

## The complaint

Mr R complains about Royal London Mutual Insurance Society Limited (Royal London). He's unhappy with the level of compensation Royal London offered after a system error resulted in his personal information being disclosed to other Royal London customers.

## What happened

Mr R holds a personal pension policy (PPP) with Royal London.

In May 2022, Royal London sent Mr R paperwork he needed to complete to take retirement benefits. Having reviewed the paperwork, Mr R noticed that the personal details of another individual had been included on an enclosed form. He called Royal London to report the error and complain. Royal London responded, confirming that:

- There'd been a wider data breach which had resulted in Mr R's personal information, including his name, date of birth, address, phone number, email address, pension plan and bank account details, being shared with eighteen of its customers.
- Following General Data Protection Regulation (GDPR) guidelines the data breach had been reported to its data protection officer.
- For further reassurance and peace of mind, Mr R might want to consider using a fraud prevention service, such as that offered by the Credit Industry Fraud Avoidance System (CIFAS). It wasn't fair for Mr R to incur any costs for additional protection, so it would take this into account in the conclusions it reached following the completion of its investigation.

Royal London sent Mr R new retirement paperwork and having completed its investigations, later responded to Mr R's complaint. In summary it said:

- A system error in its printing process led to part of Mr R's retirement pack being incorporated into the printing of eighteen other customers' retirement packs. Mr R had also received part of another customer's retirement pack.
- It apologised for the distress and frustration the incident had caused and offered a payment of £525, comprising of £500 for distress and inconvenience and £25 to cover the cost of CIFAS protection for two years.

Mr R considered Royal London's offer but didn't think it reflected the seriousness of the error or its impact. Given that his information had been shared with eighteen people, Mr R said he felt compensation in the region of £9,000 would be more appropriate. He added that the data breach could've been avoided if Royal London had sent blank retirement application forms, instead of prepopulating them with his personal details. To this end, he asked Royal London to ensure it only sent blank forms in future.

Royal London responded, providing its final response to Mr R's complaint. It said that having reconsidered its previous offer, it was appropriate to increase the total compensation payment to Mr R to £1,025 – £1,000 for distress and inconvenience and £25 for CIFAS protection.

Mr R responded, saying he still didn't think the compensation offered was sufficient, He asked Royal London to review its offer and to respond to his request for forms not to be prepopulated in the future.

Royal London confirmed that Mr R wouldn't be required to receive or complete forms which were prepopulated with his personal information and asked what level of compensation Mr R felt would resolve the matter.

Mr R responded, saying that as Royal London's error meant there were eighteen opportunities for fraud could be committed, reasonable compensation would be £9,000, which was Royal London's original offer multiplied by eighteen. He added that the matter was continuing to cause him great anxiety.

Royal London responded to Mr R, confirming that its compensation payment would remain as set out in previous correspondence and wouldn't be increased.

Unhappy with Royal London's response, Mr R referred his complaint to our service. One of our investigators considered the matter and said Royal London's offer was fair.

Mr R disagreed with our investigator and, in summary, said that Royal London's error had caused him significant stress, for which he deserved additional compensation.

As no agreement could be reached, the matter was passed to me for a 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'm afraid I won't be upholding Mr R's complaint. I'll explain why. However, before I do, I should emphasise that while I've taken note of all the arguments made by both parties, I've limited my response to the issue I consider to be central to this complaint. That is to say whether, given Royal London's error, of which there's no dispute, the compensation paid to Mr R is fair and reasonable in the circumstances.

Given that the number of personal details disclosed was substantial, and that these were shared with a significant number of people, I think the seriousness of the matter was clear. So, I find Mr R's strength of feeling about this matter entirely understandable.

Mr R says the data breach has caused him a great deal of anxiety and he's concerned about its potential impact. He's said that Royal London's error has made him vulnerable to countless acts of fraud and he doesn't think Royal London's compensation payment reflects this.

When deciding what compensation should be awarded, our service takes two things into account – financial loss and non-financial loss, including distress and inconvenience. Royal London confirms that there's been no suspicious activity on Mr R's account since the error occurred, which I hope provides some reassurance. I'm also pleased to see that there's nothing from Mr R's submissions to indicate that he's suffered a financial loss because of Royal London's mistake.

In circumstances like this, it wouldn't be fair or reasonable for me to direct Royal London to pay financial loss or compensation to Mr R for something which hasn't happened. So, while I understand the basis on which Mr R thinks the level of compensation he's asking for is justified, I'm unable to agree. Thankfully, Mr R doesn't appear to have been a victim of fraud,

so it would be inappropriate for me to make an award based on a hypothetical situation in which he was.

Turning now to awards for non-financial loss. There isn't a set formula that we use to calculate awards for errors. It's my role to consider the impact of Royal London's mistake on Mr R and to decide, within guidelines set by our service, whether further compensation would be appropriate in the circumstances.

It's clear to me that Mr R's experience here goes beyond mere frustration. Royal London's error caused him distress and worry. And given the circumstances, I don't doubt that. I think a situation like Mr R's, where multiple third parties are given access to an individual's personal details, would make anyone anxious. And this anxiety would've been heightened further given that the error occurred at a time when Mr R was making an important financial decision about taking his retirement benefits.

I'm mindful of the efforts Mr R had to make to get an understanding of what happened with his personal details and what action Royal London intended to take to put things right. I'm also conscious that, following the disclosure of his personal details, Mr R was receiving calls from some of the eighteen customers his details had been sent to. While I understand that these calls largely involved customers letting Mr R know that they'd received his personal details by mistake, I think the experience would nevertheless have been troubling. At the time, Mr R wasn't aware of the scale of the problem, so it's understandable that he may have assumed the worst.

I'm satisfied that Royal London's error caused Mr R considerable distress, upset and worry. And for this, I would agree that an award reflecting the seriousness of the mistake is warranted. Taking everything into account, including the level of awards our service recommends, I find Royal London's payment of £1,000 for distress and inconvenience more than fair and reasonable. It exceeds the amount I would've directed it to pay had it not already made a payment. The £9,000 Mr R seeks would be amongst some of the highest awards we make for distress and inconvenience, where the impact of a firm's error is at its most extreme. I don't doubt the sincerity with which Mr R brings his complaint, however I don't think the circumstances warrant the award he's seeking.

In addition to the £1,000 compensation Royal London paid Mr R to resolve his complaint, I can see it also paid him £25 to cover for the cost of him registering his details with CIFAS, so that any concerns about information security could be addressed independently by that organisation. Royal London has also agreed to no longer send Mr R prepopulated forms. I think this is a fair approach by Royal London because it recognises the concerns Mr R had about whether his personal details had been compromised.

While I haven't found in Mr R's favour, in that I don't think Royal London should pay him the compensation he's seeking, I should say that I do think it's entirely reasonable for him to expect Royal London to keep his personal information safe. And it's unfortunate that this didn't happen on this occasion.

### **My final decision**

For the reasons set out above, I don't uphold Mr R's complaint.

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

Chillel Bailey  
**Ombudsman**

