

## **The complaint**

Mr H complains that The Royal London Mutual Insurance Society Limited sent him statements and continued to take premiums from his bank account even after it says it had closed his pension account.

## **What happened**

Mr H had a personal pension policy with Royal London. He commenced the policy in 1989. He says he was receiving statements for his policy right up to 2024 and Royal London continued to collect the monthly premiums from his bank account. He contacted Royal London in August 2024 and asked it to tell him what his options were regarding taking his pension. At that time, he says his statements showed that the policy was worth around £80,000.

Royal London told Mr H the policy had in fact been closed down in 2021. It refunded the premiums it had collected since 2021 but didn't provide any explanation for what had happened. He complained to Royal London.

Royal London investigated his complaint. It said his policy had been made up of two elements – a voluntary element and a rebate element. It had paid the tax-free cash amount on the rebate element to him on 19 January 2021 and the remaining value for the rebate element had been transferred to another provider ("L"). It said Mr H had set up an annuity with L. It had paid the tax-free cash amount for the voluntary element to Mr H on 20 February 2021, and the remaining value of the voluntary element had been paid to another provider ("J"). Mr H had also set up an annuity with J.

Royal London said it had sent letters to Mr H and his annuity providers at the time.

Royal London said that as a result of an administrative oversight it had not correctly closed his policy down. That was why he'd continued to get statements and why it had continued to collect premiums. It apologised for its error. It said it had already refunded the premiums it had collected in error, but it acknowledged it hadn't provided any explanation to Mr H. It apologised for this and paid him 8% per annum simple interest on the premiums it had collected in error. It also paid him £400 for the inconvenience and loss of expectation he'd been caused.

Mr H did not think this was enough compensation for what happened. He complained to our service.

Our investigator looked into his complaint. She said that when a business made an error, we look to see whether it had done enough to try to put things right. She noted that Royal London had refunded the overpaid premiums together with late payment interest. It had also paid Mr H £400 for the distress and inconvenience he'd experienced. She thought that was in line with our guidelines for awards of this nature and was fair for the considerable distress and upset Mr H had been caused. It had required a reasonable amount of effort on Mr H's part to sort the matter out. So, she thought Royal London had done enough. She didn't think it should have to do anything further to resolve Mr H's complaint.

Mr H didn't agree. He said he believed it was unfair. He also said he hadn't been given the correct information at the time and if he'd known no lump sum would be available in the future he would have left his funds untouched. He felt he'd been misled.

Because Mr H disagreed, the complaint has been passed to me to decide.

### **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.

At the outset I'd just point out that in this decision, I'm only considering the complaint Mr H made about premiums being collected for his pension account and statements continuing to be sent to him after Royal London says it had closed his pension. He has recently told us that he felt he'd been misled in 2021 at the time when his pension account with Royal London was closed down. But he will have to raise that complaint separately. I will not be able to consider or comment on that matter in this decision.

There is no dispute that Royal London made errors here. It has acknowledged it should have closed Mr H's policy down, on its systems in 2021. If it had done that it wouldn't have continued to collect monthly premiums and it wouldn't have sent him annual statements after 2021.

I've looked at the correspondence Royal London sent Mr H in 2021. On 19 January 2021 he was sent two letters. These stated that an amount of just over £26,400 had been issued to him which was to be used in accordance with the Open Market Option (OMO). The letter set out that the payment was made up Protected Rights cash and an OMO uplift. That payment was sent to L. In addition, a tax-free cash sum of around £5,000 had been paid to Mr H.

On 20 February 2021 he was sent two further letters. These stated that an amount of around £45,400 had been issued to him which was to be used in accordance with the OMO. That payment was sent to J. A tax-free cash sum of just over £15,000 was also paid to Mr H. One of the letters issued on 20 February 2021 included the following paragraph:

*"Finally, we would like to take this opportunity to thank you for your investment with us and we wish you well in the future for a long and happy retirement."*

I've also noted that the payment made on 20 February 2021 was processed through the Origo Transfer Service. Origo is an electronic system used to transfer funds from one platform to another. The Origo records state that the transfer request was to transfer "all funds."

In total, Royal London paid out just under £92,000 in 2021.

Mr H purchased two annuities in 2021 (with L and J respectively) on the open market, and he accepts he's been in receipt of the annuity payments since. So, although the letters he was sent in 2021 didn't specifically state that the policy had been closed down, I'm satisfied, on balance, Mr H had received the full value of his Royal London policy in 2021.

As I've stated above, Royal London accepts it made an error when it failed to close the policy down, at that time, on its systems. It accepts it shouldn't have continued to collect premiums. And because it had failed to close the policy down the statements it issued were incorrect – and shouldn't have been issued. It has also acknowledged that when Mr H complained in 2024, it should have sent him an explanation of what had gone wrong rather than simply refunding the overpaid premiums to him.

When, as happened here, a business makes a mistake it's not our role to fine or punish it. Instead, we look to see what it has done to try to put things right. And we consider whether the actions it has taken to try to put things right are fair and reasonable in all the circumstances. So, I've thought about that here.

### *Financial Loss*

First, I've thought about the financial loss Mr H incurred. Royal London continued to collect monthly premiums from his account since 2021 right up to the date when he complained in 2024.

Royal London has refunded all of the overpaid premiums.

In these circumstances we'd also usually ask a business to pay interest at 8% simple per year - to reflect the cost of Mr H being deprived of his funds. The rate of interest is gross before tax is deducted.

I can see that Royal London has already paid Mr H 8% per annum simple interest on the premiums it collected in error. I think that's fair and reasonable and in line with what I would have expected it to have done. So, I don't require it to have to do anything further to compensate Mr H for the financial loss he incurred when Royal London continued to collect premiums after 2021.

### *Distress and Inconvenience*

I've then thought about the distress and inconvenience Mr H experienced when he was told in August 2024 that his policy didn't have any value – even though he'd been getting statements which indicated it had a value of around £80,000. However, as stated above the full value of the policy had already been paid to Mr H in 2021. The information on the statements was incorrect. So, he wasn't entitled to any further payments.

Royal London has paid him £400 by way of compensation for the inconvenience and loss of expectation he experienced.

I can understand why Mr H was shocked that the policy had no value and why he would have been disappointed by what he was told in August 2024. He experienced considerable distress and upset at that time. And, he had to spend a reasonable amount of effort contacting Royal London to try to get explanations and a response to his request for more detailed information about what had happened.

Having considered everything, although I know it will disappoint Mr H, I'm satisfied on balance that the compensation Royal London has already paid him (£400) is fair and reasonable in all the circumstances that applied here and is also in line with our guidelines for awards of this nature. So, I don't require it to have to do anything further to resolve this complaint.

### **My final decision**

For the reasons set out above, I do not uphold this complaint about The Royal London Mutual Insurance Society Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 2 September 2025.

Irene Martin  
**Ombudsman**