

The complaint

Ms D complains that the Royal London Mutual Insurance Society Limited (Royal London) didn't make her aware that she was a beneficiary of a pension plan held by her late partner. She says the payment of the claim was delayed which has impacted her both mentally and financially.

In addition Ms D complains about the level of compensation she received when Royal London accidentally sent letters to the late Mr D about two other pension policies after the claim was settled. She says this was extremely upsetting.

What happened

Ms D had a long term partner, Mr D, although they weren't married. Unfortunately, after a long illness, Mr D passed away in December 2019. At the time of his death he held three pension plans with Royal London. One of these was a group stakeholder plan which Mr D joined in 2005 and from which he subsequently nominated Ms D to receive 25% of the fund value in the event of his death.

Ms D says she was unaware that she was a beneficiary of any of the plans or who the pension provider was, although the late Mr D had told her that he had made financial provision for her in the event of his death. But, following Mr D's death, Ms D was informed that there wasn't a lasting will in place, so she entered into a complex legal situation against the other beneficiaries of the late Mr D's estate. This involved far more than just the pension plans and was both time consuming and costly.

Royal London says it was informed of Mr D's passing by a financial adviser – who was acting as a personal representative - on 16 January 2020. Their letter also asked Royal London to provide some information about the pension policies he held with it. Royal London acknowledged the claim and sent out a bereavement information form in order to consider the eligibility of all the beneficiaries who had been nominated by the late Mr D.

Around the same time Royal London was contacted by a solicitor acting for the other beneficiaries. It provided another bereavement information form and said that it would proceed with the claim when it had received all the outstanding requirements. However, Royal London did note all the beneficiaries who were part of the late Mr D's expression of wishes – which included Ms D.

In February 2021, having received some correspondence from the other beneficiary's solicitor, Ms D's solicitor wrote to Royal London and noted her interest in one of the policies and asked if any further information was required.

In May 2021 Ms D's solicitor provided Royal London with a completed bereavement information form, and further documents to support Ms D's position as being the late Mr D's long term partner.

On 17 June 2021 the solicitor returned a completed "*options form and lump sum payment form*" as well as enclosing identification details. It asked for the payment to be made as soon as possible because of Ms D's financial position.

On 29 July 2021 Royal London confirmed that Ms D was a nominated beneficiary of one of the late Mr D's plans and his expression of wish was that she should receive 25% of the pension. It said the claim value would be calculated from when it received the last of its outstanding requirements from all the beneficiaries.

The outstanding information from the other beneficiaries was eventually provided to Royal London in August and September 2021, and Royal London confirmed the claim was settled in favour of all the nominated beneficiaries on 13 October 2021.

But Ms D then complained about the delay in paying her share of the benefits from the late Mr D's pension plan. Royal London responded making the following points:

- It recognised the matter had been ongoing for some considerable time.
- Its procedures meant that it was unable to finalise the claim until it had received the relevant documentation from all the beneficiaries. Because of the ongoing dispute with the other beneficiaries it hadn't always received the relevant paperwork it required. This wasn't something it was able to control.
- Recent legislation had meant that additional money laundering checks were required, and this had impacted the speed with which it had been able to process the claim.
- It had now settled the claim and the money would be in Ms D's bank account within 3-5 working days. But to make up for the impact of not being able to process the claim on 16 September 2021 it paid a further £478.16 in interest.

In November 2021 Ms D received letters from Royal London which were addressed to the late Mr D. The letters related to the other policies the late Mr D held for which Ms D wasn't a beneficiary. She contacted Royal London to ask why the letters had been sent when the claim had been paid and questioned why she hadn't received any proceeds from those plans.

Royal London apologised for the letters being sent as it had failed to mark the late Mr D's records accordingly. It also confirmed that it had simply followed the late Mr D's expression of wishes for the other plans – which didn't include Ms D. Royal London made a payment of £100 for the distress and inconvenience caused by the sending of the letters.

But Ms D wasn't happy with the outcome of either matter and brought her complaint to us – where one of our investigators looked into the matter. She didn't think the complaint should be upheld making the following points in support of her assessment:

- Ms D was nominated as a beneficiary on one of the policies the late Mr D held. But the nomination wasn't binding – simply an expression of wish - which Royal London needed to consider as part of its overall decision about where the pension benefits should be paid.
- Royal London needed to gather information about the late Mr D's personal circumstances and so it wasn't obliged to notify Ms D of anything until it received this information. So the investigator didn't think Royal London had done anything wrong in handling the claim.
- She also noted that any delays in paying out the claim were due to the delays in returning the necessary paperwork to Royal London.
- She noted that Royal London had inadvertently sent two letters to the late Mr D and recognised this would have caused Ms D a great deal of upset. But as they were sent to the late Mr D and didn't relate to Ms D's relationship with Royal London as a beneficiary, then she didn't think we were able to consider whether the offer was fair and made no further comment on the matter.

Ms D didn't agree. She said that she didn't receive a bereavement information form from Royal London and wasn't even contacted by it. So she questioned how Royal London came to an informed decision about her eligibility as a beneficiary when she never provided any of the information it required. She suspected the form had been completed by a third party and because of the nature of the court proceedings she was going through she wasn't sure if it was completed with her best interests in mind.

She did however understand that as she had no relationship with Royal London as a customer she didn't have a right to complain about the letters which were sent to the late Mr D in error.

The investigator said that, after further investigation she had discovered that Ms D's solicitor had completed the bereavement form on her behalf and submitted 12 documents in support of her position as financially dependent on the late Mr D. Details of other potential beneficiaries were included but with no supporting evidence of dependence. So she thought Ms D's position had been well explained and that the evidence would have formed part of Royal London's consideration when it made its decision as to the destination of the pension payment.

Ms D accepted that the form had been filled in independently on her behalf but wanted to know more about the process of how death claims were made.

Following a discussion with the investigator Ms D remained unhappy with the outcome and wanted the complaint to be referred to an ombudsman. So it was passed to me to consider. Ms D made the following points in advance of my review:

- She didn't understand why she hadn't been informed she was a beneficiary before Royal London made its decision about paying the pension benefits.
- She believes she would have been "left in the dark" if it wasn't for the court case.
- She says she had to demonstrate that some things that were said were untrue.

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.

And having done so I agree with the outcome reached by the investigator. I know that will disappoint Ms D as I've seen how strongly she feels about this matter during what must have been a very difficult time for her. But I don't think Royal London has acted unfairly here – so I'll explain my reasoning.

Should Royal London have contacted Ms D earlier in the claim process?

Royal London said it was made aware of Mr D's passing in January 2020, around a month after his death. At that time, as there were three policies in his name – which all had nominated beneficiaries, Royal London was obliged to carry out its duty as trustee of the plans. So it sent the appropriate forms to the personal representatives and subsequently to the solicitor that contacted it on behalf of the other beneficiaries. The purpose of the forms – as set out in a letter from Royal London - was *"to ensure an informed decision can be made, as to how this claim can be settled, we must gather as much information as possible. We must make certain that our discretion has been properly exercised.... Mr D made an expression of wish that, in the event of his death, Royal London are to consider paying the settlement of this claim to xxxx. This will of course be taken into consideration; however we must gather all necessary information before a final decision can be made."*

Of course as trustees of the funds Royal London had a duty of care to ensure the plans weren't paid out inappropriately and also to make sure nothing had changed significantly which might have shown Mr D's wishes to be out of date or inappropriate.

Royal London also said the solicitor should "*refer to the attached bereavement information form for the required information and documentation. Once we have received the completed form and all required documentation, we will be able to proceed with this claim.*"

So I think Royal London acted appropriately in the circumstances. It provided the necessary forms to determine who should receive payment within a few days of being informed of Mr D's passing and explained its role as trustee and the need for the forms to be returned in order for the claim to be progressed. I don't think Royal London caused any delay here and it sent the forms to the appropriate parties. Unfortunately, because of a dispute between Ms D and the other beneficiaries the information about the pensions wasn't shared and it wasn't until around a year later that Ms D's solicitor was made aware and lodged her interest with Royal London.

But I don't think Royal London was under any obligation to contact Ms D about her possible entitlement to a share of one of the plans. I say that because Royal London needed to act as a trustee here and simply required the information it had requested about all the beneficiaries. It wasn't obliged to contact each one individually – just the representatives acting on behalf of the estate. I don't think Royal London could be held responsible for the rift which had occurred and which prevented information being shared freely between the beneficiaries. But I also don't believe Royal London would have held contact details for individual beneficiaries. The original consent from which was included with Mr D's group stakeholder plan application said that "*I would like the scheme administrator to consider paying the money to...*" whereafter the names of the beneficiaries and the percentage to be allocated to each one was set out.

So I don't think Royal London had the capacity or detailed information to let each individual beneficiary know about their entitlement. I think it relied on the representatives responsible for sorting out the late Mr D's estate to provide the information it needed. But even if that meant there was a delay in making Ms D aware of the situation, Royal London's records indicated that she was to be considered as a beneficiary for one of the plans. So if it hadn't been made aware of her details during the process, I'm satisfied it wouldn't have processed the whole claim until that information had been provided for its consideration. I don't think there's any evidence to support Ms D's claim that she wouldn't have been considered as part of the claim unless she had registered her interest. But in any case, even I am wrong in my supposition Ms D was ultimately included in the claim and received the appropriate payment according to the late Mr D's expression of wishes.

I have some sympathy for Ms D's position here as I can understand that in the midst of a very difficult time and legal battle, it would have seemed to her that she wasn't made aware of part of the provision that Mr D had put aside for her and that she might not have ever received it had her solicitor not become aware of the position.

But it must be remembered here that Mr D's wishes were simply an expression of what he would like Royal London to do in the event of his death. It was for Royal London to make all the necessary enquiries to decide if it should pay in accordance with those wishes or take an alternative course of action. So it wouldn't have been fair to have told Ms D that she was automatically eligible for part of the proceeds, in case Royal London's investigation proved otherwise.

Did Royal London delay payment of the claim?

I've already said that I think Royal London acted in a timely manner in issuing the relevant information requests when it was made aware of Mr D's passing. But I have also considered its actions when it began progressing the claim in 2021. It wasn't until around a year after Royal London was made aware of a claim that Ms D's solicitor was in a position to register her interest in the claim and request the relevant paperwork and forms. The evidence I've been provided with shows that the last of these forms – which gave direction of how and where to pay the proceeds, was returned to Royal London in June 2021.

But the claim wasn't settled until October 2021, some four months later. So I've looked carefully at what happened during this time and I've noted that both parties' solicitors were in constant communication to try to resolve the question of why all the outstanding requirements hadn't been returned to Royal London. It's not material to this complaint to consider the cause of this dispute except to confirm that it wasn't Royal London's responsibility, and it was unable to progress matters until this paperwork had been submitted. I've also seen that there were some delays towards the end of the process, but these seem to involve the need for further identification verification for some of the beneficiaries – which Royal London says was due to some changes in the money laundering regulations.

But I think Royal London continued to chase these outstanding requirements and there's no evidence to suggest it didn't progress things in a timely manner when the information was returned. Overall there's nothing to support any claim that Royal London caused a delay to any part of the claim process here and I think the length of time the process took was due to the legal dispute between the parties which meant information wasn't or couldn't be returned to Royal London which would have allowed a swifter progression.

The letters addressed to the late Mr D

I can well understand the distress Ms D must have been caused when two letters – about the other policies she wasn't a beneficiary of, were sent to the late Mr D after the claim had been settled. I understand this would have caused further concern about why she hadn't been a beneficiary on those two policies as well. Royal London has explained that it failed to put a marker on the late Mr D's account, which it should have done in the event of his death, to ensure no further correspondence was issued. It apologised for the distress and upset this caused Ms D and offered her £100 in compensation.

But our investigator explained to Ms D that despite the obvious distress that would be caused, we wouldn't usually be able to consider a complaint such as this as Ms D didn't have a relationship, or a potential relationship with Royal London – so she wasn't an eligible complainant. Ms D has accepted this position and understands that we can't comment further on an issue over which we don't have jurisdiction. So I'm unable to say whether I think the offer is fair or not and I'll leave it to Ms D to decide if she wants to accept Royal London's offer.

My final decision

For the reasons that I've given I don't uphold Ms D's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms D to accept or reject my decision before 27 April 2023.

Keith Lawrence
Ombudsman

