

The complaint

Mr L complained about services charges he has received from ReAssure Limited. He said he has been overcharged by ReAssure and should be compensated for this.

What happened

Mr L took out a flexible mortgage ISA (FMISA). A third party administers his ISA on its platform and charge a service fee. Mr L said it does this by selling units to cover the charge each month. ReAssure provides insurance cover. Mr L said it is also taking a fee for administration of the ISA. Mr L thinks money is owed to him by ReAssure that should have instead been paid into his savings each month. He made a complaint to ReAssure about this.

ReAssure replied and said it was sorry for the time it had taken to respond to Mr L's complaint. It offered £300 to Mr L for the distress and inconvenience it had caused. It said regarding the fees paid by Mr L, that it thought they were correct. It said it collected the monthly payment amount each month, took off its explicit police charge, cost of life cover and waiver cover then passed the remaining amount to the third party who then charged a platform fee. It said this was all correct and there had been no overcharging.

Mr L wasn't happy with ReAssure's response and made a complaint to our service.

Our investigator looked into Mr L's complaint and said she could see Mr L had agreed to the terms and conditions at the time he took out the policy. She said she acknowledged Mr L's frustrations with how the fees varied particularly when his ISA was transferred to a third party. But, she concluded, Mr L would have been made aware of the terms and so she could not fairly say ReAssure had been unfair in relation to the fees charged. She did not uphold Mr L's complaint.

Mr L didn't agree and asked for an ombudsman review and so his complaint comes to me for a final 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.

I do not think ReAssure needs to put things right, any more than what it has already offered.

These are my findings that explain why:

- A third party used to manage and administer Mr L's FMISA policy. It was transferred to ReAssure on 7 September 2020. ReAssure manages collection of the premium paid by Mr L each month and provides the life cover. It has explained to our service that it charges its own fee of £16.43. It says this is fixed. It then takes off the cost of

life cover and the cost of waiver. These two costs are variable. The amount remaining after this, it says, is passed to another third party who manages Mr L's ISA.

- Mr L says he is being overcharged in fees by ReAssure and the third party that manages his ISA. He says he pays his monthly premium and should have 88.4% of it passed to the third party for it to be invested in his ISA, after the cost of life cover is taken off. He says this is not happening and less than this amount is being passed on.
- I have looked into this and can see that Mr L pays £126.96 in a monthly premium to ReAssure each month. ReAssure then takes a fixed monthly fee of £16.43 from this that it calls an 'Explicit Policy Charge'. I can see that ReAssure has informed Mr L of this fee in his statements and explained to him what this is for. The cost of life cover and a waiver (an insurance payment to cover his premium when he is sick) are variable. I can see that fees are explained in his policy document including for life cover. It states that these costs vary from month to month depending on the amount of cover, age of life assured and a scale of charges.
- The variable charges applied for his insurances, I think, would explain why the waiver that Mr L pays is £1.42 and not £1.40 that he thought previously that he was paying. The waiver is not a fixed cost.
- The variable charges for insurances would also explain why the amount passed on to the third party is slightly different on each occasion, but not by a lot. Once the amount is passed on by ReAssure to a third party, then it manages the amount to be invested in Mr L's ISA.
- Mr L says the third party then charges a service charge. I have read a document that would have been issued at the time of migration about this. But this complaint is about ReAssure and not the third party. If Mr L has a complaint about the third party and the fee that it has charged, he would need to complain first to it about this, and then if he is not happy with the answers it has provided, he can complain about this separately to our service.
- I have only looked specifically at what ReAssure has done as this is the business that Mr L has complained about. And when I have, I can't find that it has done anything wrong in this instance. It has explained its fees for its services and what the premium cost each month for Mr L's life cover and waiver. It also has informed Mr L how much is then passed on to the third party. In conclusion, I don't think ReAssure has done anything wrong on this occasion and so it follows that I don't uphold Mr L's complaint.

Looked at overall, Mr L has agreed to the terms and conditions of his ISA, and this included fees. I can see from statements provided by ReAssure that it has been clear in what it has been charging with its own fee and life cover. I haven't found after looking at this, that ReAssure has done anything wrong here.

Mr L also pays another fee to a third party. If he is unhappy about this, he would need to complain to it about this.

ReAssure has offered compensation of £300 for distress and inconvenience caused by it not replying to his complaint sooner. I think this offer is fair and reasonable in the circumstances.

My final decision

ReAssure Limited has already made an offer to Mr L to pay £300 to settle the complaint. I think its offer is fair and reasonable.

So, my decision is that ReAssure Limited should pay £300 in total if it hasn't done so already.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 28 July 2023.

Mark Richardson

Ombudsman