

The complaint

Representatives of Mrs M complained to the Omnilife Insurance Company Limited about information provided in respect of her annuity income.

What happened

Mrs M originally started an annuity with the Hodge Life Assurance Company in December 2002. In April 2023 Hodge Life's business fully transferred to Omnilife, following a purchase of the business at an earlier stage. We have been provided with a copy of the original schedule relating to the annuity from December 2002.

In December 2022 Mrs M's annuity providers wrote to her to let her know that when they provided the R185 Certificate for the tax year 2021 to 2022, there had been an error in the certificate. They explained the certificate was provided to confirm the amount of taxable income she had received in the previous year. They noted that not all of her annuity income had been taxable and the certificate was intended to show the amount of tax that the provider had deducted from the taxable portion of her annuity. Although the R185 had provided the correct income tax deducted figure, they had reported the total amount of annuity income paid to Mrs M rather than just the taxable sum. They explained they were attaching an amended correct version.

In March 2023 a pensions administrator for Hodge Life emailed one of Mrs M's representatives repeating the information contained in a letter of December 2022. They went on to say that the previous forms issued also included the non-taxable part of the annuity in the gross payment field.

Complaint

Mrs M's representatives complained to Omnilife that since 2005 when her representatives had first applied on behalf of Mrs M for a state benefit known as pension credit, the R185 certificates they submitted annually had been wrong. They had stated that she had a £3,840 gross income and this had led to her being awarded a limited pension credit payment. Once this had been revised by the Department for Work and Pensions (DWP) after the letter of December 2022 (where they say the gross figure ought to have been £1,703 and £1,362 after tax), the DWP significantly raised the level of pension credit entitlement.

Responses from Omnilife

In February 2024 Omnilife upheld the complaint and apologised. They confirmed that the R185 certificate issued for the 2021-2022 tax year had quoted the full gross amount rather than just the taxable gross. Omnilife accepted this had led to Mrs M's representatives providing incorrect figures to the DWP which had impacted the level of pension credit received by Mrs M.

Omnilife said they had used the figures supplied by Mrs M's representatives to calculate the difference in benefits Mrs M should have received from 8 February 2021 to 10 April 2023 and this totalled £1,961.71. Omnilife also included lost interest for this shortfall using an

interest rate of 8% simple a year which totalled £310.42 gross (£248.34 after a deduction of tax). And they provided the tax certificate in respect of this payment.

Omnilife arranged for the payment to be made to Mrs M's bank account and also included a payment of £250 to represent the distress and inconvenience involved.

Omnilife said they had reviewed what was said about incorrect figures being used on previous certificates, but having reviewed their records there was nothing to indicate there had been an error on the past certificates issued. However they invited Mrs M's representatives to return if either they or the DWP's investigations showed this to be incorrect.

Mrs M's representatives went on to make a further complaint about service and errors in administration. They said this reflected the conclusion of the DWP's investigations. I have not seen anything provided from the DWP on this or any investigation.

Omnilife did not uphold this complaint. They provided information on the type of annuity policy held by Mrs M and sent a copy of the original policy schedule. They referred to government information on pension credits which suggested to them that the DWP were likely to consider both capital and interest elements in their calculations on income for the purposes of pension credit. They noted this was not their area of expertise and suggested this should be discussed with the DWP. They acknowledged the previous error in the 2021 to 2022 certificate had led to a deterioration in trust, however they did not think based on their investigations there was anything to persuade them previous certificates had been inaccurate.

Mrs M's representatives were not satisfied with the response.

Omnilife acknowledged they felt frustrated and understood this would be harder where the DWP had led them to believe further benefits may be owed. However they repeated that they had no knowledge of any mistakes on previous certificates issued and so they were not upholding any further complaint. Omnilife suggested the representatives may wish to seek clarification from the DWP over which income needed be declared and what could be submitted to evidence income.

It is apparent there were further communications, as at the end of March 2025 Omnilife wrote to the representatives and said that the following the recent conversation, their senior management team had been spoken to, but the position of Omnilife remained unchanged. They noted that in 2022 after Omnilife took ownership of Mrs M's policy the R185 certificate format did change to what had been issued previously, as they had adopted the standard government template. Within the new certificate format they only advised on taxable amounts, albeit there had been the one tax year (2021- 2022) where they were aware of incorrectly issuing gross amounts but this had been later rectified.

Omnilife set out that the earlier R185 certificates had contained the gross payments as highlighted by Mrs M's representatives, however they also confirmed the taxable element and therefore the earlier certificates were correct.

Omnilife continued to think the use of the R185 certificate was for tax purposes and as such they were not designed to be used for the DWP to evidence total annuity income received.

Investigator's view

An Investigator at this Service considered the complaint but did not uphold it. He was provided with further information and submissions but did not change his thinking.

Further information

The Investigator shared some of the further information provided by Omnilife. This included that they had reviewed the historic certificates provided on behalf of Mrs M and did not find any errors in them. The only error identified was the one previously acknowledged and corrected for the 2021 to 2022 tax year.

Omnilife also set out information about how they said the R185 format had changed over time. Omnilife said that certificates go through a peer review process and there had been no similar complaints from other customers.

Omnilife repeated what had been said before that the R185 certificate is intended for tax reporting purposes and not as a proof of income for state benefits such as pension credit. They continue to believe they followed the correct process and that the figures reported were accurate.

Mrs M's representatives did not agree and asked for an Ombudsman to consider the complaint. They asked me to take into account that the R185 annual certificates are regarded as legal documents and consider it to be the only annual documentation that can be provided if requested by the DWP. They say the DWP asked for a copy of it in 2005 and continue to do so. They say that when the new certificate was presented to the DWP, Mrs M's pension credit trebled. Her representatives wanted to know why the 2021/2022 certificate was wrong. Mrs M's representatives say that any reference to the R185 certificate not being intended to prove income and tax affairs is poor and erroneous.

Provisional decision

On 18 September 2025 I issued a provisional decision. This shared that I did not intend to uphold Mrs M's complaint and why. Parties were given the opportunity to respond, but I did not require any further submissions or information.

Mrs M's representatives confirmed receipt and said they intended to respond the next week. However nothing further was provided and I am comfortable that sufficient time was allowed for this; indeed additional time was provided after the date when they were asked to respond by. Nothing was received from Omnilife.

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.

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. In deciding this complaint, I've taken account of the law and any relevant regulatory rules, guidance and good industry practice at the time.

In addition, I've also carefully thought about everything said and provided on behalf of Mrs M and Omnilife. Where the evidence is unclear I make my decision based on the balance of probabilities. Or put another way, based on what evidence I do have, together with the surrounding circumstances, I've thought about what I think is most likely to (or should) have happened.

I am not upholding the complaint made on behalf of Mrs M. This is because Omnilife did what they ought to have done when they identified an error, and they did this in an

appropriate and timely way. I have not found there have been other errors, nor have I been provided with anything to persuade me Mrs M has experienced further financial losses caused by Omnilife. As such I don't require Omnilife to do anything further.

Omnilife identified the error for the R185 certificate issued for the tax year 2021 to 2022 and contacted Mrs M about this. They apologised and rectified the position and went on to address the loss they had calculated they had caused. It has not been suggested the redress approach for this period was flawed. They made a payment of interest at an appropriate level to represent the fact she had not received money they thought she was entitled to. Omnilife also made a payment to represent distress and inconvenience.

I acknowledge this appears to have caused Mrs M's representatives to have lost some trust in Omnilife, however this Service does not have a punitive role and Omnilife have done what I would expect them to have done here. I haven't seen anything that persuades me that other R185 certificates issued, including those prior to the tax year 2021 to 2022 were wrong, nor that they can be linked to any loss occasioned to Mrs M that ought to be considered attributable to Omnilife.

Omnilife provided a spreadsheet that sets out all payments since the inception of Mrs M's annuity in December 2002. This is consistent with the policy schedule issued in December 2002, which has previously been provided and confirms the annuity payments. Annually Mrs M's annuity provides a gross sum of £3,840 year. Of which the annual capital content is £2,136.96 (£178.08 a month) and the taxable content £1703.04 (£141.92 a month). Leading to a net annuity of £3,499.44; meaning a monthly instalment to Mrs M of £291.62.

Having seen the historic R185 certificates provided. In 2006, 2017, 2018, 2019 and 2020 the area which is entitled gross payment correctly records the gross sum of £3,840 year, it also records the taxable content £1703.04, the amount of tax deducted (£340.56) and the net annuity of £3,499.44. There are later different formats, but there is nothing that suggests to me the certificates recorded the wrong information.

I have not been provided with information from the DWP in respect of any assessment, review, investigation or reassessment of pension credit entitlement. I accept because of what Omnilife were apparently told and/ or provided with in 2023, that Mrs M did start to receive more pension credit. It is not the role of this Service to assess or review any potential state benefit entitlement. I have not seen anything here that persuades me Mrs M might have been suffered a loss when it comes to state benefit entitlement when it comes to anything done by Omnilife, or for which they are responsible, particularly not in any way that means Omnilife need to do anything further. It is also not for this Service to decide what documents can be provided to or required by the DWP in respect of any claim it considers.

I appreciate Mrs M's representatives have said they want more information about how the 2021 to 2022 certificate error occurred. I am satisfied sufficient information has been provided and why the format changed.

My final decision

For the reasons given I am not upholding Mrs M's complaint about the Omnilife Insurance Company Limited.. Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs M to accept or reject my decision before 4 November 2025.

Louise Wilson
Ombudsman