

The complaint

Mr P complains about information provided to him by ReAssure Limited to do with the surrender of a whole of life policy. He says ReAssure Limited has failed to provide details of the unit values he requested to allow him to establish whether he has received the correct value for his policy.

What happened

In February 1999, Mr P took out a whole of life policy with an initial sum assured of £150,000.

In early May 2022, Mr P contacted ReAssure made enquires to how he could establish the whether the unit value on his policy had been calculated correctly. He was given details of the policy value but wasn't able to obtain all the information he required. Mr P went on to complete a surrender request, which was received on 11 May 2022. After this Mr P made several calls and continued to pursue the information he requested as he believed the value might be higher than he received. ReAssure told him it cannot provide backdated values, and also explained that backdated values are not provided unless for divorce purposes, ombudsman requests, FSCS requests, a miss-selling complaint, or emigration. Mr P raised a complaint as he wasn't satisfied with the way ReAssure dealt with his requests for policy information.

ReAssure responded. It apologised for some incorrect information about the surrender process during an initial call on 6 May 2022. It also apologised for the handling of his request information on the policy. It said it should have explained the monthly premium is used to purchase units, and then units are surrendered to cover the cost of the benefits provided. It explained this is why the unit holding will be different to the value of the premiums paid. It also arranged for a cheque for £100 to be sent to Mr P to recognise the inconvenience caused.

Mr P didn't find the offer acceptable and remained unhappy that he hadn't received the information he requested. He referred his complaint to this service for an independent review.

I issued a provisional decision in September 2023. This is what I said:

"The crux of this complaint is about whether Mr P has been paid the correct surrender value for his policy by ReAssure. It is reasonable for him to question this and want assurance that he has been treated fairly. He isn't satisfied with the responses he's received to his requests for further information – and has suggested that because of this the cancellation shouldn't have gone ahead. But in my view just because he hasn't been provided with everything he requested; this doesn't mean he has been paid an incorrect surrender amount.

From the evidence I've seen Mr P did make a clear request to surrender. I understand, after first contacting by phone, he followed an online process to request a surrender. I've seen that he followed this up with an email, and this confirmed he had "...used the submission process online and wish to cash in my policy." He did also request information about the

number of units held in the policy, so he could verify the amount paid. So, I'm satisfied when he gave an instruction to surrender, this wasn't a conditional surrender but rather Mr P wanted to verify the amount he was to receive. So, I don't think the surrender should be reversed. It follows that I need to make a judgement on whether ReAssure has failed to correctly pay Mr P the surrender value of his policy.

Reassurance has provided evidence to support the value it paid Mr P for his policy. It has confirmed the value paid to Mr P for his policy was £5,320.67. It has provided data to support how the value of the policy has calculated. I've reviewed the evidence available. Based on what I've seen, I haven't found he has been paid an incorrect amount. I'll explain why.

Firstly, ReAssure has provided a 63-page document that shows the number of units held, the unit price and fund value variation month on month throughout the lifetime of the policy. I've noted from this:

- There is data that shows the units held in the policy from its start in February 1999, and entries for every month to the point it was surrendered in May 2022. This shows an increasing number of units being added each month. It also shows the variation in price of the units month on month, which does go up and down according to underlying performance of the fund. All of this is then used to give a fund value for the policy for each month.
- In the early months the fund value was slow to increase, but after not long the value steadily starts to grow. There are the occasional months where a decrease in the unit price has led to a dip in the fund value. The most prominent of these happened in late 2008 where market conditions suggest an impact on the fund performance. This appears to coincide with the "credit crunch" that impacted UK markets around this time. But from mid-way through 2009 the fund value, and unit price steadily increases. Over the next 10 or so years the fund value increases continue, with the odd minor fluctuation, until the eventual policy surrender.
- The unit price started at 12.5 and this had increased to just over 30 at the end. And naturally the number of units has increased from none at the start to around 175 by point of surrender.

Reassurance has provided a copy of the May 2022 statement, which is relevant to time period of surrender. I've noted the following from this:

- The number of units, unit price and fund value correlate with the other information it sent in the 63-page document.
- A large proportion of the premium being paid each month was being used to cover the cost of the life cover benefit provided - £58.87 out of £86.73 paid. So, once charges had been taken into account the amount of monthly premium available for purchasing units was relatively small at £24.05.

My observations is that the reason the value of the policy hadn't increased as much as Mr P might hope is largely to do with the fact the cost of providing life cover meant the scope for the additional units purchased each month (through premiums paid) to increase the fund value was limited. I haven't seen anything to suggest that excessive charges were a predominant factor here. But if Mr P has further evidence on this point, I will be happy to reconsider this. I also haven't seen anything to suggest that Mr P has been paid an incorrect value for his policy when he surrendered it. I'm satisfied from the information I've received that I am able to make a finding on this. While Mr P has asked for more information to help him establish if he has received the correct value for his policy, I don't currently think this is required. Again, I'm happy to reconsider this point if Mr P can provide further arguments and/or evidence to indicate that there is reason to believe what ReAssure has provided is inaccurate.

Mr P has requested that he is refunded what he has paid into the policy. In order to recommend compensation for a financial loss, I'd have to reach a finding that ReAssure has failed to pay correct amount on surrender. As I've explained above, I haven't found the balance of evidence supports this. So, I'm not intending to ask ReAssure to pay compensation in this respect.

However, I do acknowledge that the way ReAssure has dealt with Mr P's request for information has had a considerable impact on him both in a practical and emotional sense. This in my view has led him to continuing to pursue the matter when he would otherwise not have needed to. I also understand why it has caused a lack of trust and confidence in what he is being told. There have been delays in him receiving information. He was also given incorrect information when making his initial inquiries about surrender and details of his policy. All of this has caused him considerable distress and inconvenience. While I don't agree this means he should be refunded all his premiums, I do think a compensation payment is warranted.

I also note since the complaint has been with service it has taken a considerable amount of time to receive further information from ReAssure about the surrender value and unit prices. This has caused Mr P further frustration and led to several more months of delays in him receiving an explanation to his queries. I've also taken this into account when considering what fair compensation looks like in the circumstances.

I think it is fair and reasonable for ReAssure to pay Mr P compensation totally £500 for the impact of its handling of the situation. It is unclear whether Mr P has received the £100 compensation that ReAssure initially offered him. If it has been paid, then this amount can be deducted from the amount ReAssure needs to pay. If Mr P hasn't been paid this, then it is my intention for the full £500 to be paid to him in resolution of the complaint."

Mr P responded. He didn't accept the provisional decision and provided further submission for me to consider. In summary he said:

- ReAssure failed to follow its own cancellation process. They asked him if he understood the policy he was cancelling and if someone had explained that to him, he answered clearly no.
- ReAssure advised the value of the fund incorrectly and what it covered.
- ReAssure advised that the fund was in joint names, which caused further confusion and even asked to speak to his wife to verify bank details on where the cancellation money was going.
- From the outset he wanted to know how the units were calculated. He was told they would be sent out within seven days but received incomplete data. ReAssure then advised they would not send out the data unless requested by the Financial Ombudsman. The data now supplied does not verify the number of units are correct.
- He did receive a £100 cheque from ReAssure but it was never cashed as that would be seen as an acceptance. He still has the cheque.

ReAssure responded to say it didn't anything further to add.

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've reviewed the further submissions Mr P has made. Having done so I haven't found reason to change the outcome I set out in my provisional decision. I'll explain why.

Firstly, I note Mr P has questioned the cancellation process that ReAssure followed and his understanding of the policy. As previously explained, I haven't considered the sale of the policy or how the features of it were explained to him when he took it out as part of this complaint. I've seen that Mr P made a request to cancel and this was executed. I appreciate that he also queried how the value had been established at the same time as he was looking to ensure he had been paid the right amount. The evidence I've seen demonstrates that he no longer required the policy and understood he was giving up the benefits it provided. So, what is at the crux of the dispute is whether ReAssure provided him with the information he wanted to allow him to understand whether he had been paid the correct surrender value.

I note that Mr P seeks more granular data than ReAssure has provided on the policy value. But I've made a finding that what it has provided is sufficient to make a finding on whether he has been paid the correct amount. There isn't anything in what I've seen that suggests errors have been made in the surrender value that was paid. Mr P also hasn't provided evidence to indicate why the information from ReAssure is not accurate. I understand he is disappointed with the surrender value he received compared to the premiums he paid into the policy, but I don't find this in itself is reason to indicate the information that has been provided with is wrong. I explained previously why I don't think that in the circumstances I require ReAssure to provide further information to reach a finding or that it is reasonable to continue investigating.

I acknowledge the problems Mr P has encountered in his dealings with ReAssure about the policy surrender. This includes the points he raises about the confusion and hassle caused by the references to the policy being in joint names. I also acknowledge that the time it took and the effort required for him to gain information from ReAssure. Because of all of this I recommended that he is paid compensation. I note Mr P has rejected the amount I suggested but I remain of the view this is fair compensation for what has happened. Mr P says he still has the original £100 cheque he was sent but didn't cash it as it implied an acceptance. I recommend ReAssure cancels this cheque and Mr P destroys it, so that one single compensation payment can be made.

In summary, I acknowledge Mr P's frustration with how ReAssure has handled his requests for clarification on the surrender of his policy and agree he should be paid compensation of £500 for the distress and inconvenience caused. But I haven't found that it has paid him an incorrect surrender amount.

My final decision

For the reasons given above and those in my provisional decision, I uphold the complaint and direct ReAssure Limited to pay Mr P compensation of £500.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 9 November 2023.

Daniel Little
Ombudsman