReAssure from sending her the proceeds of her pension as a single lump sum to her bank account.

Our investigator looked into her complaint. He said that ReAssure had implemented rules set by HMRC. The rules provided that where the total value of her pensions exceeded £30,000, she was unable to take her pension with ReAssure as a single lump sum. And because her pension with ReAssure exceeded £10,000 she was also unable to take it as a "small pot." He didn't think ReAssure had acted unfairly when it had implemented the HMRC rules. He said ReAssure could have provided clearer, more accurate information at the start of the process and it had mismanaged Miss H's expectations. However, he thought that £300 by way of compensation was fair and reasonable for what had happened and in line with the guidance from our service.

Miss H did not agree with what our investigator said. By way of summary:

- She asked for a copy of the rules which our investigator had referred to.
- In its letters ReAssure had told her that rules introduced in April 2015 provided more flexibility and that this flexibility allowed her to take her pension as a cash sum. It had subsequently told her that to do this she had to transfer her pension elsewhere – but hadn't told her where "elsewhere" was. She couldn't understand why she had to transfer her pension elsewhere. Why could ReAssure not pay her the lump sum?
- Miss H said she'd been in touch with HM Government's Technical Specialist of Pensions Operations at MoneyHelper and she'd been informed "it may certainly be possible to take your remaining pensions as lump sums." She thought this was at variance with what our investigator had said.
- Our investigator had not considered the fact that she'd given up the opportunity to take her pension with A. ReAssure had not given her a proper explanation of the rules.
- Our investigator had not commented on the fact she'd been sent an incorrect form on 11 November 2024. This had caused further delay, confusion, distress and inconvenience. This had not been considered when ReAssure had paid her £300 by way of compensation.

Our investigator considered what Miss H had said. He sent her a copy of the rules he'd referred to. He said that the reason why ReAssure may have told her she had to transfer her pension to be able to get a single lump sum was possibly because of the way her current pension worked. In order to access the full range of options now available under the new flexibility rules, she would have to transfer her pension to another provider.

Our investigator reiterated that based on the information Miss H had provided she didn't meet the criteria for a triviality payment. He also thought about the other points Miss H had raised but he remained of the view that £300 was fair and reasonable compensation. Because Miss H disagreed the complaint was passed to me to decide. I issued a provisional decision in which I said:

> ***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.*
>
> 1. *<u>Can Miss H take her pension as a single lump sum?</u>*
>
> *I've considered the information available on the MoneyHelper website. MoneyHelper is an impartial guidance service provided by the government. I've set out extracts from the website below:*
>
>> *"**Taking your whole pot in one go***
>> *When you reach the age of 55 you may be able to take your entire pension pot as one lump sum if you want. Whether you can do this and how you might do it will depend on the type of pension you have…*
>> ***How do I take my pension pot in one go?***
>> *Check with your current scheme administrator or provider if they offer this option. If they do, they'll explain the process and provide you any paperwork you need.*
>> *Not all pension providers offer the options to take your pension pot in one go. So you might need to move your pot to a new provider and move into pension drawdown to do this.*
>> *Our investment pathways comparison tool could help you find a provider that offers this…"*
>
> *The website also describes the small pot rules (for pension "pots" of less than £10,000) and the trivial commutation rules (where the value of all personal and workplace pensions is less than £30,000). These rules set out the circumstances where it is possible to take all of the funds in a pension "pot" as a single lump sum.*
>
> *Miss H's pension with ReAssure did not fall under either the small pot or the trivial commutation rules. However, having considered the information on the website it may still be possible for her to take her pension with ReAssure as a single lump sum. Whether she is able to do that, the website explains, depends on (a) the type of pension she has and (b) whether her pension provider offers this option. I've considered both of these points in the next section.*
>
> 2. *<u>Is ReAssure required to pay Miss H her pension as a single lump sum?</u>*
>
> *I've thought firstly about the type of pension Miss H has. Her policy is a personal retirement plan under section 226 of the Income and Corporation Taxes Act 1970. Under the terms of the policy, at the maturity date, Miss H was entitled to a guaranteed annuity amount (together with any bonus annuity payable) and a guaranteed cash sum (together with any bonus payable). There was no provision within the policy for her to take her benefits as a single lump sum. So, under the terms of the policy ReAssure is not obliged to pay her benefits as a single lump sum payment.*

ReAssure told Miss H that if the total of all her personal pensions was less than £30,000 it would pay her benefits as a single lump sum. It was able to do this under the trivial commutation rules. It also confirmed it was willing to honour the terms of the policy and could provide her with an annuity and the cash sum payable. But it wasn't willing to pay her benefits as a single lump sum because she exceeded the amount set out in the trivial commutation rules. It told her that if she wanted to take her pension as a single lump sum she would have to transfer it to another provider.

Miss H says she doesn't understand why ReAssure can't pay her benefits to her as a single lump sum given that it has indicated it is willing to allow her to transfer her benefits to another provider. She wants to know what law prevents ReAssure from simply sending the single lump sum to her bank account.

Legislation was introduced in 2015 which permitted consumers to access their pensions more flexibly. As a result of that legislation HMRC introduced new rules and guidance which set out more details about how the changes in the legislation would be implemented. So, I've looked at the HMRC Pensions Tax Manual which provides some further information about this. It says:

> ***"Establishing a flexi-access drawdown fund***
>
> ***Paragraphs 7, 8 and 8A Schedule 28 Finance Act 2004***
>
> *A member wishing to take their pension benefits as drawdown pension must designate uncrystallised sums and assets in a money purchase arrangement as being available for drawdown pension.*
>
> *<u>Where the member is making a designation on or after 6 April 2015 and did not have an existing drawdown pension fund on 5 April 2015, they must designate the sums and assets as available for the payment of drawdown pension in a new drawdown fund, known as a flexi-access drawdown fund.</u> The sums or assets designated for flexi-access drawdown are called 'newly-designated funds'…."*
>
> *[my underlining added for emphasis]*

In order to allow Miss H the flexibility to access her pension as a single lump sum, the HMRC rules state that she needs to have a pension product that allows her to do that. This type of pension product is referred to as a flexi-access drawdown policy.

The policy Miss H has with ReAssure is not a flexi-access drawdown policy. So, under the HMRC rules, she would need to open a new flexi-access drawdown product if she wants to access her pension as a single lump sum.

ReAssure describes itself as a life and pensions consolidator. It takes on blocks of policies (such as Miss H's policy with Legal & General) but it doesn't set up or arrange new policies. So, it says it cannot open a new flexi-access drawdown product for her.

It's a matter for ReAssure's own commercial judgement to decide whether it's willing to offer new products. It's not our role to tell ReAssure how it should exercise its commercial judgement or to require it to open a new product for Miss H – when that's not a service it offers.

ReAssure has told Miss H that if she wants to be able to access her pension flexibly she will need to transfer her pension to another provider which does offer a flexi-access drawdown policy.

Having considered everything, I'm satisfied on balance that ReAssure didn't do anything wrong when it told Miss H it couldn't pay her pension to her as a single lump sum. It told her that if she wanted to take her pension as a single lump sum, she would have to transfer her pension to another provider. And it's also informed her that she can contact a financial adviser or the MoneyHelper service if she needs advice or guidance. I think that was fair and reasonable.

3. *<u>What information did ReAssure provide to Miss H?</u>*

(a) The Options Pack(s)

ReAssure sent Miss H an "options pack" dated 19 February 2024. It provided Miss H with details about her pension. It said that because her retirement date was approaching, she should consider her retirement options and decide what was right for her. The letter stated:

> *"Choosing what to do with your pension pot is an important financial decision. We recommend you use the government's free, impartial guidance service called Pension Wise from MoneyHelper, or get personalised financial advice before making any decision about which option is most suitable for your personal circumstances."*

Details about the Pension Wise service and how to contact it were provided.

The letter also set out the following information:

> *"**Important: If you're considering any retirement option other than taking your Guaranteed income using ReAssure's retirement offering.***
> *We strongly recommend you seek advice from a Financial Adviser before proceeding with your preferred option.*
> *…If you don't have an adviser visit [MoneyHelper website] for further information. You may have to pay for any advice you receive."*

Included in the pack was information about what to do next – including speaking with specialists, shopping around, understanding and exploring options with ReAssure and choosing the option which suited her best. There were repeated recommendations to get independent professional advice and/or to contact MoneyHelper. Contact details for MoneyHelper were provided.

ReAssure set out several options for Miss H. She could:

- *do nothing with her pension for now;*
- *buy an income for life – ReAssure said that rather than her retirement income being paid by it, they could introduce her to Legal & General who would provide a quotation and she would be paid at least as much as the guaranteed income under her policy.*
- *transfer her pension to another provider. The letter stated:*

    > *"Rules introduced in April 2015 give more flexibility when it comes to choosing a retirement option. This flexibility allows you to take some or all of your pension as a cash lump sum, but there are some things you should be aware of.*
    > ***You won't be able to take a retirement option flexibly from your current ReAssure pension. If you want to do this you'll need to transfer into a flexible product with another provider…"***

- *take a lump sum. The letter stated however "if the total value of all your pension is not more than £30,000 you may be able to take your Pension as a lump sum."*

Having read the information set out in the options pack, I'm satisfied on balance that the information provided by ReAssure was clear, fair and not misleading. It also clearly signposted Miss H to where she could get additional help or advice, including from the government's impartial and free service - MoneyHelper.

I'll comment further below about an administrative error in the pack concerning the description of Miss H's gender.

(b) The correspondence between ReAssure and Miss H.

Miss H wrote to ReAssure on 2 March 2024. She said she wanted to take all of her pension as a "trivial lump sum." She said she'd already followed this course of action with a policy from a different provider in 2014. She provided her bank details so that the money could be paid into her account. Miss H also informed ReAssure that the total value of all her pensions exceeded £30,000. She followed this up with further letters and telephone calls.

ReAssure's response was to send another options pack dated 14 March 2024. It didn't provide a direct response to the information Miss H had sent to it. I think it's fair and reasonable to have expected it to have told her it couldn't pay her pension as a trivial lump sum and if she wanted to take all of her pension as a single lump sum she would have to transfer her pension to another provider. And whilst it is the case that this information was included in the options pack, I'm persuaded, on balance, ReAssure should have provided a more specific response to the information Miss H had provided. It doesn't appear to have done that until 14 August 2024.

There were subsequent phone calls and correspondence. I'll comment further below about what happened during these calls – specifically in respect of another pension Miss H had with a provider I'll refer to as "A".

In response to the telephone calls and correspondence, ReAssure sent Miss H a "Pension Lump Sum Application Form" to complete. Based on the information it had already received from Miss H it shouldn't have done that since it knew she didn't meet the criteria to take her pension as a trivial commutation.

Miss H returned the completed Pension Lump Sum application form. She says she expected that the money would be paid into her bank account. She contacted ReAssure several times during April and May to find out what was happening.

On 22 May 2024 ReAssure wrote to her. It said:

> *"Please can you confirm to us that all of the policies you have do not exceed £30,000. To take a triviality lump sum payment, all of your pension policies must not exceed £30,000. Please contact [us].*
>
> *If your policies do exceed this amount, please see your options pack for all alternative options…"*

I've noted that at this time Miss H had already informed ReAssure on several occasions – both in writing and by telephone – that all of her policies did exceed £30,000. So, although the letter referred her back to the options pack, for the same *reasons as I've mentioned above in respect of previous correspondence, I think it's fair and reasonable to have expected ReAssure to have done more to explain to Miss H that if she wanted to take her pension as a single lump sum payment she should specifically look at the option in the pack which referred to transferring her pension to another provider – where more details could be found.*

Miss H sent a response to ReAssure to tell it again what the value of her policies were. She did that by letter dated 31 May 2024. Despite sending it several reminders, she didn't receive a response until 14 August 2024 – so there was a considerable delay responding.

On 14 August 2024, ReAssure told Miss H that due to the value of all her policies exceeding £30,000 she could not take her pension from ReAssure as a trivial commutation lump sum. It said this was in accordance with government legislation. It told her the remaining options were to take an annuity or transfer her policy. It issued an updated options pack to her.

I'm satisfied, on balance, that the information in ReAssure's letter dated 14 August 2024 was clear and that further details were then provided again in the options pack sent to her – which repeated the information she'd previously been given and which I've commented on above.

By this stage Miss H had become frustrated with the process. She raised a complaint with ReAssure. She said she'd already accepted the guaranteed lump sum when she'd completed the application form she'd been sent. She thought ReAssure was reneging on the guaranteed amount it had said it would pay her.

ReAssure wrote again to Miss H on 12 September 2024. It reiterated that she was not able to take a trivial commutation lump sum. It referred to the updated options pack sent to her and said she could choose another option – "This would be a transfer to another company or an annuity." It enclosed transfer forms and provided further details about how to progress the annuity option.

Having read the letter dated 12 September 2024, whilst it did make clear what Miss H's options were, I think it could have done more to signpost her to where she could get more information about the transfer option - rather than simply referring again to the options pack and sending her transfer forms. So, for example, in the 12 September letter itself, I think it's fair and reasonable to have expected ReAssure to highlight again that Miss H could approach MoneyHelper or a financial adviser for further guidance and/or advice. I think that's perhaps why Miss H sent further correspondence complaining that she had to deduce she needed to find a provider to transfer her pension to and she couldn't understand the point in transferring her policy to another provider so that she could get a lump sum. Why could ReAssure not pay a lump sum to her? Why did she have to transfer to another provider?

Miss H says that ReAssure has still not explained to her why it cannot pay her a lump sum and what rules prevent it from doing that.

It doesn't appear that ReAssure responded to the specific questions Miss H raised. Instead, it sent her another options pack dated 3 October 2024.

On 11 November 2024 ReAssure sent Miss H a "Small Lump Sum" payment form. As it subsequently acknowledged, that was an error on its part since Miss H's pension with ReAssure exceeded £10,000. I'll comment further below about how concerned Miss H felt when she received this form.

Miss H has subsequently received further options packs from ReAssure. She says she wants ReAssure to make a single lump sum payment into her bank account or explain to her why it cannot do that.

I've thought about what Miss H has said and, for the reasons set out at sections numbered 1 and 2 above, it is the case that ReAssure cannot make a single lump sum payment into her bank account. So, I don't think it's fair or reasonable to expect it to do that. However, having considered everything that's happened here, I think ReAssure has made errors and there are examples of where I think it could have provided clearer information to Miss H at an earlier stage.

4. *Administration Errors*

Miss H has referred our service to some of the administration errors she says ReAssure has made:

- *In the initial options pack which it sent to Miss H it made an error on the illustration enclosed. Miss H had to point out to it that her gender was "female" and not "male." ReAssure did subsequently correct this.*
- *In April 2024, ReAssure sent Miss H a "Pension Lump Sum Application Form" to complete. Based on the information it had already received from Miss H in March 2024, when she'd told it she exceeded the £30,000 limit, it shouldn't have done that since it knew she didn't meet the criteria to take her pension as a trivial commutation lump sum.*
- *On 11 November 2024 ReAssure sent Miss H a "Small Lump Sum" payment form. As it subsequently acknowledged in its letter dated 2 December 2024, that was an error on its part. ReAssure knew that Miss H's pension with it exceeded £10,000. Miss H has described the worry and distress she was caused when she received this form since she thought that her pension had fallen significantly in value. I'll comment further about that below.*
- *Miss H also complains that in its final response letter dated 27 September 2024 ReAssure made an error concerning her age. She pointed this out to ReAssure in her letter dated 30 November 2024 but she says ReAssure has not acknowledged or apologised for its error.*

5. *Miss H's decision to defer taking her pension with provider "A"*

Miss H says that ReAssure has not dealt with the fact she says she decided to defer taking her pension with A because of information it provided to her.

I've listened to a telephone call which Miss H made to ReAssure on 23 April 2024. During the call Miss H queried the £30,000 limit for the trivial commutation amount. She said she was over the limit but she said she thought this was because she'd started the process of taking another "smaller" pension from provider A. She said she'd rather take the ReAssure pension and leave the A pension until a later date. Her reasoning was that by doing this she'd be under the £30,000 threshold.

During the call ReAssure told her that she'd need to get in touch with A. However, it didn't make clear to her that irrespective of what she did regarding the policy with A she would still exceed the £30,000 limit and wouldn't be able to take her pension with ReAssure as a single lump sum.

I can see that ReAssure wrote to Miss H again on 22 May 2024. In that letter it did ask her to confirm again if all her policies exceeded £30,000. The letter stated:

> *"If all your policies do exceed this amount, please see your options pack for all alternative options available."*

So, at that point, I think ReAssure had done enough to tell Miss H that she needed to contact A about her policy with it before deciding what to do regarding that policy. And it had also made clear that if all her policies exceeded £30,000, she needed to select a different option as the trivial commutation option was not available to her. In these circumstances, I don't think it's fair or reasonable to conclude that ReAssure should be held responsible for any decisions Miss H may have made regarding her policy with A.

It's also the case that Miss H's pension has remained invested with A and she's recently informed our service that it has increased in value in the period since May 2024. So, I'm not persuaded, on balance, she's suffered any financial loss as a result of her decision to defer taking the pension with A.

What needs to be done to put things right?

Having considered everything, as set out above, I've provisionally decided ReAssure has made administrative errors here.

I've also provisionally decided there were occasions when it's fair and reasonable to have expected ReAssure to have done more to provide specific responses to the information provided by Miss H. For example, Miss H told ReAssure at the outset in March 2024 that her total pensions exceeded £30,000 and ReAssure also knew that her pension with it exceeded the small pots threshold. Despite this it wasn't until 14 August 2024 that it provided a specific response to her, explaining that due to the value of all her policies exceeding £30,000 she could not take her pension from ReAssure as a trivial lump sum payment. It could have done that much earlier in the process.

I've also commented above about other letters that could have provided more specific responses to Miss H – rather than referring Miss H back to the options pack.

In her letter dated 4 December 2024 Miss H asked ReAssure to tell her which rules prevented it from paying a single lump sum payment to her bank account. She says ReAssure has still not responded to this query. And, having read everything here, it doesn't appear ReAssure has responded to the query Miss H raised.

Although this specific query was raised after ReAssure issued its final response letter, I have taken it into account when considering this complaint. Miss H's complaint is about ReAssure refusing to pay her pension as a single lump sum into her bank account. So, I think it's fair and reasonable to have expected ReAssure to have explained, earlier in the process, why it hadn't been able to comply with her request.

When a business makes errors it's not our role to fine or punish it. We look to see if the actions it has proposed to put things right are fair and reasonable in all the circumstances of the case.

First, I'd just point out that for the reasons set out above, I'm currently not persuaded ReAssure should be liable for any decisions Miss H made concerning her policy with A. And, in any case, I'm not persuaded Miss H has suffered any financial loss as a result of what happened.

I am persuaded, on balance, Miss H has experienced distress and inconvenience because of what happened here.

ReAssure has apologised for "errors made." It acknowledged it had delayed responding to Miss H's query about being over the £30,000 limit. It did also subsequently apologise on 2 December 2024 for issuing the Small Lump Sum payment form in November. It has already paid Miss H £300 by way of compensation for the inconvenience it caused.

I've looked at our guidelines for awards of this nature. Typically, an award of £300 might be suitable where there have been repeated small errors or a larger single mistake requiring a reasonable effort to sort out. And the business's actions could result in some acute stress – possibly over several weeks.

In this case, however, I can see that this matter has been ongoing for several months. The initial errors were made in April 2024 when the Pension Lump Sum Application Form was issued. It wasn't until 14 August 2024 when ReAssure explained to Miss H that due to the combined value of her pensions she could not take her pension as a trivial commutation lump sum – even though it had that information since March 2024 and before it erroneously issued the application form.

I'm also persuaded, on balance for the reasons set out above, ReAssure could have done more to explain to Miss H why she needed to transfer to another provider in order to avail of the new flexible option to take all of her pension as a single lump sum - and to explain why ReAssure itself could not offer that option to her.

As set out above, ReAssure has made administration errors - such as errors regarding Miss H's gender and age. And Miss H experienced further distress when ReAssure sent her an incorrect form in November 2024 which suggested that the value of her pension had fallen significantly. It was around a month later when ReAssure apologised for this error.

So, having considered everything, I think Miss H has been caused considerable distress, upset and worry and/or significant inconvenience that has needed a lot of extra effort, over several months, on her part to try to sort out. So, in line with our guidelines, I think ReAssure should pay Miss H further compensation for the distress and inconvenience she experienced here. I've provisionally decided it should pay her a further £200 (being £500 in total) for the distress and inconvenience she's experienced.

My provisional decision

For the reasons set out above, my provisional decision is that I intend to uphold this complaint, in part, about ReAssure Limited.

I intend to require it to take the following actions to resolve this complaint:

- *Pay Miss H a further £200 (being £500 in total) for the distress and inconvenience she experienced as a result of what happened here.*

ReAssure responded to my provisional decision. It said it accepted the provisional decision and had nothing further to add.

Miss H also responded to my provisional decision. By way of summary she said:

- There was a provision in her policy (Condition A9) which she said entitled her to receive the cash equivalent sum from her policy. She thought ReAssure was in breach of contract for not agreeing to pay her the cash equivalent as a lump sum.
- She had deferred taking her pension with A because of information ReAssure had not made clear. She'd been told on several occasion by ReAssure in the period between 23 April 2024 and 22 May 2024 that it had processed her request for the trivial lump sum to be paid. During that period, she believed this had been possible because she'd deferred taking her pension from A.
- She didn't think it was fair or reasonable that she had to transfer to another company to get her pension paid as a single lump sum. She pointed out that she'd been told she'd have to get a financial adviser and pay fees to do this.

In response to what Miss H had said our service wrote to her as follows:

" 1. [Policy Condition A9 states]:

"At the Maturity Date the Annuitant may elect to have the cash equivalent of Benefit (1) applied as a premium under a Substituted Contract. The Substituted Contract must be a contract providing benefits in substitution for this Policy, as provided for in Section 26 of the Finance Act, 1978, and be approved by the Commissioners of inland Revenue under Section 226 of the Income and Corporation Taxes Act, 1970.
The cash equivalent shall be such sum as may be calculated by the Society at the time of election. The election must be made by giving written notice to the Society at least 14 days and not more than one month prior to the Maturity Date. Upon payment by the Society of the cash equivalent this Policy shall be terminated and the Society shall be discharged from any further liability hereunder."

You [Miss H] believe that this clause requires ReAssure to pay the cash equivalent to you as a single lump sum. However the policy condition requires ReAssure to pay the cash equivalent as a "premium under a substituted contract" if that was something you elected to do. That would be the case where instead of taking an annuity through ReAssure you wanted to take out an annuity policy (a substituted contract) with another provider. You will note that the policy conditions state that "the substituted contract must be a contract providing benefits in substitution for this policy." And it cites the legislative requirements that any substituted policy must meet.

ReAssure has already provided this option to you. So, the Ombudsman is not persuaded that this policy condition can be interpreted in the way that you have indicated or that it obliges ReAssure to pay the cash equivalent sum into your bank account as a single lump sum.

2. The Ombudsman has noted the additional comments you made about your decision to defer taking your benefits from your policy with "A." In her provisional decision the Ombudsman referred to the telephone call on 23 April 2024 when ReAssure told you that you'd need to get in touch with A concerning your pension with it. The Ombudsman also referred to the letter ReAssure sent you on 22 May 2024 in which it made clear that if all your policies exceeded £30,000 you would need to check the available options open to you.

So, the Ombudsman is not minded to change her view that ReAssure had done enough to give you sufficient information here. It told you that you needed to contact A about your pension with it and you could not get a trivial lump sum where all your *pensions exceeded £30,000. In these circumstances the Ombudsman remains of the view that it's not fair or reasonable to conclude that ReAssure should be held responsible for decisions you made at that time concerning your policy with A.*

3. The Ombudsman Service cannot provide advice to you. However ReAssure has pointed you to where you can seek further guidance and advice about the options available to you. We cannot comment further.”

Miss H responded to say that when she postponed taking her pension with A she’d been under the impression that she could take a lump sum from ReAssure. She referred again to telephone conversations with ReAssure when she’d been told on at least three occasions that ReAssure had been able to process her request for a lump sum payment. It wasn’t until 22 May 2024 – a month after she’d postponed taking her pension with A that she’d been sent the letter from ReAssure asking her to confirm that all her pensions did not exceed £30,000.

Miss H also did not agree with the interpretation of Clause 9A in her policy. She didn’t think her policy intended that she would have to transfer to another company, and incur costs, in order to receive the “cash equivalent.”

So, I now need to make my decision.

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.

For the reasons set out in my provisional decision and in subsequent correspondence with Miss H (referred to above), I remain of the view that ReAssure didn’t do anything wrong when it informed her it couldn’t pay her pension as a single lump sum into her bank account. And if she wanted to take her pension as a single lump sum, she would have to transfer her pension with ReAssure to another provider.

I also haven’t changed my view about the interpretation of Clause 9A in Miss H’s policy. Clause 9A permits Miss H to elect to” *have the cash equivalent of Benefit (1) applied as a premium under a Substituted Contract.*” Benefit (1) in the Schedule to the policy is a guaranteed annuity and guaranteed cash sum as set out therein. I’m not persuaded, on balance, this Clause entitles Miss H to elect to take the cash equivalent as a lump sum paid into her bank account.

I’ve thought again about what Miss H has said about her decision to defer her pension with A. As I said in my provisional decision, there were occasions when ReAssure could have provided clearer information to Miss H. She had told it at the outset, in March 2024, that all her pensions exceeded the £30,000 threshold. She mistakenly believed that if she deferred taking her pension with A that would mean she could take her ReAssure pension as a trivial lump sum payment. She raised this with ReAssure during the telephone conversation on 23 April 2024.

As I noted in my provisional decision, ReAssure could have done more at that time to make it clear to Miss H that irrespective of what she did regarding the policy with A she would still exceed the £30,000 limit and she wouldn’t be able to take her pension with ReAssure as a single lump sum. However, ReAssure did tell her she would need to contact A to discuss her policy with it. But it’s not clear if she did that or what A told her. I was satisfied, on balance, that the letter dated 22 May 2024 did make clear that if all Miss H’s pension policies exceeded £30,000 she would need to select a different option to the trivial lump sum option.

I’ve also noted that in the period since May 2024, Miss H has not changed her decision about deferring taking her pension with A. So, her pension with A has remained invested and she’s told us it has increased in value.

Having considered everything again, I’ve not changed my view or the reasons for my view that it’s not fair or reasonable to conclude that ReAssure should be held responsible for any decisions Miss H may have made regarding her policy with A.

ReAssure did make errors here. I outlined what those errors were in my provisional decision. And, for the reasons set out in my provisional decision, I remain of the view that it’s fair and reasonable to require ReAssure to pay Miss H an additional £200 (£500 in total) by way of compensation for the distress and inconvenience she experienced. I don’t require ReAssure to do anything further to resolve this complaint.

My final decision

For the reasons set out above, I uphold this complaint, in part, about ReAssure Limited.

I now require it to take the following actions to resolve this complaint:

- Pay Miss H an additional £200 (£500 in total) by way of compensation for the distress and inconvenience she experienced as a result of what happened here.

Under the rules of the Financial Ombudsman Service, I’m required to ask Miss H to accept or reject my decision before 1 December 2025.

Irene Martin
Ombudsman