

Ombudsman's Determination

Applicant	Ms D
Scheme	Re-Assure Wealth Plan (Plan)
Respondent	Re-Assure Ltd (Re-Assure)

Outcome

1. I do not uphold Ms D's complaint and no further action is required by Re-Assure.
2. My reasons for reaching this decision are explained in more detail below.

Complaint summary

3. Ms D is complaining that Re-Assure will only allow her to flexibly access her benefits in the Plan, if she transfers to a new retirement account even though she will lose a loyalty bonus (**Loyalty Bonus**) payable up to retirement, if she transfers.
4. She is also complaining that Re-Assure continually failed to provide sufficiently clear information to enable her to make an informed decision about her pension options.

Background information, including submissions from the parties

5. In October 1991, Ms D took out the Plan with Re-Assure, and selected a retirement date of 2041, at age 85.
6. The Plan is invested in a Multi Select Pension Accumulator 1990 (Loyalty) (Series 01) Fund. Ms D is no longer contributing to the Plan.
7. Ms D cannot work due to ill-health. She will not receive her state pension until age 66 in 2022, so she needs to draw her benefits urgently. She would like to draw some of her 25% tax free sum now, and leave the rest invested in the Plan.
8. On 6 March 2017, Re-assure sent Ms D a pension statement that set out her options on retirement. Specifically, she could draw a lump sum and annuity from the Plan, or take all her fund. However, if she wanted to draw her fund more flexibly, she would have to transfer to a new Re-Assure retirement account (**Retirement Account**), or to another provider.

9. On 8 March 2018, Re-Assure sent Ms D a new style pension statement showing a fund value of £73,098, with a Loyalty Bonus of £1,097.
10. On 1 May 2018, Ms D Asked Re-Assure for information about the Loyalty Bonus (of which she was not previously aware), her Plan benefits and retirement options.
11. On 3 and 11 May 2018, Re-assure replied that the Loyalty Bonus was calculated as 1/8th of 1% of the fund value, and awarded monthly while the Plan remained open. Re-Assure also sent Ms D a further copy of its standard retirement options and explained its charges.
12. From May 2018 onwards, a lengthy exchange of correspondence took place between Ms D and Re-Assure. Ms D asked detailed questions about the Loyalty Bonus, policy terms, investments, protected rights, 25% lump sum, Retirement Account, guarantees, charges and her options. A summary of key correspondence is set out in the Appendix to this Determination.
13. On 6 August 2018, Ms D emailed Re-Assure to make a formal complaint. She complained that she still did not understand why she could not take up to 25% of her funds, tax free, whilst investing the remainder in the Plan. She said it was unfair if she had to transfer to another account, and so lose her Loyalty Bonus. She also complained that she did not understand where her fund was invested, and that she could not access it online. Ms D asked Re-Assure for an urgent response.
14. On 7 August 2018, Ms D emailed Re-Assure and asked for a response. She said the matter was causing her much distress, and it was impossible to secure financial advice for the permitted £500. In addition, she said:

“I very much value your help and time on what is a very important decision and hope in some way you are able to accommodate my wishes. I would very much appreciate a prompt response please so the matter can be resolved”
15. On 8 August 2018, Ms D emailed Re-Assure, saying that its letter of 4 August 2018 did not answer her specific questions about: retention of the Loyalty Bonus; phased withdrawal of the 25% tax free lump sum; and online information about Plan investments. Ms D said she could not make an informed decision without answers to these questions, particularly when Re-Assure had sent her further copies of standard options instead of answering them.
16. On 15 August 2018, Re-Assure responded to Ms D’s complaint and confirmed the following:
 - the Plan policy does not allow flexible withdrawals;
 - if she intends to take a 25% lump sum and invest the balance, she must switch to a Retirement Account with Re-Assure or another provider;
 - there is no exit fee for the Plan;

- if she transfers out of the Plan, she will lose her Loyalty Bonus as it is not part of the terms of the Retirement Account;
 - there are no other guaranteed benefits in the Plan;
 - as investment information is not available online, a fund factsheet was enclosed; and
 - it has replied to all her questions and provided information, but she should seek financial advice as this is an important decision.
17. On 18 August 2018, Ms D sent an email to Re-Assure with thanks for its prompt reply. She asked for details on the Plan policy information sheet to be corrected and said she was not confident that the correct information would be provided to a financial adviser. She again said that there was no access to the Plan or investments, online. Ms D also repeated her assertion that she had not received a specific reply to her question whether she could withdraw 25% tax free cash, in phases, from the Plan.
18. On 31 August 2018, Re-Assure wrote to Ms D saying:
- the policy information sheet is correct;
 - there is no online access for the Plan;
 - there is no flexible drawdown or access in the Plan that would allow her to take a tax free lump sum in stages;
 - the Plan terms provide that the Loyalty Bonus is lost on transfer, and it is not possible to make an exception for her and not the other policyholders; and
 - she should seek financial advice.
19. On 31 August 2018, Ms D brought her complaint to this office as she was not satisfied with Re-Assure's response.
20. Re-Assure provided this office with a copy of the terms and conditions for the Plan. It confirmed that its previous responses to Ms D form its position in relation to her complaint to us.

Adjudicator's Opinion

21. Ms D's complaint was considered by one of our Adjudicators. The Adjudicator concluded that no further action was required by Re-Assure.
22. The Adjudicator's findings are summarised below:-

- The Adjudicator reviewed the terms that apply to the Plan and found it was established in 1991, and neither flexible drawdown, nor income drawdown were available under legislation at that time and consequently, under the Plan.
- The Adjudicator concluded that the only options available in the Plan were the withdrawal of all of the fund or withdrawal of 25% of the fund, with the remainder being used to purchase an annuity.
- The Adjudicator accepted Re-Assure's position that it was not able to change these terms to permit flexible access or drawdown and, in the Adjudicator's view, Re-Assure had not acted improperly in taking this position.
- In the Adjudicator's view, Re-Assure was entitled to inform Ms D that a transfer to a Retirement Account, or to another provider was her only option if she needed flexible access to her benefits.
- The Adjudicator agreed that the Plan terms confirmed that Ms D would lose her Loyalty Bonus if she transferred out of the Plan, and that Re-Assure was not deliberately depriving her of it. It is for Ms D to decide whether she remains in or leaves the Plan, and Re-Assure has confirmed there would be no exit fee.
- The Adjudicator noted that Ms D was also complaining that Re-Assure had not yet supplied her with sufficiently clear information about the Plan, so that she could make an informed decision about her options on retirement. In the Adjudicator's view, the evidence showed that Re-Assure had provided adequate answers to all her questions, both in advance of her meeting with Pensions Wise, and later when she requested further information to make an informed decision about her retirement options.
- The Adjudicator noted that there were occasions when Re-Assure did provide duplicate copies of standard factsheets and Ms D complained that it kept sending the same documentation, and did not directly answer her questions. However, in the Adjudicator's opinion, the correspondence showed that Re-Assure answered Ms D's questions about the Plan adequately, and in a timely fashion.
- The Adjudicator also considered that Re-Assure took into account the complexity of pensions and provided suitable responses that could be understood by a lay person. In addition, Re-Assure sent Ms D corrected information, without delay, when it made an error, and had now fully answered all her questions.
- The Adjudicator noted, in addition, that although Ms D was complaining that Re-Assure's responses were inadequate, she had acknowledged its prompt responses and helpfulness in her emails of 21 June, 26 July and 29 July 2018, as set out in the Appendix.

- In the Adjudicator's view, the correspondence showed that Re-Assure had taken all necessary steps to provide Ms D with information about her options under the Plan, and to answer her questions, adequately and promptly, which Ms D had expressly acknowledged.
- The Adjudicator concluded that Re-Assure had also provided Ms D with sufficient information about her options so that she could ask for financial advice from a suitably qualified independent financial adviser (**IFA**).
- The Adjudicator's Opinion was that there was no maladministration and Ms D's complaint should not be upheld.

23. Ms D did not accept the Adjudicator's Opinion and the complaint was passed to me to consider.

Ombudsman's decision

24. Ms D provided further submissions and asked me to review these, together with all the information that was made available to the Adjudicator.

25. Ms D's further submissions are summarised below:-

- Re- Assure is forcing her to transfer out of the Plan to its Retirement Account or to another provider in order to flexibly access her benefits, even though she will lose her Loyalty Bonus.
- She has experienced great difficulty in receiving clear information and precise answers to questions from Re-Assure, despite writing, emailing and calling. Instead, Re-Assure re-sent standard and unrelated information to her.
- She had complemented Re-Assure in correspondence, out of politeness. However, Re-Assure never made clear:
 - if, or how, flexible access would operate in the Retirement Account;
 - if she can retain her current investment with Aberdeen Asset Management in the Retirement Account;
 - if Re-Assure will pay a final Loyalty Bonus;
 - if Re-Assure's funds that are listed on Morning Star's website, are the investments in her Plan or the funds in its Retirement Accounts;
 - if there are instructions for accessing the funds in her Plan on line; and
 - if Re-Assure will impose a minimum charge of 65% for the different types of assets in the Retirement Account, given that the Loyalty Bonus covers the charges in her current Plan.

- She also complains that she has found the process of deciding which option is best for her, long and arduous. A financial adviser would charge £800 for giving her advice and this fee would not be covered by the sum of £500 she may take from the Plan for financial advice.
26. Although I empathise with Ms D's situation, I agree with the Adjudicator's Opinion. Her further submissions do not change this outcome. I will therefore, only respond to the key points made by Ms D, for completeness.
 27. I find there is no obligation on Re-Assure to offer Ms D an uncrystallised funds pension lump sum (**UFPLS**) from the Plan and/or flexi-access drawdown. The Plan was set up in 1991, and its terms do not include all the options available under the new pension freedoms that were introduced by legislation from April 2015. These pension freedoms are permissive, so there is no obligation on any pension provider to offer the full range of new options.
 28. I also find that Re-Assure has correctly interpreted the terms of the Plan that mean Ms D would lose her Loyalty Bonus, if she transfers her funds out of the Plan.
 29. Re-Assure has explained that it is not possible to amend the terms of the Plan or make an exception in Ms D 's case to allow flexible access under the new pension freedoms, or to continue the Loyalty Bonus.
 30. I find that Re-Assure is entitled to take this view. Re-Assure is only required to provide the Loyalty Bonus or flexible access, as far as the terms of the Plan allow. Re-Assure has offered the alternative of a transfer to a Retirement Account or another provider, and does not impose a transfer penalty.
 31. I consider that Re-Assure has provided sufficient information about the Plan and the Retirement Account for Ms D to make an informed decision about her retirement options, either by herself, or with advice from an IFA.
 32. Ms D explains that advice from an IFA is expensive so I consider that she must make her own decision about taking this.
 33. I appreciate that this is not the outcome that Ms D is hoping for but I am satisfied that there has not been any maladministration by Re-Assure in its handling of Ms D's case.
 34. Accordingly, I do not uphold Ms D's complaint.

Anthony Arter

Pensions Ombudsman
24 January 2019

Appendix

Key correspondence exchanged between Ms D and Re-Assure between June and August 2018.

- On 4 June 2018 (two letters), Re-Assure provided a pension projection and information about the Plan, including flexible retirement options in the Retirement Account, and the availability of £500 from the Plan, tax free, to pay for financial advice.
- On 6 and 7 June 2018, by email, (followed by a phone call on 13 June), Ms D requested more information about her Plan benefits and the guaranteed minimum pension, referred to on the pension projection.
- On 20 June 2018 (three letters), Re-Assure admitted a reference to guaranteed minimum pension had been included in the pension projection, in error and then set out her Plan benefits, investments and a summary of options on retirement. A fund factsheet was enclosed and another copy of the option pack. Ms D noted on a copy of the email that Re-Assure sent her standard documentation again, instead of answering her specific questions.
- In emails on 21, 22 and 25 June 2018, Ms D asked for clarity about her Plan benefits and guarantees, as a matter of urgency, before a meeting with Pensions Wise on 2 July. She asked if she could take less than a 25% cash sum from the Plan, and draw the balance in small sums.
- Ms D's email of 21 June ends: *"I very much appreciate your prompt response, patience, time and consideration to answer so many questions. This is very helpful when having to make a very important financial decision."*
- Ms D's email of 22 June says: *"I am sorry there is so much I need to know but this is a complex area for the lay person"*; and ends: *"Valued thanks once again."*
- On 26 June 2018 (two letters), Re-Assure answered her questions on the Plan in detail, and gave information about the availability of the 25% tax free lump sum in the Retirement Account.
- On 28 and 29 June 2018, Ms D said, in emails, that she was still undecided about which option to take and probably would take the simpler option, though she may need financial advice.
- Ms D's email of 29 June 2018 begins: *"Thank you for your letter of 26 June clarifying points of concern"* and ends: *"I am very grateful for your time, prompt consideration and clarity for my Pension Wise appointment on 2 July"*.
- On 26 and 27 July 2018, by email (with a follow up call on 31 July), Ms D asked for more information on investments and benefits, and told Re-Assure she still

could not understand why the Plan does not offer flexible access. She asked for clarification about the loss of the Loyalty Bonus if she transfers to the Retirement Account, and if she will lose any other guaranteed benefits. These emails end: *“Valued thanks for your time and consideration once again “.*

- On 4 August 2018 (two letters), Re-Assure answered specific questions, confirmed there are no guaranteed benefits and enclosed a policy information sheet, and a further copy of a standard options letter.