

## **The complaint**

Mr M complains that systems problems experienced by The Royal London Mutual Insurance Society Limited ("Royal London") meant that he was unable to obtain a valuation of his pension investments, or make changes to those investments, for an extended period of time.

## **What happened**

Mr M holds pension savings with Royal London. Those savings are held in an older Section 32 Buyout Bond that was taken out in 2003. The nature of the product means that Mr M does not have the ability to view, or manage, his investments online. So Mr M is reliant on Royal London to provide him with valuation information when required, and he instructs any investment changes in writing. Mr M says that those changes were generally implemented within a few working days, and that he normally received a written confirmation of their completion.

In May 2021 Mr M sent an email to Royal London with some investment changes. But he failed to receive the normal notification of its completion. Just over a week later Mr M called Royal London to check that it had received his request. At that stage he was told that a systems error was preventing the change from being implemented. And he was also told that the same error meant that Royal London was unable to provide him with a valuation of his pension savings.

Identification and resolution of the systems error that caused these problems was protracted. It appears that Royal London was unable to complete its fix until the second quarter of 2022. So that meant there was an extended period during which Mr M was unable to make changes to his pension investments. Following discussions with our investigator Royal London said that it considered compensation of between £1,000 and £1,500 to be fair. Mr M thought that a far higher amount of compensation was warranted.

Mr M's complaint has been assessed by one of our investigators. She thought that a compensation payment of £1,500 would be fair for the inconvenience that Mr M had been caused. She accepted that there was an extended period during which Mr M was unable to make changes to his pension investments. But she noted that Mr M agreed he was unable to say with any certainty what those changes would have been. So the investigator thought that any possible investment losses would be fairly covered by the proposed compensation payment.

Mr M didn't agree with that assessment. So, as the complaint hasn't been resolved informally, it has been passed to me, an ombudsman, to decide. This is the last stage of our process.

## **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.

In deciding this complaint I've taken into account the law, any relevant regulatory rules and good industry practice at the time. I have also carefully considered the submissions that have been made by Mr M and by Royal London. Where the evidence is unclear, or there are conflicts, I have made my decision based on the balance of probabilities. In other words I have looked at what evidence we do have, and the surrounding circumstances, to help me decide what I think is more likely to, or should, have happened.

At the outset I think it is useful to reflect on the role of this service. This service isn't intended to regulate or punish businesses for their conduct – that is the role of the Financial Conduct Authority. Instead this service looks to resolve individual complaints between a consumer and a business. Should we decide that something has gone wrong we would ask the business to put things right by placing the consumer, as far as is possible, in the position they would have been if the problem hadn't occurred.

As I explained earlier Mr M's pension plan was relatively old, and so didn't offer some of the features that we now expect from financial products, such as online access. But Mr M accepted that to be the case, and provided paper instructions for any changes he wanted to make to his investments. But, unbeknown to both Royal London and Mr M, the legacy nature of his pension plan also caused other systems constraints to occur.

Since Mr M's problems arose, Royal London has identified that its systems were unable to accommodate the use of more than 40 different investment funds by a customer during the year. So that meant that when Mr M regularly changed the investments he held in his pension plan the processing system failed. That caused the errors that were seen by Mr M – an inability for Royal London to provide him with valuation information, or to allow changes to be made.

Royal London has now put in a workaround to allow Mr M's pension plan to operate normally. But it says that it is unable to give any assurances that similar problems might not arise in the future. It isn't for this Service to tell Royal London how to manage its IT systems. But I do think that Mr M is now on notice that the legacy pension plan he holds might not be suitable for the way in which he chooses to manage his pension investments.

I have asked Royal London for information about Mr M's pension investments, including details of their historical values and individual investments. It is clear from that information that Mr M did make frequent changes to his investments, and that those changes stopped when the systems problems occurred in 2021.

Those problems meant that Mr M was unable to form a reasonable picture of how his pension investments were performing. And he says that means that he wasn't able to assess whether it would be appropriate to make any changes to his investments. I agree that those restrictions were as a direct result of the systems problems that Royal London was experiencing on his pension plan.

But the difficulty that presents is that it isn't possible, with any reasonable degree of confidence, to reconstruct the decisions that Mr M might have made in relation to his pension investments over an extended period of time. I can see that, in the year before the problems arose, Mr M's pension investments outperformed what I might consider to be a reasonable benchmark. But during the period of the problems his investments also outperformed that benchmark, albeit to a slightly lesser extent.

Mr M will be well aware of the general principle that past performance is no guarantee of future performance. Although his interventions appear to have been relatively successful in the year before the systems problems arose, I have no basis on which to conclude that success would have continued. So, like our investigator, I don't think it fair or reasonable to make any direction that Royal London should pay Mr M compensation directly for any potential investment losses.

But there is no doubt that the failure of Royal London's systems will have caused significant distress and inconvenience to Mr M. And that will have been amplified by the extended period both before Royal London was able to explain to Mr M what had happened, and before normal access to his pension plan was restored. And Mr M is left in the position where Royal London cannot provide any assurances that a similar problem might not occur in the future. So I think a substantial award is warranted.

I've thought carefully about the level of award that should be made. As I noted earlier Royal London has suggested that it thinks an award between £1,000 and £1,500 would be fair. Like our investigator, I think a payment at the top of that range is appropriate to reflect the problems that Mr M has faced.

I appreciate that my decision will be disappointing for Mr M. He was no doubt let down by Royal London when its systems developed the fault that prevented access to his pension investments. But as I've explained above I have no way of reasonably determining whether those restrictions caused him any loss, or if so what that loss was. So I think a payment to reflect the distress and inconvenience he was caused is fair compensation in this case.

### **Putting things right**

Royal London should pay Mr M £1,500 to reflect the distress and inconvenience he was caused by the systems problems he experienced.

### **My final decision**

For the reasons given above, I don't uphold the complaint or make any award against The Royal London Mutual Insurance Society Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 7 April 2023.

Paul Reilly  
**Ombudsman**