

## Ombudsman's Determination

Applicant	Mr S
Scheme	Royal London (formerly Scottish Life) – Talisman Personal Pension Plan ( <b>the Plan</b> )
Respondents	Royal London Group ( <b>Royal London</b> )

### Outcome

1. I do not uphold Mr S' complaint and no further action is required by Royal London.
2. My reasons for reaching this decision are explained in more detail below.

### Complaint summary

3. Mr S says Royal London gave him incorrect information about his policy and did not tell him, before 2012, about changes to the Plan's terms and conditions (**T&Cs**), namely, the removal of (i) guaranteed annuity rates (**GARs**) on contribution increases from 1 January 1995, and (ii) the option to increase regular contributions from 31 January 2006. Mr S says he would not have reduced his monthly contribution in June 1997, from £50 to £10, if he had known about (i) at that time.
4. Mr S says the Plan has changed completely and he feels he was mis-sold it. Mr S has submitted a copy of an announcement from Equitable Life, to certain policyholders following the House of Lords ruling in July 2000 (**July 2000 Ruling**), which confirmed that Equitable Life were not entitled to pay lower final bonuses to policyholders who claim the benefit of GARs. He argues that whilst this is not quite the same issue as his complaint they share the basic principle.
5. Royal London have acknowledged that they incorrectly informed Mr S in 2012 that GARs did not apply to his Plan. They have offered Mr S £200 in compensation for the error.
6. Mr S wants to be allowed to increase his monthly contribution to at least £50 and he is not happy with the offer that Royal London have made.

## **Background information, including submissions from the parties**

7. Mr S took out the Plan in 1986 through Knighthood Assurance Consultants (Southern) Ltd (**KAC**), now linked to the TenetConnect group (**TC**). Mr S' address was provided in his application.
8. Royal London say their pension products are sold via a third party and the Plan's T&C were sent to Mr S and KAC when the Plan was taken out.
9. The Plan's booklet says that it, the policy schedule, and any other endorsement signed by an authorised officer constitutes a policy issued by the Company. Clause 1.1 of the Plan's conditions provides for .... "alterations in the level of Regular Premiums ... at any time before the policy vests subject to such limits, terms and conditions as the Company may from time to time impose". Clause 29.2 of the same states: "if at any time during the term of the policy....the policy is altered, the Company will make such alterations in the provisions as the Company's Actuary deems appropriate in the circumstances."
10. In August 1993, KAC informed Scottish Life (now Royal London) of Mr S' "new" address, which was the same address as that stated on his original application form. In September 1993, Scottish Life acknowledged receiving this notification.
11. Around November 1994, Mr S gave authority to MJ Winfield (independent financial adviser) to make an enquiry to Royal London about his Plan. Mr S' address was unchanged from that stated in his original application. Mr S did not instruct Royal London to transfer the servicing rights of his policy to MJ Winfield.
12. In December 1994, Royal London issued an announcement to policyholders (and as applicable, their financial advisers) that GARs would only apply up to the level of any regular contributions being paid on 31 December 1994.
13. Royal London say Mr S and his financial adviser were included in the mailing. Mr S says neither he nor his adviser received it.
14. In June 1996, Royal London wrote to Mr S, at the address notified by KAC under paragraph 10, enclosing a "self-employed premium certificate" for his Plan.
15. In October 2000, Heath Crawford (HC) wrote to Royal London enclosing a letter of authority from Mr S, appointing them as the servicing agents on his policy. Royal London replied to HC at their correct address later that month.
16. In February 2003, HC notified Royal London of Mr S' current address. Royal London confirmed the update to their records the same month but their letter misquoted the first digit of Mr S' post code.
17. In March 2004, Mr S authorised Royal London to release information to Fullbrook Financial Planning Services (**FFPS**) about his policy. He did not instruct Royal London to transfer the servicing rights to FFPS.

18. In December 2004, Royal London wrote to Mr S at his correct address about the payment of his contributions by standing order.
19. In December 2005, Royal London sent a further announcement to policyholders (and their financial advisers) about changes from 31 January 2006, which included the removal of the option to increase regular contributions.
20. Royal London say the servicing agents shown on their records as appointed on Mr S' Plan are KAC (now shown on their records as TenetConnect Limited) and HC.
21. Mr S says he has had a number of advisers: MJ Winfield in December 1994, FFPS in 2004 and HC. He says HC have had full access to his Plan since October 2000.
22. Royal London say Mr S and his financial adviser were included in the December 2005 mailing and that the policy changes were publicised on their website.
23. Mr S says he and his advisers did not receive the December 2005 announcement.
24. HC was acquired by Heath Crawford Financial Services LLP (**HCFS**) in 2008. HCFS have no record of the 2005 announcement and are unable to confirm whether Mr S' adviser told him about the changes.
25. In April 2015, Knighthood Corporate Assurance Services (**KCAS**) sold KAC, their financial services business, to TenetConnect but retained files for past clients. KCAS have been unable to locate records for Mr S.
26. Mr S says he first became aware of GARs after reading "something in the papers". In March 2012, he enquired about increasing his monthly premiums to £100 (and about making certain other changes to his Plan). He also asked Royal London whether GARs applied to his Plan and for a copy of the policy T&Cs. Royal London replied the same month that he could not increase his monthly contributions, as the Policy was closed to new business. They also stated (wrongly) that GARs did not apply to his Plan.

### **Adjudicator's Opinion**

27. Mr S' complaint was considered by one of our Adjudicators who concluded that no further action was required by Royal London. In summary, the Adjudicator said that Royal London appeared to have held Mr S' correct address at the respective time of the 1994 and 2005 announcements and there was no evidence that the reason Mr S did not receive them was because of maladministration by Royal London.
28. Mr S did not accept the Adjudicator's Opinion and the complaint was passed to me to consider. Mr S provided his comments many of which were not new. I agree with the Adjudicator's Opinion, summarised above, and I will therefore only respond to the key points made by Mr S for completeness.

## **Ombudsman's decision**

29. Firstly, Mr S has referred to the July 2000 Ruling. I do not consider that this ruling has any material relevance to his complaint.
30. On balance, it is more likely than not, that the Plan's T&Cs (setting out the GARs) was sent to Mr S and KAC (the adviser who sold the Plan) around the time the Plan was taken out.
31. Clauses 1.1 and 29.2 of the original T&Cs permit alterations to the policy. I am therefore satisfied that the specific changes, announced in 1994 and 2005, do not constitute maladministration by Royal London.
32. Royal London have provided a copy of the template letter used for each mailing. The templates clearly set out the changes.
33. At the time of the 1994 announcement, Mr S' address was unchanged from when he took out his Plan. Royal London were notified of his current address in February 2003. On balance, I am satisfied that Royal London held Mr S' correct address at the time of each mailing and that the mailing was sent to Mr S (as an affected policyholder).
34. While Royal London incorrectly quoted the first digit of Mr S' postcode in their February 2003 letter to his adviser, Royal London's letter to Mr S in December 2004 was correctly addressed. Consequently, it is my view that the error in the 2003 letter was, more likely than not, the result of a typing mistake rather than evidence that Royal London incorrectly held Mr S' address at the time of the 2005 announcement.
35. Mr S says he did not receive either announcement. But letters can go astray in the post. Royal London cannot be held responsible for the vagaries of the postal system.
36. Turning to Mr S' argument that Royal London failed to notify his advisers about the policy changes. Royal London have provided evidence that they were corresponding with KAC in 1993 and HC in 2003. On balance, it is more likely, than not, that Royal London held addresses for KAC and HC at the time of each mailing. I do not think it unreasonable, given the passage of time, that HCFS and KCAS do not have a record of the announcements.
37. While I acknowledge that Royal London have been unable to provide copies of the original mailing lists, or the announcements specifically addressed to Mr S and his servicing agents, again given the passage of time, I cannot reasonably draw any conclusions from this.
38. It is not disputed that in 2012 Royal London wrongly informed Mr S that GARs did not apply to his Plan. That amounts to maladministration. But there was no resultant financial loss to Mr S and I do not consider the matter merits a payment of £500 for distress and inconvenience. Royal London has offered Mr S £200. It is now for Mr S to decide whether he wants to accept this sum by contacting Royal London direct.

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39. Therefore, I do not uphold Mr S' complaint.

**Anthony Arter**

Pensions Ombudsman  
19 July 2016