

The complaint

Mr J complains that The Royal London Mutual Insurance Society Limited gave him incorrect information about his employer's pension contributions. He says as a result he has suffered a financial loss of £1300.

What happened

The details of this complaint are well known to both parties and as such I have only summarised them below.

- Mr J held a group personal pension with Royal London into which his employer made monthly contributions.
- Mr J says he called Royal London on 22 July 2020 as he was due to leave his employment on 31 July 2020. He wanted to check if there were any outstanding contributions to be made into his pension. He says Royal London assured him that they'd received contributions for April, May and June 2020. And that his July 2020 contribution was due 'any day'.
- In August 2020 Mr J complained to Royal London. He said he'd been given incorrect information during his July 2020 call. He'd found out that as his pension contributions were made in arrears, which meant that the payment expected sometime in July 2020 was actually the June 2020 contribution. And, there hadn't been a further contribution in August to cover July's instalment. As Mr J had since left his employment, he said he was unable to arrange for the July contribution of £1300 to be made retrospectively.
- In their response Royal London confirmed that Mr J's contributions were made a month in arrears. So, they'd received June's contribution on 24 July 2020. And Mr J's employer had not made any contributions relating to July 2020. Royal London said they could not locate a call recording of Mr J's call in July 2020 but said they would not have been able to confirm, at that time, if a payment was due to be made by his employer. So, they didn't uphold Mr J's complaint.
- Following further communications Royal London were able to locate the recording of Mr J's phone call from 22 July 2020. They sent a copy and transcript of the call to Mr J but said, having listened to the call, it hadn't changed their mind.

Mr J brought his complaint to our service. I sent Mr J and Royal London my provisional decision on 8 June 2020. The reasons why I was minded to uphold Mr J's complaint were set out in that decision. I've copied my findings from my provisional decision below.

My provisional decision

In my provisional decision I said;

The central issue I need to decide in this case is whether Royal London gave Mr J correct information during their call with him on 22 July 2020. And I don't think they did. I'll explain why.

Royal London have provided a transcript of the call. The relevant part of the transcript says;

Mr J: *Well I am looking to leave my current job at the end of the month, so, they want to know if we are all up to date, they want to know how much they owe me in pension; I am going in at the moment and looking here it is saying that amount due 1 May 2020 paid 25 June 2020, am I right in thinking if I left on 31 July 2020 there would be two outstanding payments?*

Royal London: *Ok, I can see here that payments are up to date, there have been payments made in April, May and June 2020*

Mr J: *June 2020 doesn't appear here, oh yes it's paid on 25 June 2020, but it does say, I'm looking here and says due 1 May 2020 and paid 25 June 2020 so that suggests to me that it is some way out*

Royal London: *Looking at the payments here there haven't been any missed payments, we are going to collect around today to pay around the 25th normally so the July payment will be due at any point, but no I can see we have payments for April, May and June 2020*

Mr J: *So going right back to the beginning then we are up to date and not behind a month or anything like that, so if we pay the July 2020 one then that's me up to date until the 31st*

Royal London: *Yes absolutely, like I say the date we go in for payment will be any day now, so unless they (employer) have informed us that you have left the company and have cancelled the direct debit there's no reason why July 2020 payment should not go through*

Mr J's contributions were paid a month in arrears. So, the July 2020 payment Royal London referred to in the call was in relation to the June 2020 contribution. Any contribution made for July 2020, wouldn't be requested by Royal London until late August 2020.

However, when Mr J checked that the payments weren't 'behind a month or anything like that' and that the July payment would make him 'up to date until the 31st'. Royal London replied, 'Yes absolutely'. So, I think Royal London gave Mr J the clear impression that the payment due to be made in July 2020 represented a contribution for that month. But that wasn't correct.

Royal London should have been clearer in their communications with Mr J. During the call they should have explained that the payment due imminently was in respect of the June 2020 contribution. But at that time, they had no way of knowing whether the June or July contributions were likely to be paid by Mr J's employer. Especially as the July contribution wouldn't have been requested by them until later in August 2020.

While I'm minded to say that Royal London made an error in providing Mr J with incorrect information. I don't think it's fair to hold Royal London responsible for Mr J's missed pension contribution. I say that because it's Royal London's responsibility to administer Mr J's pension. But it was his former employers' responsibility to ensure the correct contributions were made. That said, I'm mindful that if Royal London had given the correct information about pension contributions being made in arrears, Mr J would likely have had

the opportunity to make sure all contributions were up to date before he left his employment.

I acknowledge Mr J may face more difficulties trying to obtain the monies he's owed seeing as he's now left that employment. But I don't think Royal London's actions have prevented him from following the matter up with his former employer. So, I don't think it would be fair to say Royal London should compensate Mr J for his former employer's missed contribution.

But I am minded to say Royal London's error has caused Mr J a considerable amount of inconvenience and upset. Royal London have repeatedly denied their errors to Mr J, even after listening to the call he had with their operator. They were also unable to locate the call for several weeks but hadn't asked Mr J for additional information that would have enabled them to locate the call recording earlier. This added to Mr J's inconvenience in trying to resolve the complaint. I'm also mindful that Mr J is deeply upset at the prospect of potentially not being able to recover the missing contribution at all from his former employer.

When thinking about how to put things right, I have to recognise that Royal London's handling of things has caused more upset and inconvenience than I'd typically expect from a situation such as this. I think a compensation payment of £250 would fairly recognise the impact of that. So, that's the amount I'm intending to award to Mr J.

The responses to my provisional decision

Royal London said they agree to pay the £250 award to Mr J.

Mr J said that while he was still disappointed with Royal London's conduct and his financial loss, he accepts my provisional 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.

Having done so, I've seen no reason to depart from the findings set out in my provisional decision that the complaint should be upheld.

Putting things right

As I've explained in my provisional decision, I think a compensation payment of £250 would fairly recognise the upset and inconvenience Royal London's error has caused.

My final decision

My final decision is I uphold this complaint. The Royal London Mutual Insurance Society Limited must pay Mr J £250 for the upset and inconvenience their error caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr J to accept or reject my decision before 13 July 2022.

Timothy Wilkes
Ombudsman