

The complaint

Mr H complains that The Royal London Mutual Insurance Society Limited (Royal London) incorrectly paid adviser charges from his group personal pension plan. He also complains that Royal London gave him incorrect and misleading information about these charges.

What happened

Mr H has held a group personal pension plan with Royal London since March 2008. This was set up by his employer at the time.

On 4 January 2022, Mr H contacted Royal London by phone and email for information about his plan. Mr H asked whether money from his fund had ever been paid to a financial adviser. The agent told him it hadn't.

Royal London provided Mr H with the commission history for his plan by secure message on 13 January 2022. This included a table with three named IFAs. And 14 rows of "Remuneration amounts" totalling £57,850.68.

Royal London said that between 13 January 2019 and 13 January 2022, its charges had been £11,141.17, with £620.19 in external fund management charges. And that the transaction costs during this time period were £767.84.

Royal London also said that the Independent Financial Adviser (IFA) it currently had listed on Mr H's account – IFA M – had been incorrectly put on his account. It said IFA M had received £1,199.96 in adviser charges. But that as Mr H had told it he hadn't appointed IFA M as his adviser, it would remove it from his account and claw back the charges paid.

Royal London also said that before IFA M had been listed on Mr H's account, IFA B had been listed. It asked Mr H if he wanted IFA B to be listed as his current IFA.

Mr H complained to Royal London on 17 January 2022. He said he'd been given incorrect information. And that Royal London hadn't been responsive to his consistent requests for there to be no IFA attached to his policy.

Mr H said that although he'd been told on the phone that no monies had ever been paid from his fund to IFAs, Royal London's secure message had shown that not to be the case. He asked Royal London whether any other IFAs had been put on his account. And what monies had been paid to them. He also felt that the table Royal London had sent seemed to show that as much as £57,850.68 had been paid out to IFAs, none of which he'd appointed.

Mr H asked Royal London to confirm the total amount of compensation paid to advisers. And who'd given it the instructions. He said he'd never heard of IFA M or IFA B. He also complained about Royal London not being able to provide him with his charging history before 13 January 2019.

Royal London acknowledged the complaint on 20 January 2022. But as it still hadn't completed its investigation by mid-May, Mr H wrote to Royal London's CEO on 23 May

2022. He was extremely unhappy at how long his complaint was taking to resolve given the amount of money he felt he'd lost.

Royal London issued its final response to the complaint on 30 May 2022. It apologised for the incorrect information Mr H had been given. And acknowledged that the table it'd provided Mr H with on 13 January 2022 was incorrect and misleading. It said that it was Mr H's employer, who had established the plan, who had engaged the adviser. And that the actual remuneration paid to the adviser over the life of Mr H's plan was £5,064.63. It said that this amount hadn't been separately deducted from Mr H's plan, but had been part of the management fees.

Royal London offered Mr H £750 compensation for the distress and inconvenience the incorrect information had caused him.

Mr H wanted further clarification from Royal London about what had happened. So he wrote to Royal London again on 31 May 2022. He wanted to know how much had been paid in adviser charges. And whether any IFA connected to his account had any responsibility to provide him with a service before it could charge him.

Royal London replied to Mr H on 1 June 2022. It explained that his employer would've agreed the services and remuneration with the IFA at the time the plan was set up. This would've included what proportion of the remuneration would be contributed by plan members. Therefore the arrangement was between the employer and the financial adviser.

Royal London explained that the table it had sent Mr H on 13 January 2022 was incorrect as it was based on projections, and didn't show offsetting debits that had actually been applied to Mr H's plan. It also said that although £5,064.63 had been taken from Mr H's plan, this had formed part of the Annual Management Charge (AMC) that had been paid throughout the life of the plan. And which had been disclosed and reflected in Mr H's annual statements. It said the AMC had been taken throughout the life of the plan in line with the agreed policy conditions. And that it hadn't been paid in error.

Mr H was unhappy with Royal London's response, so he brought his complaint to this service on 25 November 2022.

Our investigator acknowledged that Royal London had given Mr H confusing and incorrect information, which had caused him considerable distress and inconvenience. But felt that as Royal London had already put right any financial loss attributable to its mistakes, the £750 it had offered for distress and inconvenience was reasonable under the circumstances.

Mr H said he profoundly disagreed with our investigator.

As agreement couldn't be reached, the complaint has come to me for a review.

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 agree with our investigator that Royal London's offer of £750 compensation for the distress and inconvenience it caused Mr H is fair under the circumstances of this complaint. I know this will be disappointing to Mr H. I'll explain the reasons for my decision.

I first considered the information Mr H was given on the 4 January 2022 phone call with

Royal London. I've been able to listen to the first 12 minutes of this call.

4 January 2022 call

Mr H called Royal London. He said he had a number of questions after receiving his annual statement, which he said had surprised him. He said the statement said he had a new financial adviser. But that he'd never instructed an adviser. He asked who'd given the instruction, and when.

Royal London said it was at the very start of the policy. But Mr H said that the IFA hadn't been listed on previous statements. And that he didn't recall them being the adviser at the start. He asked if any money from his plan had ever gone to the listed adviser. Royal London said it hadn't.

Later on in the call, Mr H asked Royal London to email him a breakdown of the annual plan charges from the start. He also said that he'd never heard of the IFA listed on his policy. Mr H said he'd had the original adviser removed. And asked under what circumstances a payment would be made to IFA M. Royal London said payment would only be made if Mr H agreed to it.

Mr H also asked Royal London if any payments had been made to any other financial advisers during the lifetime of the plan. Royal London said they hadn't. Mr H said he'd never received any advice whatsoever.

I next considered the information Mr H was given on 13 January 2022.

13 January 2022 information

The information Royal London sent to Mr H on 13 January 2022 contradicted the information he'd been given on 4 January 2022. It suggested Mr H had been charged adviser fees by three different IFA firms. Mr H was understandably concerned, as he hadn't appointed any of the listed advisers. And it appeared that up to £57,850.68 had been paid out to IFAs.

I consider that the commission table Royal London sent to Mr H was at best unhelpful and at worst extremely concerning for him. None of the information within the table was explained, so it's understandable that Mr H felt it meant £57,850.68 had been paid in adviser charges over the years.

In actual fact, Royal London hadn't paid £57,850.68 in adviser charges from Mr H's account. It had paid a total of £5,793.95. These charges were correctly deducted from Mr H's account. This was because when his employer set up his group personal pension plan, it arranged with its adviser to provide certain services for which the adviser would receive remuneration, some of which would be contributed by plan members. Royal London then administered the group personal pension plan on this basis.

So I can't fairly say that the charges shouldn't have been deducted, or that they have been paid by mistake. Therefore I can't reasonably ask Royal London to refund them.

Royal London also told Mr H that £1,199.96 had been incorrectly paid to IFA M. It said this was because the single premiums had been keyed incorrectly. And that it had corrected this to ensure there would be no financial detriment to Mr H. Royal London has also told this service that commission payments on single premiums had also been paid incorrectly in the past to IFA B. But that the commission had been returned to Mr H to ensure he had no financial loss.

I've not been provided with any other evidence which shows that further mistakes from Royal London have led to any other financial loss which has yet to be put right. And as the commission errors have already been corrected, I'm satisfied no further action is required.

I next considered Mr H's recent annual statements.

Annual statements

During the 4 January 2022 call with Royal London, Mr H said that he was surprised how large its fees were in the last year. He said he'd never seen a breakdown of the fees shown on his statement before.

Royal London said that the fees had always been there. But that it had only had to include them on the statement that year.

I've reviewed the two annual statements I've been provided with. I've focussed on the statement Mr H received that prompted his 4 January 2022 call with Royal London.

Mr H's annual statement covered the period from 1 December 2020 to 30 November 2021. It stated:

"Costs and charges – Your plan costs and charges have already been deducted. This also includes the cost of advice".

It also said:

"The total costs and charges paid from your plan 1 December 2020 – 30 November 2021 £5,439.35".

And gave a breakdown of that total as follows:

"Plan charges

We're managing the money and investments in your plan:

· *Royal London charges £4,419.22*

· *External fund charges £557.52*

This is equivalent to 0.96% of your plan value before transaction costs.

· *Transaction costs £462.61"*

The adviser charges that have been deducted from Mr H's plan are included in the "Plan charges" shown on the statement. These didn't have to be shown on statements in previous years. But, due to a change to regulations about the disclosure of charges, they're required to be shown now.

I appreciate that as such charges hadn't been shown on Mr H's plan statements before, it would've been surprising to see them on the 2021 statement. So I understand why Mr H wanted clarification from Royal London about the charges he'd paid. From what I've seen, Royal London then provided Mr H with incorrect and conflicting information about the charges that had been deducted from his plan. This would've been very concerning for him, especially given the fact that commission had been incorrectly paid to two different IFAs.

However, I've not seen any evidence that the commission actually charged has been taken

incorrectly or is out of line with the agreed policy conditions. I do appreciate that there have been a number of errors and misleading information provided. The incorrect figures would've been disturbing and it has taken a considerable amount of effort for Mr H to get things put right. So I've gone on to consider whether Royal London's offer of £750 compensation for the distress and inconvenience it has caused him was fair.

Distress and inconvenience

Mr H has told this service that he was completely baffled and bewildered by the hugely conflicting range of information that Royal London provided him with. He said there was a huge difference between being told he'd paid no commission to advisers, and being told tens of thousands was paid.

Mr H said it had required considerable effort from him to get to grips with everything that had happened. He said he'd had to take time off work. And that as he had lots of other important constraints on his time it had been very inconvenient for him. He didn't think that £750 was sufficient given the magnitude of the distress and inconvenience caused.

I've carefully considered Mr H's points and the impact Royal London's mistakes have had on him. Our investigator has already explained that as we're not the regulator, we're unable to recommend that a business changes its processes or adopt new ones. And we can't punish a business. So, although I know Mr H would like Royal London to improve the accuracy of the information it sends its customers, I can't ask it to do anything differently. And I can't suggest a punitive compensation award.

As our investigator also noted, our awards for distress and inconvenience take into account the impact a business's mistake has had on a customer. And our guidelines suggest that an award of £750 is fair and reasonable where a business has caused considerable distress, upset and worry, and or significant inconvenience and disruption that needs a lot of extra effort to sort out. And with the impact typically lasting over many weeks or even months.

This has clearly been the case for Mr H. And it's also clear that he's lost trust in Royal London given the incorrect commission payments that it made, and the misleading and incorrect information he's been given.

From what I've seen, I consider that the £750 compensation Royal London offered Mr H was fair and reasonable under the circumstances of the complaint. As I understand that Royal London has yet to pay the £750 compensation, I uphold this complaint. But I don't consider that Royal London needs to improve its compensation offer.

Putting things right

It's my understanding that The Royal London Mutual Insurance Society Limited hasn't yet paid Mr H the £750 compensation it offered him. So I require The Royal London Mutual Insurance Society Limited to pay Mr H £750 compensation for the distress and inconvenience it has caused him. However, if The Royal London Mutual Insurance Society Limited has already made all or part of the compensation payment to Mr H, it can deduct that amount from the £750.

My final decision

For the reasons set out above, I uphold Mr H's complaint. I require The Royal London Mutual Insurance Society Limited to take the action detailed in the "Putting things right" section above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 5 October 2023.

Jo Occleshaw
Ombudsman