

## **The complaint**

Mr H complained that The Royal London Mutual Insurance Society Limited trading as Scottish Life Pensions (Royal London) had mis-sold a pension policy to him. He believed the pension would provide an income for life, but this was not the case.

He also complained that he was unable to trace two payments that Royal London said it had sent to him. He would like his monthly payments to be reinstated or the compensation offered to him to be increased.

Although Mr H took out his pension plan with Scottish Life, I will refer to all correspondence as being to and from Royal London for reasons of simplicity.

## **What happened**

On 31 January 2005, Mr H applied for a Scottish Life Income Drawdown pension plan through an independent Financial Adviser (IFA). He initially transferred assets of c£150,000 into the plan and transferred in another c£30,000 from a pension scheme with another provider in February 2005. Mr H took a tax free lump sum of C38,000 in March 2005 and began to receive monthly income payments from the plan in April 2005.

In his complaint, Mr H said he could find no record of the cheque for c£38,000 being paid into his account, and believed that he had not received it at the time.

On June 2007, the IFA wrote to Royal London to confirm that Mr H wished to increase his monthly income from the plan to the maximum allowable with effect from 1 July 2007.

On 5 December 2013, Royal London wrote to Mr H with a compulsory income review. This detailed that he was receiving the maximum allowed income and showed projected plan benefits at age 75 of between c£69,000 and c£99,000

On 6 December 2014, Royal London confirmed to Mr H's IFA that the current value of his benefits was c£98,000. It subsequently arranged a withdrawal of further £35,000 lump sum (gross), or c£28,500 (net) after income tax was deducted to him on 11 May 2015.

Mr H also said in his complaint that he could find no record of receiving this payment, although Royal London was able to provide details of the account it was paid in to, allowing him to trace the payment.

As well as his monthly income, Mr H also received three further lump sums of £10,000 (gross) each on 4 November 2019, 11 September 2020 and 5 January 2021.

On 6 June 2023 Mr H noticed that he had only been paid monthly income of c£160, which was far below the monthly income he had been receiving. Mr H contacted Royal London on 8 June 2023 to be told that his funds had been exhausted. He complained that he had not been informed of the decreasing fund value of his benefits and that he had believed that the plan would provide him with an income for life.

Royal London responded to his complaint on 21 August 2023, upholding his complaint about its failure to send him regular updates about his fund value. It offered him £4,000 compensation in respect of the distress and inconvenience this had caused him. It did not uphold his complaint about the mis-selling of the plan to him but provided the details of the IFA who had advised him to take out the plan, as Royal London had not provided Mr H with any advice relating to the plan.

Mr H was unhappy with this response and brought his complaint to our service.

Our investigator examined all the evidence from both parties and concluded that the offer of £4,000 compensation was appropriate in the circumstances of this complaint.

Mr H remained unhappy with this view, so the complaint has been passed to me to 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 done so, I agree with our investigator and do not uphold this complaint.

Having said that, I can appreciate that this will be disappointing to Mr H, so I will explain how I have reached my decision.

Looking first at Mr H's contention that his policy was mis sold to him as he believed it would provide an income for life, I can see from the evidence provided that Royal London did not provide any advice to Mr H to encourage him to take out this plan. Royal London's role was limited to providing the plan that Mr H applied for. The advice to take out the plan was given to Mr H by his IFA, so I can't hold Royal London responsible for the advice Mr H received.

If Mr H still believes that his policy was mis sold, he should complain to his IFA about the advice he was given at the time.

Turning now to the two payments that Mr H says he did not believe that he had received, I note that he is now satisfied that he did receive the payment of £35,000 gross in 2015.

I note that Mr H has still been unable to find records relating to the tax free lump sum he received in 2005, of c£38,000. I've seen the letter that Royal London wrote to him on 2 March 2005. This stated that a cheque in respect of his tax free lump sum was included. I can see on Mr H's copy of the letter he has written that he telephoned Royal London to tell them that no cheque was included with the letter. He also pointed out that the second initial on his name was incorrect, although the letter was correctly sent to his postal address. Royal London has checked its complaint records from this time and is unable to find any record of complaint or other contact from Mr H about a missing cheque.

Mr H says that he can find no record of the payment in his bank records. Royal London has provided evidence to show that the cheque was correctly made out to Mr H and cashed on 7 March 2005. Owing to the passage of time, Royal London is unfortunately not able to provide a copy of the cheque. Where contradictory information is inconclusive, I have to make a decision based upon what I believe is most likely to have happened. In this situation. In this case, I agree with our investigator that it is most likely that the cheque was paid into an account by Mr H. I say this because it is a significant sum of money, and if Mr H believed that it had not been sent to him, as the letter indicated, he would have made strenuous efforts to raise this with Royal London at the time. Royal London has no record of any such

enquiry or complaint about the cheque not arriving, and it was cashed very shortly after it was sent. Given this, I can't see that Royal London has done anything wrong in this respect.

The final part of Mr H's complaint is that Royal London did not provide him with any warnings that his pension fund was running out, and that would inevitably lead to his pension income ceasing.

Royal London has acknowledged that it failed to send him regular updates on the value of his plan, and did not notify him in advance that his monthly income would stop.

It apologised for this and offered Mr H £4,000 compensation in respect of the distress and inconvenience this failure to keep him informed had caused him. Mr H believes that this is insufficient and would like it to be increased.

I now have to make a decision about whether I think this level of compensation is fair and reasonable in the circumstances of this complaint.

From the evidence provided, I can see that Mr H told our investigator that he knew the value of his fund was c£59,000 in 2017. Since that time, Mr H has continued to take monthly income of over £475. He also withdrew a lump sum of £10,000 (gross) on three occasions. The last of these lump sum withdrawals was made in January 2021, after Royal London had informed him that the value of his fund had fallen to c£23,000.

Royal London has acknowledged that it made a mistake by not sending Mr H annual statements of account in recent years or informing him of the imminent cessation of his monthly pension income.

Having carefully considered the evidence, I also can't see that Mr H would have acted in any significantly different way if he had known. I can see that when he knew his fund value was falling he continued to make lump sum withdrawals.

Given this, on balance I think the compensation offer Royal London has made is appropriate and I won't ask it to do any more to resolve this complaint.

### **My final decision**

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

The Royal London Mutual Insurance Society Limited trading as Scottish Life Pensions does not need to do any more than it has already offered to resolve this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 22 July 2024.

Bill Catchpole  
**Ombudsman**