

## The complaint

Mr B has complained about the administration of his pension plan by The Royal London Mutual Insurance Society Limited (Royal London). He is concerned that it has not provided him with the evidence to support its action in applying a retrospective charge to his policy. This is intended to correct a discounted annual management charge (AMC) it said was applied to his policy in error.

To resolve matters, Mr B would like Royal London to provide the necessary evidence to back up the deductions it has made to his policy.

He would also like Royal London to compensate him for the distress and inconvenience this has caused him.

## What happened

I issued my provisional decision in July 2024. the relevant parts of which are reproduced below and forms part of my decision:

*I'm mindful of the fact that this is a complicated case with much evidence to consider. For the purposes of brevity and clarity I have only included information which I feel is directly relevant to the main issue of Mr B's complaint.*

*Mr B held a personal pension with Royal London. In 2019, he asked for the Fund Based Renewal Charge (FBRC) associated with his pension to be removed to resolve an earlier complaint he had raised. At that time, Royal London were unable to remove the charges from his policy, so it set up a temporary work around which would re credit the charges to Mr B's policy each month.*

*The net effect of this was that Mr B's policy was correctly charged the right level of AMC after the FBRC had been removed.*

*In 2021, however, Royal London implemented a project which allowed the FBRC to be removed from Mr B's account, along with the accounts of similarly affected policyholders. This project was implemented on 26 October 2021 which led to the FBRC no longer being applied to Mr B's policy from that date. Owing to an error by Royal London, however, the balancing credits continued to be applied to the policy. The net effect of this was to remove the FBRC twice, resulting in the charges to Mr B's policy being lower than they should have been.*

*This error came to light in 2023. Royal London wrote to Mr B on 11 July 2023, explaining the situation. It also gave him incorrect information about the level of fund charges on one of the constituent funds his pension benefits were invested in.*

*Mr B complained to Royal London on 3 August 2023, as he felt that it had not adequately explained the situation or provided evidence to show the charges it wanted to make to his policy were correct and justified. Mr B asked Royal London to provide him with a list of the credits applied to his pension plan in a format he could understand.*

*Between August and November 2023, Mr B and Royal London communicated a number of times by email and telephone. Royal London explained to Mr B how the error had arisen and that:*

*We are required to correct your plan from the time of the error.*

*It went on to explain how it proposed to achieve this. The error was subsequently corrected in November 2023. Mr B, however, remained unsatisfied with the information that Royal London had provided to show what the level of incorrect charges were and how they had been calculated.*

*Unhappy with Royal London's seeming inability to provide him with the information he sought, Mr B brought his complaint to our service.*

*Our investigator examined all the evidence provided and requested further information related to the charges on Mr B's policy in an attempt to resolve the complaint. Royal London was able to provide some information, but not in a format that Mr B could readily understand or that answered all his questions.*

*Our investigator then proceeded to write a view upholding Mr B's complaint and recommending that Royal London should pay him £250 in relation to the distress and inconvenience its mistakes had caused him. They also thought that Mr B's information request of Royal London was a reasonable request.*

*Royal London responded to this view by sending an excel workbook providing details of some of the information Mr B had requested but maintained that it was unable to provide the full details Mr B had asked for. It also accepted the compensation award.*

*Our investigator forwarded the information to Mr B who was not satisfied that it helped him understand the situation. Our investigator subsequently issued a revised view, repeating his recommendations.*

*Royal London responded to this view by maintaining that it could not provide the full details Mr B had asked for but offered to increase the compensation award to £500 to try and resolve this complaint.*

*Mr B remained unhappy, so the complaint has been brought to me to make a final decision.*

*Prior to writing my decision, I wrote to Royal London asking for some further clarification of the total amount of charges that it had debited to Mr B's plan and the basis on which these had been calculated. Royal London responded by providing this information together with a breakdown of the original and hypothetical charges that should have been made to the policy on a monthly basis. This indicated that the total amount it took from Mr B's pension policy to correct the overpayment of credits is c£2,800.*

*Our investigator passed this information to Mr B to see if this adequately explained the situation to him. Mr B remained unhappy, so I have now issued this provisional decision.*

*Mr B replied to my provisional decision with some further queries, which I passed to Royal London together with some further queries of my own for its consideration.*

*As Royal London replied to these queries to say:*

- The charges shown on Mr B's June 2023 statement continued to be incorrect as all statements from June 2019 until June 2023 (inclusive) contained inaccuracies. The June 2024 statement he has been provided now reflects the correct position.
- It has now produced historic statements for 2023, 2022 and 2021, which is as far back as it is able to go.
- The higher level of charges for internal, rather than external, charges arise because the first 1 percentage point of external charges are included within the Royal London Internal fund charge. The external charges shown consequently only reflect any external charge in excess of 1%.

Royal London also reiterated that it remained unable to produce the information Mr B had requested but had provided information that was as close as possible to what he had asked for. It also considered that he had not suffered a financial loss.

Royal London also indicated that it would accept a higher level of compensation for Mr B's distress and inconvenience to resolve the complaint.

### **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 intend to uphold this complaint. As Royal London issued further information to Mr B after our investigator issued their second view, I think it's fair that both Mr B and Royal London have an opportunity to consider my findings before I issue my final decision.*

*Firstly, I think it's important to reflect upon the role of this service. Our role is to impartially review the circumstances of a complaint and make a decision on whether a business has made errors or treated a customer unfairly. Where it has, we expect a business to compensate a customer for any financial loss and distress and inconvenience they have suffered as a result. Our aim when awarding compensation is not to seek to punish a business for the mistakes it makes, rather to put the consumer back in the position they would have been in had the mistakes not been made. In this instance, however, I have to try and ensure that Mr B's policy is restored to level that it would have been if Royal London had not made the mistakes it did and that it treats him fairly when doing so.*

*I'd also like to say that Mr B has never suggested that Royal London should not seek to reclaim the extra credits it has made to his pension, but he would, understandably, like to know how the error occurred and be satisfied that Royal London has adjusted his pension charges correctly. I can fully understand Mr B's frustration as he has tried for a prolonged period to ask Royal London to explain its calculations in a way that he could understand.*

*I think Royal London has explained adequately how the error arose and the method by which it proposed to correct it. It has, however, failed to communicate to Mr B how it has calculated the charges in a suitable manner.*

*Having said that, given the length of time this situation has been going on, I'm not convinced that Royal London will ever be in a position to satisfy Mr B's reasonable information request. I do think that it has provided a level of information which should enable Mr B to be reassured that the charges it applied are of the right order of magnitude. As our investigator noted, this service cannot provide an actuarial service or check calculations. I also find in the circumstances of this complaint that Royal London's offer of £500 in respect of the distress and inconvenience it has caused Mr B is appropriate. I also consider it proportionate to the amount it has taken back from his pension policy.*

*Furthermore, I've also considered that Mr B will have benefitted to some extent from the growth in value of the higher number of units his policy contained during the period the error persisted.*

*While I can appreciate Mr B's frustration with Royal London's inability to fulfill his reasonable information request, I do not believe that further prolonging this complaint will bring forward any additional information for him.*

I have considered the points raised by both Mr B and Royal London in respect of my provisional decision. I can fully appreciate the frustration that Mr B has encountered when seeking answers to his information requests, but I remain satisfied that prolonging this complaint will not bring forward the information he has asked for. I will, however, ask Royal London to increase its payment in respect of the distress and inconvenience it has caused Mr B by allowing the initial error to arise and its inability to provide the information he has asked for to reassure him that his policy value is now correct.

### **Putting things right**

To resolve this complaint, Royal London must pay Mr B £700 compensation for the distress and inconvenience it's errors have caused him.

It should also send him the amended historical statements it has produced, if it has not already done so.

### **My final decision**

For the reasons given above, I uphold Mr B's complaint.

The Royal London Mutual Insurance Society Limited should pay Mr B the sum of £700 in total to include any payments already made to him.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 5 November 2024.

Bill Catchpole  
**Ombudsman**