

## The complaint

Mr and Mrs G have jointly complained that the Independent Order of Odd Fellows Manchester Unity Friendly Society Limited continued to take annual payments from their bank account after their savings plan had matured.

## What happened

The background to this complaint and my initial conclusions were set out in my provisional decision, which I issued last month.

My provisional decision said:

### ***What happened***

*Mr and Mrs G both took out a savings plan with the Independent Order of Odd Fellows Manchester Unity Friendly (Unity) in 2006. The term of their savings plans was 10 years.*

*On 31 August 2016 Unity wrote to Mrs G to tell her that her savings plan would mature on 1 October 2106, when Unity would send a cheque for the savings plan's maturity value. In this letter Unity also said in bold type: "If you pay by Standing Order please contact your bank immediately and request cancellation or alteration (if paying for other policies) of this arrangement".*

*In 2022 Mr and Mrs G noticed that an annual payment of £270 had continued to be paid to Unity after their policies had matured in 2016. They thought that the payment was for a policy held by Mrs G, so they contacted Unity to ask if Mrs G still held a policy with them.*

*Unity wrote back to Mr and Mrs G on 19 December 2022 to explain that no "live" policy was held by Mrs G. Unity explained that Mr G's savings plan which matured in October 2016 had a plan number ending 467, whilst Mrs G's plan number that had matured ended 636. Unity went on to explain that they had received annual payments by standing order from Mr and Mrs G's bank with a plan reference ending 676. Unity also said that this plan reference was not held by either Mr or Mrs G.*

*Unity said that they would refund the annual payments wrongly paid to them by Mr and Mrs G, which totalled £1,890 (£270 X 7), but without any interest added.*

*Mr and Mrs G complained to Unity and said that Unity should add interest calculated at an annual compound rate of 8% to the refunded payments.*

*In response Unity told Mr and Mrs G that they would pay interest totalling £36 to the refunded payments and then subsequently wrote to Mr and Mrs G on 13 February 2023 to say that they would add interest totalling £115.25 to the refunded payments. Unity has said that this interest payment has been calculated using the Bank of England base rate, plus 1%. Unity also said that they would send Mr & Mrs G a gift voucher for £25 as a gesture of good will.*

*Unity wrote to Mr and Mrs G again on 9 March 2023 to explain that they were not upholding their complaint. Unity said that they had written to Mrs G on 31 August 2016 and had advised her to cancel the Standing Order arrangement. Unity also said that under banking rules they couldn't cancel the Standing Order, only Mr and Mrs G could do this. Unity went on to say that they thought their offer to pay interest of £115.25 together with a gift voucher was fair and reasonable.*

*Mr and Mrs G didn't agree with Unity's response, so brought their complaint to the Financial Ombudsman Service. One of our Investigators reviewed their complaint. The Investigator concluded that Unity should have stopped taking any further payments from Mr and Mrs G after their savings plans had matured in 2016 and therefore Unity should pay Mr and Mrs G interest calculated at 8% on the refunded payments.*

*Unity didn't accept our Investigator's view so asked for this complaint to be brought to an Ombudsman.*

### ***What I've provisionally 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.*

*Mr & Mrs G's Unity savings plans matured in 2016. However, an annual payment of £270 continued to be paid to Unity from Mr and Mrs G's bank account. These payments were made on 1 October each year for seven years until Mr and Mrs G noticed in 2022 that these payments were still being made.*

*When Mr and Mrs G contacted Unity to ask if Mrs G still held a savings plan with them, Unity said that Mrs G didn't hold any "live" plan with them. Unity also said that the annual payments that they'd received from Mr and Mrs G's bank quoted a policy reference ending 676, but this plan was not held by either Mr or Mrs G.*

*Unity has said that they will refund all the annual payments they'd received, plus interest of £115.25, and send Mr and Mrs G a gift voucher for £25. However, Mr and Mrs G have said that Unity should pay them interest calculated at 8% a year compound, which they said equals £1,047.55.*

*Unity has said that the annual payments of £270 they received from Mr and Mrs G's bank account from 1 October 2016 to 1 October 2022 inclusive were sent to them by Standing Order. I think that this meant that Unity was not collecting or claiming the annual payments from Mr and Mrs G's bank account through a Direct Debit Mandate, but instead the payments were being sent to Unity each year by Mr and Mrs G's bank through a Standing Order.*

*Unity wrote to Mrs G on 31 August 2016 to tell her about her maturing policy. I've only had sight of this letter sent to Mrs G, I've not had sight of any similar letter sent to Mr G at the same time. However, I think that as both Mr and Mrs G held Unity savings plans that were maturing at the same time, it's reasonable to assume that a similar letter was also sent to Mr G at the same time.*

*In this letter Unity said in bold type: If you pay by Standing Order please contact your bank immediately and request cancellation or alteration (if paying for other policies) of this arrangement". However, neither Mr nor Mrs G cancelled the Standing Order with their bank. This meant that the annual payments continued to be sent.*

*Unity said that they were not able to cancel the Standing Order at Mr and Mrs G's bank. I think that this is right, and that Mr and Mrs G had to cancel the Standing Order.*

*Mr and Mrs G have said in their complaint that they realised in 2022 that payments of £270 a year were "still being taken" from them. But I don't think this is right. As I've said above, I don't think that Unity was taking money from Mr and Mrs G's bank account each year, instead I think that Mr and Mrs G's bank was sending the money to Unity each year through a Standing Order.*

*I think this was because Mr and Mrs G hadn't cancelled the Standing Order that had been set up to pay contributions into their saving plans taken out in 2006, and which matured in 2016. This was despite Unity telling Mrs G in August 2016 that she needed to contact her bank immediately to cancel the Standing Order.*

*I am therefore satisfied that Unity made it clear and prominent to Mr and Mrs G that they needed to cancel the standing order themselves, and I don't think the fact that further payments were made under the Standing Order is something it would be fair to hold Unity fully responsible for.*

*I've considered whether Unity should have taken more action to make Mr and Mrs G aware that they were still receiving annual payments from their bank. Unity has said that the policy reference ending 676 quoted by Mr and Mrs G's bank with each payment wasn't for a policy number that was held by either Mr or Mrs G.*

*Mr G's policy number ended 467 and Mrs G's policy ended 636. Both policies had matured. I think that this would have meant that Unity was unable to allocate the annual payments to any "live" plan held by Mr and Mrs G because both of their plans had now matured, and they didn't hold any other plan with them.*

*Unity told Mr G: "Unfortunately this reference (676) is not in the name of you or your wife and has been used to pay the annual premium under (636)". I think that Unity are saying that when Mrs G's policy was "live" they were able to apply payments made under the reference 676 to her plan, but once Mrs G's policy had matured, and neither Mr or Mrs G held a plan with Unity, then they were unable to apply the payments to Mrs G.*

*I do however think that if Unity was able to apply payments made under the reference 676 to Mrs G's policy before it matured, then it wouldn't be unreasonable for them to have identified that the payments that continued to be paid under this reference were coming from Mr and Mrs G's bank account, and that their policies had matured. If Unity had done this, then I think they could have written to Mr and Mrs G to tell them of this.*

*The first payment of £260 sent in error to Unity on 1 October 2016. I therefore think that six payments were made, totalling £1,620 (6 X £270), without Mr and Mrs G noticing that this money was being sent from their bank account. I think that it was only on payment of the seventh payment on 1 October 2022 that Mr and Mrs G noticed the payments had left their bank account. By then a total of £1,890 (7 X £270) had been paid from Mr & Mrs G's bank account to Unity.*

*Mr and Mrs G are asking that they receive interest calculated at 8% a year compound for the seven-year period that the above payments were made. Compensation would normally be*

*calculated in this way if we thought that Unity was fully responsible for Mr and Mrs G being deprived of their money.*

*I've said above that I think it reasonable for Unity to have notified Mr and Mrs G that they were still receiving annual payments from them, But I don't think this meant Unity was depriving Mr and Mrs G of their money.*

*I think that the payments had been paid by Mr and Mrs G's bank account on 1 October each year for 7 years before Mr and Mrs G noticed. I don't think it unreasonable for Mr and Mrs G to have checked payments being made from their bank account over this period. I also don't think that a payment of £270 was an insignificant amount that could easily have been undetected. As I've said above it was only when total payments of £1,890 had been paid to Unity that Mr and Mrs G noticed the payments.*

*I also think that Unity had told Mrs G, in bold letter type, to cancel the Standing Order, but this wasn't done. Because the payments were being sent by Standing Order and not by a Direct Debit Mandate then I also don't think that Unity were taking money from Mr and Mrs G's bank account each year, as has been claimed. Instead, I think that Mr and Mrs G's bank was sending the payments to Unity.*

*I also think that because payment was being made by Standing Order this arrangement could only be cancelled by Mr and Mrs G, and not Unity.*

*I therefore don't think that Unity was fully responsible for depriving Mr and Mrs G of their money. On balance, I think that Mr and Mrs G were also partly responsible for the payments continuing to be made to Unity, as I've explained above.*

*I therefore think that Unity's offer to refund the payments sent to them in error and to add interest calculated at the Bank of England base rate plus 1% is, in these circumstances, fair and reasonable. Unity has said that this is to put Mr and Mrs G back in the position they would've been in if the payments had not been sent to them, which I also think is fair and reasonable. Unity has also said that they'll send Mr and Mrs G a gift card as a gesture of good will, which I make no comment on.*

*I therefore don't think it fair or reasonable that Unity pay Mr and Mrs G compensation calculated at 8% a year compound, as Mr and Mrs G are seeking. Unity has made an offer of compensation to Mr and Mrs G. I don't think that Unity need to do anything further.*

*I therefore don't uphold Mr and Mrs G's complaint.*

### **My provisional decision**

*My provisional decision is that I don't uphold Mr and Mrs G's complaint against the Independent Order of Odd Fellows Manchester Unity Friendly.*

### **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.*

Both Unity and Mr G and Mrs G have responded to my provisional decision above.

Unity have said that they've nothing further to add to my provisional decision.

Mr G & Mrs G have said that they hadn't complained to Unity about the continued annual payments being taken from their bank account and that their first point of contact with Unity was an enquiry about when the policy they thought they had was due to mature.

However, when Mr G and Mrs G brought their complaint to this service they said: "*When we spoke to Unity Mutual about the money they had continued to take for 7yrs they said they would refund the payments with no interest added. After we sought legal advice they told us Unity Mutual were obliged to pay the interest at the set government rate of 8%*".

I recognise that Mr G and Mrs G contacted Unity to ask about a policy they thought they had, but I still think their complaint is that Unity had continued to take money from their bank account after their policies had matured and that, in compensation, they wanted interest added to the refunded payments at 8%.

Mr G and Mrs G have also said that they originally took out their policies through a different company to Unity. However, this company was subsequently taken over by Unity before their policies matured. Mr G and Mrs G have added that their policies matured at different times. Mr G and Mrs G have also said that when they first contacted Unity, they were told that Unity couldn't find a policy in their name but that the money being paid from their bank account was being paid into a policy reference ending 676, but this policy reference wasn't in their name.

Mr G and Mrs G also say that they have no recollection of the letter that Unity sent to them to cancel their standing order. Mr G and Mrs G have therefore questioned whether a letter was sent to them. However, I've seen a copy of the letter that Unity sent to Mrs G on 31 August 2016, and this is correctly addressed. I am therefore persuaded that Unity did write to Mrs G to tell her to cancel her standing order.

Mr G and Mrs G have said that if they had overlooked the original letter then after several years they think it would be in Unity's interest to contact them again. They have also asked why they would cancel a standing order thinking they had a policy with Unity. They therefore still think that Unity was at fault and have asked for further information about the policy reference ending 676 which they think they were paying for.

Unity has provided a screenshot of the payments received from Mr G and Mrs G's bank which shows that payments made quoted the policy reference ending 676. This is the reference that was quoted by Mr G and Mrs G's bank when they sent the payments to Unity. Unity has said that this caused them "*some confusion*" because this reference related to a policy that wasn't associated with either Mr G or Mrs G.

Unity has said that it didn't allocate these payments to any policy with the reference ending 676 as Mr G and Mrs G claim, because this policy reference didn't relate to either Mr G or Mrs G. Therefore, as Unity was unable to allocate the payments to any policy held by Mr G or Mrs G once their policies had matured, the payments were instead accumulated within a bank account with Unity.

Unity has gone on to say that where they are able to identify an overpayment, this would be refunded. Unity has also said that "*In most cases this is triggered by the customer recognising a standing order payment has left their account due to them not cancelling after the policy has ended. We are unable to block standing order payments, so simply have to keep accepting them until customer contact is established and we can resolve the situation*".

I think this is what happened here, as once Mr G and Mrs G contacted Unity their overpayments were refunded.

As I've said above, Mr G and Mrs G say that they thought they still held a further policy with Unity after their policies had matured. But I've not seen any evidence to show why Mr G and Mrs G believed that they still held a further policy with Unity. For example, I've not seen any policy documents or correspondence sent to Mr G and Mrs G from Unity to indicate that they had another policy.

I also think that as Mr G and Mrs G would've received maturity payments from their two policies from Unity, it's reasonable to assume that they would've known that their two policies had finished. I think that the original policy documents that they had for their two policies would also have confirmed the maturity dates.

I therefore think that the policies that Mr G and Mrs G held with Unity had matured, and Unity wrote to tell them to cancel their standing order, but Mr G and Mrs G took no action on this until 2022.

I therefore remain of the opinion that Unity was not fully responsible for depriving Mr G and Mrs G of their money, as I'd explained in my provisional decision, and I've not seen any further evidence to persuade me otherwise.

I therefore don't uphold Mr G and Mrs G's complaint.

### **My final decision**

My final decision is that I don't uphold Mr G and Mrs G's complaint against the Independent Order of Odd Fellows Manchester Unity Friendly Society Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G and Mrs G to accept or reject my decision before 15 May 2024.

Ian Barton  
**Ombudsman**