

The complaint

Mr S has complained that that The Royal London Mutual Insurance Society Limited (Royal London) has not paid him any pension income since April 2023. It also provided him with incorrect information about Mr S being able to access some of his funds.

Mr S would like to be compensated for any financial loss he has suffered.

What happened

Mr S invested £60,000 into the EEA Life Settlements fund in 2010 via a self invested personal pension (SIPP) with Royal London. This fund is an unregulated collective investment scheme (UCIS) which comprises traded life insurance policies (TLPI). The fund is based in Guernsey and had previously been listed on the Channel Islands Security Exchange.

In February 2022, Mr S agreed with Royal London to reduce his monthly income from the fund to £500 to allow him to receive it for longer. On 31 March 2023, the Board of EEA Life Settlements issued a notice that all redemptions from the fund were being suspended owing to a number of issues it was reviewing. No estimated duration of this suspension was announced.

On 20 April 2023, Mr S received an email from Royal London to inform him that it was suspending his pension income. It said

The income has been switched off as there are insufficient funds to pay any further income.

The email also informed him that this was due to the suspension of the EEA Life Settlements fund that made up the majority of his remaining benefits, and that Royal London did not have the facility to check on the status of his suspended funds.

At this time, Mr S had c£8,500 remaining in the fund. He contacted Royal London on 1 June 2023 to complain about the lack of income he was receiving and also that he had been mistakenly informed that he would be receiving income for a further four months. This mistake was corrected and Mr S informed that he would not be receiving any further income until the suspension was lifted from the fund.

Royal London responded to Mr S's complaint on 28 July 2023. It did not uphold his complaint, explaining:

This is an external fund that is not administered by Royal London. As the fund is suspended, no money can be deposited into the fund and no funds can be withdrawn/transferred out.

In accordance with the plans Terms and Conditions we can only pay income from core funds where there is a minimum of £10,000 invested.

It went on to say that it had previously made a concession to Mr S to reduce the threshold to a minimum of £1,000 invested in the core funds. However, as Mr S also had to keep enough

in the core funds to also pay the annual self invested personal pension (SIPP) charges, restarting his income payments would risk his core funds falling below £1,000.

It did, however, accept that it had given him misleading information in an earlier call about being able to restart his income payments. It apologised for this and offered him £300 in respect of the distress and inconvenience he had suffered as a result.

Unhappy with this response to his complaint, Mr S brought his complaint to this service.

Our investigator reviewed all the evidence and came to the view that the complaint should not be upheld.

Mr S was unhappy with this view and so this case has been passed to me to review the evidence again and make a final 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 reviewed all the evidence in this case, I agree with our investigator and do not uphold this complaint.

I can appreciate that this will be disappointing to Mr S, so I will explain my reasons.

Before I do, I think it appropriate to reflect on the purpose of this service. It is to investigate complaints and decide whether a business has made errors in the way it has treated a customer, or treated them unfairly.

Essentially, in the circumstances of this complaint I have to decide if Royal London has made any errors in suspending Mr S's pension income.

Mr S made his investment into the EEA Life settlement fund in 2010. I note that in 2011, the Financial Services Authority, the regulator at the time, issued a statement to ban the advertising of such traded life policy investments (TLPI) to retail investors, stating that it felt they were too high risk and investors faced:

high levels of risk, potential liquidity problems with limited or no recourse to the Financial Services Compensation Scheme.

Following this statement, many TPLI's, including the EEA Life Settlements fund, saw cancelled subscriptions and redemption requests significantly above normal levels. Since that time, payments have been suspended from the fund on a number of occasions.

The role of Royal London in Mr S's pension provision is as the provider of his SIPP. Within the SIPP, the majority of Mr S's benefits are held in the EEA Life Settlement fund. Given this, I find it reasonable that Royal London cannot pay monthly income to Mr S, as it is the fund, rather than Royal London, which controls when withdrawals can recommence. I can't see that Royal London has done anything wrong here.

I can, however, see that Royal London did provide some incorrect information about when Mr S's income payments might resume. Royal London itself has recognised this mistake and apologised for it.

It has also offered Mr S £300 in respect of the distress and inconvenience, which I find is fair and reasonable in the circumstances of this case.

My final decision

For the reasons explained above, I do not uphold Mr S's complaint.

My final decision is that The Royal London Mutual Insurance Society Limited does not need to do anything more to resolve this complaint than pay Mr S £300 if it has not already done so.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 27 May 2024.

Bill Catchpole
Ombudsman