

The complaint

The estate of the late Mrs B complains that The Royal London Mutual Insurance Society Limited ("Royal London"):

- Didn't provide the executors with the date of death values for Mrs B's policies until the executor had asked four times.
- Couldn't provide copies of the annual statements from 2010.
- Took too long to trace the executors to tell them about the policies. This meant additional inheritance tax ("IHT") was payable and the estate incurred interest of £4,886.61.
- Continued to charge its management fees, so was making money from the policies rather than actively trying to trace Mrs B or her executors.
- Could've caused the estate additional solicitor fees and delayed the beneficiaries receiving what they were due.

The complaint is brought on the estate's behalf by the executors, who are also Mrs B's children.

What happened

Mrs B had four policies with Royal London. In 2010 she moved into a care home. Royal London wasn't made aware of her new address. This meant the annual statement for 2010 was returned as "gone away". There was no further contact between Mrs B and Royal London. Mrs B passed away in September 2012.

The executors were unaware that Mrs B held policies with Royal London until September 2023 when Royal London wrote to one of them enclosing a claim pack.

The executors returned the completed claim form and necessary paperwork in December 2023, and their account was credited with the policies' proceeds at the end of the month. But Royal London said it couldn't provide the value at the date of death, saying the claim value should be used. It took the executors four attempts until Royal London sent them the value for probate purposes.

HMRC charged the estate interest for the period from 1 April 2013 to 31 July 2024 for the late IHT payment due on the policies.

Royal London said it wasn't aware of Mrs B's change of address in 2010, or of her death in 2012. It said it followed its usual process to trace Mrs B after it hadn't received any contact from her for a number of years and that it had paid the estate the policies' proceeds shortly after receiving the necessary paperwork.

Our investigator thought it took Royal London too long to tell the executors the value of the policies for probate purposes and that the delay – of 150 days – resulted in an interest charge on the IHT of £384.96 which she thought Royal London should pay to the estate. She didn't think Royal London had done anything else wrong.

Royal London agreed with the investigator's conclusion.

Mrs B's executors didn't agree. They said, in summary, that:

- It is immoral that Royal London made no effort to trace Mrs B following one letter being returned.
- Royal London was able to trace one of the executors after 13 years, but it could have done so much earlier.
- Royal London continued to charge an annual management fee during these 13 years but can't provide statements or other information for those years.
- They think compensation of £3,000 fairly reflects what they lost.
- They would like to know how much money Royal London made from the investment.

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 find I have come to the same conclusion as our investigator for the following reasons:

Royal London didn't know Mrs B had moved into a care home in 2010. I appreciate this would have been a difficult time for Mrs B and she may not have been able to contact Royal London herself. The executor suggests Mrs B's failing eyesight and memory may have led to any Royal London paperwork being destroyed, so I understand there was nothing to alert anybody else that Royal London needed to be contacted. Nevertheless, it remained the policy holder's responsibility, or their representative(s), to keep Royal London up to date with their contact details. Unfortunately, I don't find there's evidence to show Mrs B, or anyone on her behalf, did this.

When Royal London sent its annual statement in 2010, it was returned as "gone away". I don't find there was an obligation on Royal London to take action to try to find out Mrs B's new contact details. I think it acted fairly and reasonably in marking her account as "gone away" and not sending any further correspondence to the address it had held in its records as it was on notice that Mrs B most likely no longer lived there. I don't think it was inappropriate to wait for Mrs B to make contact and to continue to manage her policies in the meantime.

At this point, it's important to explain that this service is not the regulator and my role is not to tell a business how it should treat all customers or how it develops its internal policies. My role instead is to resolve individual complaints and to award redress where appropriate. Royal London has provided us with some information about its policies and procedures for tracing "gone aways" and this has changed over time, partly in response to regulatory guidance. Whilst Royal London had a tracing capability before 2015/16, it was smaller in scale and, bearing in mind the number of policies it manages, it probably wouldn't be appropriate to actively investigate every gone away. That said, the procedures did include periodic tracing. I'm satisfied that in this case Royal London followed its procedures as in 2015 it sent a communication to Mrs B's last known address, in an attempt to trace her. But no contact was received.

In 2015/16 the financial regulator, the Financial Conduct Authority ("FCA") and the Association of British Insurers ("ABI") provided guidance to businesses about their

expectations in scenarios like Mrs B's, although it was still Royal London's responsibility to decide its own procedures. Royal London decided which policy holders it would prioritise for tracing (partly based on age, for example those holders at or approaching retirement) and how often it would re-attempt tracing. I'm satisfied that Royal London acted in line with its policies and procedures in attempting to trace Mrs B, which led to it making successful contact with one of her executors in 2023.

I appreciate the executors are keen to know how much money Royal London made from the policies, but I don't find this will make a difference to the overall outcome here. And I don't find there's any obligation on Royal London to refund its management fees as it was still administering the policies during this period.

I agree with our investigator that Royal London should have been able to provide values for probate purposes much sooner than it did and it shouldn't have needed multiple requests from the executor. If there hadn't been a delay, the executors could have reported the figures to HMRC for IHT purposes 150 days earlier than they did. Royal London should pay the estate the equivalent of 150 days interest on the IHT which amounts to £384.96.

The executors say the work required to submit new estate values and pay the additional IHT would have resulted in a solicitor's fee if they hadn't done it themselves. But I can only award compensation for actual financial loss, not for something that might have happened. And, whilst I appreciate the extra work, and worry, this caused the executors, as our investigator has explained it is the late Mrs B who is the eligible complainant here and I can't award the executors for the distress and inconvenience they've been caused.

My final decision

My final decision is that The Royal London Mutual Insurance Society Limited should pay the estate of the late Mrs B £384.96.

Under the rules of the Financial Ombudsman Service, I'm required to ask the estate of Ms B to accept or reject my decision before 29 September 2025.

Elizabeth Dawes
Ombudsman