

The complaint

Mr K complains that The Royal London Mutual Insurance Society Limited (Royal London) failed to action his instruction to stop paying adviser charge from his pension plan. He would like the charge refunded and compensation for the investment losses caused.

What happened

Mr K's arrangement with his financial adviser was that ongoing adviser charge would be deducted from his pension plan by Royal London and paid to the adviser. He wrote to Royal London in April 2021 saying he now dealt with the plan himself and asked for the adviser charge to be cancelled. He asked it to acknowledge receipt of his letter. Mr K says he also spoke to the financial adviser to cancel the charge. He says Royal London didn't reply, but he assumed his instructions had been followed. But when it sent him the annual statement in March 2022 this showed adviser charge of £1,024 had been paid in the last year.

Mr K called Royal London on 4 April 2022. It said it had received his letter, but this hadn't met its security requirements to be processed. So, it had written back to him, as he'd requested, asking him to complete security details online. Mr K said he hadn't received this letter and a complaint was recorded. Royal London said it couldn't refund the adviser charge and suggested he contact the financial adviser to request this. It cancelled any further adviser charge payments from 12 April 2022.

Mr K contacted the adviser. It said whilst he'd discussed whether he required services, this had been left unsettled and he hadn't cancelled the agreement. It said it had offered services as required by the agreement. It said he should go back to Royal London as it hadn't processed his request.

Mr K referred his complaint to our service. He said his request was simple and the sum involved was significant for him. Our investigator looked into the complaint, and he upheld it.

He said, even if Mr K's letter didn't meet security requirements his request was clear. And Royal London should have made further attempts to contact him when he didn't reply to his letter, as it had the greater degree of responsibility. Our investigator said if a follow up had been made it was likely that the charge would have been cancelled by 14 June 2021. And Royal London should refund the adviser charges deducted since then and add 8% interest per year simple to the date of settlement.

Mr K accepted this, but Royal London disagreed. It said Mr K had requested it write to him and it had. It said Mr K had called it about taking benefits in February 2022 and hadn't mentioned anything about the adviser charge then. It said adding 8% interest was inappropriate as if the charges were refunded this would be backdated within the plan, which would benefit from any growth in the value over the period.

Our investigator agreed that adding 8% interest wouldn't be fair if the charges were recredited at the appropriate date. But he said Royal London should have followed up with Mr K to process his instructions. He said as Mr K wanted the charges stopped it was reasonable to assume he would have responded to Royal London's letter if he'd received it.

As Royal London doesn't agree it has come to me to decide.

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 am upholding the complaint.

I've thought carefully about the issues here. I think Mr K had made a specific and clear request with financial implications for him. It isn't unreasonable that Royal London would want to be sure this was in order before acting on it. But when Mr K didn't reply to its own letter, I think it should have followed up on this and made another attempt to contact him. As most post is successfully delivered it is highly unlikely that if two correctly addressed letters were sent neither would be received. And it wouldn't have taken much for Royal London to have sent a further letter for the avoidance of doubt.

I accept that in not following up himself, Mr K didn't know if his request had actually been received and dealt with. But he was the customer and wasn't expert on Royal London's systems and procedures. And I think as Mr K wanted to stop the charge, it's likely he would have responded had he received its letter.

Having been provided with a clear instruction from its customer I think the onus was on Royal London to follow up on the matter to clarify it one way or the other. Had it followed up after two weeks, I think it's reasonable to assume Mr K would have contacted Royal London and the adviser charge would have been cancelled within another two weeks, which would be around 14 June 2021.

So, I think it's fair that Mr K be put back in the position he would have been in had the charges not been deducted after 14 June 2021.

Putting things right

Royal London has said if a decision was made against it, the charges would be unwound from the date they were debited "*ensuring no financial loss*".

This type of correction would provide fair redress, putting Mr K back in the position he should have been in. Consequently, there would be no need for interest to be added to the charges deducted as originally suggested by our investigator.

Royal London should also provide Mr K with a clear and simple explanation showing how it arrived at the corrected fund value.

My final decision

My final decision is that I uphold the complaint against The Royal London Mutual Insurance Society Limited.

I direct The Royal London Mutual Insurance Society Limited to make a correction to Mr K's policy to unwind the adviser charges deducted from 14 June 2021 as though they hadn't been taken in order to correct the value of his policy.

Your text here

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or

reject my decision before 21 April 2023.

Nigel Bracken
Ombudsman