

The complaint

Mr and Mrs M hold ReAssure Limited responsible for their investment losing around £3,500 in value, which they attribute to failure in governance on ReAssure's part.

To put things right, Mr and Mrs M want ReAssure to refund the 'missing' £3,500 and explain how this happened without customers being informed.

What happened

Mr and Mrs M were invested in a with-profits fund which was subject to a market value reduction (MVR) or a market value adjustment (MVA) depending on circumstances.

Mr and Mrs M routinely monitored their investment performance and when they saw the value of their investment drop by around £3,500 sometime between 1 and 13 October 2022, they closed the policy as they did not wish to lose any more money. ReAssure paid £61,599 to Mr and Mrs M on 17 October 2022 in respect of the policy's value.

When Mr and Mrs M complained to ReAssure about the loss on their policy, ReAssure didn't uphold Mr and Mrs M's complaint. In brief summary, it said:

- ReAssure's involvement was limited to 'doing the paperwork' for its policyholders and investments were managed by external fund managers, independent of ReAssure
- due to the type of investment Mr and Mrs M held, ReAssure wasn't able to provide a breakdown of the values with the details they had asked for
- an MVR was in effect when Mr and Mrs M made their withdrawal which was reflected in the drop in value they saw in their policy.

Mr and Mrs M asked us to investigate and one of our investigators looked into what happened.

Our investigator didn't uphold Mr and Mrs M's complaint. She felt that ReAssure had acted within the terms of the policy and followed the process for applying the MVR as per the policy terms and conditions that applied to Mr and Mrs M's investment. So she didn't recommend that ReAssure needed to take any further action.

Mr and Mrs M disagreed with our investigator and asked for an ombudsman review, mainly saying that the MVR issue didn't really address their complaint and huge amounts of monetary value had been wiped from people's accounts, leaving them with no recourse.

The 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 sympathise with Mr and Mrs M – I can completely understand why they feel so upset. This investment represents their life savings and involves a significant amount of money. But after carrying out an independent review, I've reached the same conclusion as our investigator. I'll explain my approach and how I've reached my decision.

My role is to consider the evidence presented by Mr and Mrs M and ReAssure and reach a fair and reasonable decision based on the facts of the case. My focus is on what I think are the key issues here. Our rules allow me to do this and it simply reflects the informal nature of our service as a free alternative to the courts. This means I won't necessarily mention everything that Mr and Mrs M have brought to my attention, particularly where there's nothing I can usefully add to what the investigator has said already. And I've expressed some of Mr and Mrs M's concerns in my own words. But I will comment on everything that makes a difference to the outcome of the complaint.

Mr and Mrs M appreciate that their investment was impacted by volatility in financial markets due to political and economic circumstances at the time that were beyond ReAssure's control. The crux of their complaint seems to me to be their feeling that ReAssure should have managed things better, so I've considered carefully how ReAssure carried out its responsibilities towards Mr and Mrs M.

Mr and Mrs M opened the policy in 2011 after taking advice elsewhere. ReAssure didn't recommend the policy to Mr and Mrs M so it wasn't up to ReAssure to check that the policy was suitable for Mr and Mrs M's needs and circumstances.

Once Mr and Mrs M had invested in the policy, investment decisions were the responsibility of the fund managers, who were independent of ReAssure. So ReAssure's role here was limited to administering the policy paperwork.

I don't consider that there was any onus on ReAssure to monitor fund values or alert Mr and Mrs M when their investment was dropping in value and ReAssure wasn't responsible for advising Mr and Mrs M about their investment. Mr and Mrs M were able to check the value of their investment themselves whenever they wanted to.

The fund they were invested in was a "unitised with profits" fund - Mr and Mrs M bought units in selected funds. So Mr and Mrs M wouldn't have seen the actual value of the underlying assets, which likely changed daily.

I appreciate that Mr and Mrs M's expectation was that fund values overall would grow by a steady rate (the regular bonus rate) which was calculated annually. Unfortunately, turbulent financial market conditions in October 2022 adversely affected the value of Mr and Mrs M's investment. In this situation, Mr and Mrs M's policy allowed for an MVR to be applied. This is a mechanism to protect the whole fund from being depleted as a result of investors exiting after a market fall. The terms and conditions of the policy Mr and Mrs M were invested in meant that when they withdrew from the fund early, at a time when the market value of the fund had dropped, their pay-out could be reduced by an MVR – which is what happened in Mr and Mrs M's case.

Mr and Mrs M have told us that ReAssure phoned to discuss the implications of making a withdrawal before they decided to go ahead. And after Mr and Mrs M decided to surrender the policy, ReAssure provided them with a breakdown that showed how the surrender value of their investment on 14 October 2022 was made up, including fund value at that date, an interim bonus payment and the MVR that was applied. I find that ReAssure did everything I would expect it to have done in this situation.

In order to uphold Mr and Mrs M's complaint I would have to find that ReAssure did something wrong or acted unfairly or unreasonably – and, for the reasons I have explained, I haven't seen enough here to do so.

I appreciate that my decision will be disappointing for Mr and Mrs M but I hope that setting things out as I've done helps to explain how I've reached my conclusions.

My final decision

My decision is that I don't uphold Mr and Mrs M's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M and Mrs M to accept or reject my decision before 1 November 2023.

Susan Webb
Ombudsman