

The complaint

Mr P complains about the surrender value he received from ReAssure Life Limited (ReAssure) for his capital and income bond.

He complains that he received less than the value he was quoted by ReAssure when he contacted it to surrender the bond.

What happened

Mr P took out a capital and income bond in 2010 with his capital lump sum invested in a fund.

Mr P contacted ReAssure on 7 April 2025 to ask about the value of his bond. ReAssure's representative provided him with a value which was approximately £28,800 and Mr P gave instructions to surrender the bond.

During this phone call ReAssure's customer representative indicated to Mr P that the value changed daily and was not guaranteed. Mr P confirmed he wanted to go ahead and asked whether he would receive the amount quoted in his bank account that day. When asking that question, Mr P quoted the figure to the representative.

The representative replied that it would take up to ten working days for the payment to be processed and arrive in his account. The representative didn't refer to the amount that would be paid to Mr P.

Mr P's bond was surrendered with the processing date being 8 April 2025. The surrender value was calculated using the bid price of his units at that date.

ReAssure sent Mr P correspondence on 9 April 2025 confirming the amount that would be paid to his bank account which was approximately £27,600 and noting that it could take up to five working days for that payment to clear.

Mr P then complained to ReAssure that the value he received was approximately £1,200 less than the value given by ReAssure's representative on 7 April 2025.

ReAssure upheld Mr P's complaint. It said the value Mr P had received was correct, as it used the value of the units in his bond on the working day after the surrender was requested, which was set out in the terms and conditions of the bond. It said the value was different to the value he was previously quoted because the unit price fluctuates and it confirmed he hadn't incurred a charge as a result of closing his investment.

However, it acknowledged that its customer representative hadn't made it clear enough to Mr P that the value quoted wasn't a guaranteed amount that Mr P would receive upon surrender.

It said although its customer representative had told Mr P the value wasn't guaranteed, the representative had also referred to the value "as of today" which had given the impression that was the amount Mr P would receive. In addition, when Mr P had asked if he would

receive that quoted amount into his bank account that day, the representative had said it would take up to ten working days but hadn't corrected Mr P's understanding in respect of the value he would receive.

So, ReAssure offered Mr P £250 in compensation for the distress and inconvenience it had caused him.

Mr P disagreed with the compensation paid by ReAssure and referred his complaint to our service. He said he asked for his bond to be closed which ReAssure had actioned, but he didn't receive the full amount. He said ReAssure had indicated this was because he had closed the bond early. Mr P said ReAssure should pay him the difference between the value of his bond and the amount paid to him.

Our investigator considered his complaint but didn't think she should ask ReAssure to do anything further, as she felt the compensation offered by ReAssure was fair and reasonable in the circumstances.

The investigator thought ReAssure had paid Mr P the correct value as it had used the bid price for the units on 8 April 2025, which she considered was in line with the terms and conditions of the bond.

The investigator didn't think ReAssure had been as clear as it should have been, on the phone call about the value Mr P would receive but she didn't think ReAssure should pay Mr P the difference in values because she thought he had been paid the correct amount.

So, the investigator said ReAssure should pay compensation for the distress and inconvenience caused to Mr P by its lack of clarity. She considered £250 was fair and reasonable in the circumstances taking into account our guidance on what we might award.

Mr P didn't agree with the investigator and said he didn't accept ReAssure's position. He said it wasn't his fault and ReAssure owed him money. He said he wanted the full amount which he said ReAssure had told him, at the time, he was entitled to. Mr P noted there were no charges.

As no agreement could be reached Mr P's complaint was referred 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.

To recap, Mr P was looking to surrender his capital and income bond, so he contacted ReAssure and gave instructions to surrender the investment. He is unhappy with the amount he received from ReAssure because it is lower than the value he was quoted when he spoke to ReAssure on 7 April 2025.

Mr P's bond is unit-linked with his capital invested in a fund which means that the value of the units within his bond fluctuate. So, any value quoted is likely to change from day to day. When Mr P contacted ReAssure on 7 April 2025, the value he was quoted was based on the value of the units from the previous day.

I have carefully considered the telephone call of 7 April 2025. Mr P asked for the value of his bond and the customer representative gave him the fund value and surrender value which were the same. The representative told Mr P that "these values are not guaranteed." Then later in the conversation the representative said that the amount "changes daily and isn't

guaranteed.” That is because the value of the units in his bond fluctuated from day to day.

Mr P says he was told by the representative that he would receive the amount of money that he says was “in his account” on the day he called. I don’t think it is as straightforward as that because this isn’t like a bank account where cash is held in that account - here units are held within the bond, and the value of those units changes regularly.

I don’t think, it is more likely than not, that the representative expressly told Mr P that he would receive the amount quoted. In response to a question from Mr P asking for confirmation that he would receive the quoted amount in his account that day, the representative said in effect: “*No, it would take – right let me read this so, thank you we’ll do that today for you. Once all our checks have been completed it will take up to ten working days for the payment to be processed into your account.*” In any event, I don’t consider the representative gave Mr P any confirmation regarding the amount that would be paid.

So, I think the representative answered part of the question about *when* the payment would be received by Mr P but didn’t address the issue of the *amount* that would be received by Mr P.

I don’t think this response can be reasonably taken to be an express confirmation that Mr P would receive the amount quoted, particularly as the representative had already said the value wasn’t guaranteed on two occasions. So, I don’t agree that what was said to Mr P amounted to a contractual promise to pay the quoted value.

Having said that, I don’t think it was made sufficiently clear to Mr P at that point that the amount he would receive would depend on the value of his units at the calculation or transaction date, not the value he had been quoted which was the value of his units on the previous day.

Mr P says he hasn’t been paid the correct value. The terms and conditions of his bond set out how the value of a bond will be calculated at surrender so that there is consistency for customers surrendering their investments.

Term 11 of the terms and conditions concerns encashment, and it says:

“11. encashment

11.1 Total encashment of the Policy or Cluster of Policies

11.1.1 You may request that your encashment be made by total encashment of your Policy or Cluster of Policies and receive the value of the Allocated Units at their Selling Price less any Early Encashment Charge explained in Term 16. The value will normally be calculated on the Working Day following the Working Day on which we receive your encashment request at our Head Office. This is the Transaction Date shown in Term 22.6.2.”

This is then set out in more detail in 22.6 and in term 22.6.2.

“22.6 The Transaction Dates for transactions involving the cancellation of units to pay for benefits are carried out:

22.6.1 for the Death Benefit, on the Working Day following our receipt of written notification

of the death.

22.6.2 for total encashment of a Policy or partial encashment of a Policy or Cluster of Policies, on the Working Day following our receipt of the written encashment request.”

So, I think it is clear from the terms that the encashment value is calculated using the value of the units on the working day following receipt of the encashment request. Mr P made his encashment request on 7 April 2025, and I am therefore satisfied on balance that ReAssure calculated the encashment value for Mr P's bond in line with its terms and conditions.

ReAssure has provided details of the values on 8 April 2025, which is the working day after it received the encashment request from Mr P, so I am satisfied on balance that it used the bid values from that date and calculated the surrender value correctly. And I agree with the investigator that it wouldn't be right to compensate Mr P for unclear information provided to him by ReAssure, by directing ReAssure to pay Mr P the incorrect higher value from the day before he made the request.

I should also note here that the difference in values was not due to a charge being imposed by ReAssure as that is something that Mr P has raised.

Information provided by ReAssure on the telephone call

As I have said the customer representative informed Mr P on two occasions that the value he was quoting wasn't guaranteed. However, I agree with the investigator that the response the representative gave to Mr P's question, where he asked for confirmation that he would receive the quoted amount (which Mr P referred to specifically) in his bank account on that day, was lacking.

The customer representative should have explained that he couldn't give Mr P the value of the amount he would receive, as it would be based on values on the calculation or transaction date which was the day after the request was made and that the quoted value wasn't based on the calculation date.

If he had done so, Mr P wouldn't have been taken by surprise and disappointed when he received a lower value than he was expecting. I note that Mr P complained at that time and ReAssure responded shortly after, on 14 April 2025, explaining that the value Mr P had been paid was correct and offering compensation for the lack of clarity in the information it had provided. So, it was a relatively short period, of approximately one week, in which ReAssure caused Mr P to be concerned and disappointed as he thought he had received an incorrect amount, before ReAssure explained that his encashment value had been calculated correctly. I note Mr P has also explained that his experience made his existing medical conditions worse.

I therefore consider the £250 offered is fair and reasonable compensation for the distress and inconvenience caused to Mr P taking into account the circumstances and our guidance for awards we might make. That is the amount already offered by ReAssure which has been rejected by Mr P. So, my determination is that ReAssure pay £250 compensation to Mr P.

Mr P has said if he had been given different information by ReAssure, he would have acted differently and wouldn't have encashed the whole amount. I am not persuaded that it is more likely than not, that he would have changed his instructions to a partial encashment. The reason I say this is that in the phone call Mr P told the representative the reason he was encashing the investment was that he didn't feel it was performing well and he wanted to

place it in a better performing account. In addition, the customer representative wouldn't have been able to give Mr P a definitive value, and the value of the units could go up or down between the instruction being given and the calculation date. So, Mr P wouldn't have known whether he was better off or not by waiting before encashing the rest of the bond.

Summary

Overall, I consider that the information provided to Mr P by ReAssure lacked the necessary detail and therefore caused him distress and inconvenience. So, ReAssure should pay him compensation of £250 for the distress and inconvenience caused. As that amount has been offered to Mr P but not paid by ReAssure, I am upholding the complaint in part, even though I agree with ReAssure's offer of compensation.

I don't however think there was a contractual promise to pay the value quoted on the phone call and I don't think it would therefore be fair and reasonable to require ReAssure to pay the difference of approximately £1,200 between the quoted value and the payment made to Mr P. Mr P wasn't entitled to that value under the terms and conditions of the bond and as I have said, I don't think what was said to Mr P amounted to a contractual promise.

Putting things right

ReAssure should pay Mr P £250 for the distress and inconvenience it caused him.

My final decision

My final decision is that I uphold Mr P's complaint against ReAssure Life Limited in part.

ReAssure Life Limited has already made an offer to pay £250 to settle the complaint and I think this offer is fair in all the circumstances.

So my decision is that ReAssure should pay £250.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 5 February 2026.

Julia Chittenden
Ombudsman