

The complaint

Mr G complains that The Royal London Mutual Insurance Society Limited unduly delayed responding to requests for information about his personal pension. The delays led to a reduced transfer value and he's suffered financial loss as a result.

What happened

Mr G had two personal pension policies with Royal London – policy “A” which is not the subject of Mr G's complaint and policy ***1961 (a pension annuity policy) which is the subject of this complaint. He wanted to take his benefits from both policies and retire in March 2023. He says he approached an independent financial adviser (IFA) in November 2022 and gave him a letter of authority to act on his behalf.

The IFA requested information about the policies which Mr G held with Royal London. He says he received the requested information about policy A but he didn't receive all of the information he'd requested about policy ***1961.

The IFA contacted Royal London again by telephone on 9 January 2023 and asked for further information about policy ***1961. Mr G says he'd been told that the policy had “valuable guarantees” and he wanted to know more about this. However in order to compare the value of these guarantees he needed further illustrations of the annuity benefits he could get with Royal London. At this stage Royal London had only provided illustrations for a level annuity based on a single life - with the annuity being paid annually in arrears. He said this didn't meet his requirements.

Royal London also sent him a guaranteed transfer value for the policy which expired after 30 days.

The IFA requested further illustrations on 9 January. He was informed he'd have to contact Royal London's Annuity Hub (the hub) and he'd have to make an appointment. The next available appointment was 23 January 2023. When the IFA contacted the hub he was told that all communications had to be with the IFA himself and not a member of his team. The additional illustrations were requested on 23 January 2023.

Mr G says that after several follow up calls, Royal London provided the information to his IFA on 16 February 2023. He says the illustrations showed that the guaranteed minimum annuity was much lower than what was available on the open market.

Mr G took further advice and asked Royal London to transfer his pension to another provider. The transfer was completed on 17 July 2023. Mr G says he was shocked to find out that the transfer value had fallen by around 16%. He complained to Royal London. He said that but for the delays he could've completed the transfer process prior to 1 April 2023 and his policy would've been worth a much higher amount.

Royal London looked into his complaint. It said it had responded to the IFA's request for information about the policy on 1 December 2022. On 9 January 2023 the IFA had raised a specific query which had to be referred to the hub which dealt “solely with this type of

enquiry.” An appointment had been made for 23 January 2023 and during that appointment several annuity options were requested. On 2 February 2023 the hub confirmed the illustrations were available but the earliest appointment which suited both parties was 15 February 2023.

During the telephone call on 15 February Royal London said the IFA informed it Mr G had already decided to pursue a drawdown option and he just wanted to look at the guaranteed annuity quotes. As a result Royal London emailed standard illustrations to the IFA on 15 February 2023 and again on 16 February 2023. No further contact was received from Mr G’s IFA until 24 April 2023. Royal London said it had acted correctly and in accordance with its processes and procedures.

Royal London said the fall in the transfer value of the policy was because of significant market volatility in 2022. However, it said the negative returns during 2022 had been offset by its careful management of its With Profits funds and by “smoothing” which protected the policy from the ups and downs of the stock market. Overall, Royal London said the policy had performed strongly even accounting for this one year’s poor performance.

Mr G did not agree. He referred his complaint to our service. Our investigator looked into his complaint. She reviewed the timeline of events. She thought Royal London had responded to queries and requests for information within a reasonable time frame. The additional steps that had to be taken to issue an illustration were part of its internal process and she couldn’t say it caused unnecessary delay. She also noted the illustrations were generated on 15 February – however no further contact or requests were made until 24 April 2023. The transfer request, with all of the required information, was submitted to Royal London on 11 July 2023 and the transfer finalised on 17 July 2023. Our investigator thought this was a reasonable time frame.

Our investigator also considered what Mr G said about the fall in value of his policy. She didn’t think this had happened because of something Royal London had done wrong. She said we couldn’t comment on the way the fund was managed or decisions taken by Royal London concerning the payment of bonuses. These were matters for the regulator – the Financial Conduct Authority (FCA).

Mr G didn’t accept what our investigator said. He reiterated that the key time period we should consider was 9 November 2022 to 15 February 2023. Royal London had caused undue delays during that period. Due to his personal circumstances, which he described to us, Mr G was unable to speak to his IFA until 6/7 March 2023 – by that stage it was too late to complete the transfer before 1 April 2023 which was when there’d been such a massive fall in value of the policy.

Our investigator considered what Mr G said but she didn’t change her view. So, the complaint was passed to me to decide. I issued a provisional decision in which I said:

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 G has told us about how what happened here has affected him both personally and financially. The transfer value of his policy was around 16% less than what it had been when he started out on the process. He hoped to retire in March 2023. But as a result of the decrease in the value of his policy he says that hasn’t been possible.

At the outset I would like to say that I'm very sorry to read about how Mr G's been impacted and I do have sympathy with him for the situation he finds himself in.

The role of our service is to determine disputes fairly and impartially. We look at everything that's happened to decide whether we think Royal London has acted fairly and reasonably in all the circumstances. Having done so here, although I know this will disappoint Mr G, I've provisionally decided that Royal London has acted fairly and reasonably. I'll explain why.

The timeline of events

First I've looked at the timeline of events during the period after the IFA first contacted Royal London.

November 2022 to 9 January 2023

The IFA says he sent the letter of authority to Royal London on 9 November 2022. He's provided a copy of a letter dated 15 November 2022 in which he requested information about Mr G's policies. Royal London says it issued its response to this request on 1 December 2022.

In his letter dated 15 November 2022 the IFA raised a number of requests for information including requests for illustrations at March 2023, age 65, 66, 67 and 75. He also asked for further information about the guarantees and protections that the policy afforded.

The IFA says he only received a generic response to his request for information. However, having read through the response to the request for information, I'm not currently persuaded that Royal London failed to provide responses to the information requests that had been made. I say that for mainly the following reasons:

Royal London has provided copies of the correspondence it sent to the IFA dated 1 December 2022. It included the following information:

- *The transfer value – which was stated as guaranteed for 30 days from the date of the pack. Mr G received a letter to the same effect also dated 1 December 2022.*
- *illustrations of what the annuity benefits might be at the date Mr G had selected for his retirement and also at ages 65, 66, 67 and 75. The illustrations were produced using certain assumptions which were set out:*
 - *payments would not increase each year*
 - *payments would cease on Mr G's death*
 - *no dependant benefits would be paid.*
- *The illustrations also stated what the guaranteed minimum annuity would be at the dates appearing on the illustrations.*
- *The letter contained a paragraph entitled "Your policy contains valuable guarantees" which stated:*

*"These guarantees are designed to make sure you enjoy a minimum level of regular income (also known as a Guaranteed Annuity) from your pension savings.
This potentially valuable feature could entitle you to more money in your pocket if you arrange an annuity through us rather than another pension company.*

*In the section “**How valuable is my Guaranteed Annuity**” we explain what this could mean to you in financial terms. We also tell you when you’ll lose your guarantee and when you’ll keep it.”*

- *The wording in the section referred to in bold provided further information about the guaranteed annuity. It explained:
“We currently estimate that the taxable yearly income you could receive without the Guaranteed Annuity is higher than the Guaranteed Annuity would provide.”*
- *The requirement to get advice from a regulated adviser if the pension was to be moved to another provider; and*
- *The next steps to be followed if Mr G wanted to transfer his pension to another provider. The Transfer Discharge form and Financial Advice Confirmation forms were enclosed. These had to be returned within 30 days, otherwise the letter stated that the transfer value would be recalculated and the amount “could be lower or higher” than the amount quoted.*

This information was provided to both Mr G and his IFA by letter dated 1 December 2022.

The annuity illustrations enclosed were based on certain assumptions. But the request for information from the IFA hadn’t asked for more specific illustrations – such as escalating annuity or spousal benefits. And it is also the case that Royal London stated that the income Mr G could receive without the Guaranteed Annuity was higher than the Guaranteed Annuity would provide.

So, I think Royal London had provided responses to the request for information it had received. And I’m not persuaded it acted unfairly or unreasonably when it didn’t provide illustrations which it hadn’t been specifically asked to provide.

I’ve also listened to a call which Mr G made to Royal London on 12 December 2022. Mr G asked for further clarification about the “valuable guarantees” which Royal London provided. Mr G noted that the guaranteed amounts stated on the illustrations didn’t “look like a good offer” to him. He said he’d have to live for another 35 years to get back the full amount of the transfer value.

So, I’m satisfied Mr G was aware of what the guaranteed annuity amounts were (albeit the illustrations he’d been sent were subject to the assumptions I’ve set out above). And I’m also satisfied he’d received the document “How valuable is my Guaranteed Annuity” which made clear that the income he could receive without the guaranteed annuity was higher than the guaranteed amount.

During the call, Mr G didn’t tell Royal London he wanted any additional illustrations such as illustrations with spousal benefits or escalating annuities. It wasn’t until Mr G’s IFA contacted Royal London on 9 January 2023 that it would’ve become aware he wanted additional illustrations.

On 12 December Mr G told Royal London he was talking to his IFA about matters including the possibility of moving his pension away to another provider. But he said he didn’t intend to move his pension away until after March 2023 – because he was still making contributions. Royal London reminded him that if he wanted to do that he’d need to take advice. It said this was a legislative requirement because the value of his policy exceeded £30,000.

Based on all the information available to me, I’m not persuaded, on balance, Royal London caused any undue delay in the period up to 9 January 2023.

10 January 2023 to 16 February 2023

When the IFA spoke to Mr G on 9 January 2023, the decision was made to request further illustrations. Mr G says his personal circumstances were such that he wanted illustrations to include spousal benefits and escalating annuities. I think these were reasonable requests. Mr G was aware that the terms of the policy entitled him to certain guaranteed benefits. So, he wanted to check what the annuity payments might be based upon different assumptions.

At this date, the guaranteed transfer value had already expired. So, a new transfer value would be required if ultimately Mr G was advised to transfer his pension to another provider.

Royal London says that when specific (non-standard) illustrations of this nature are requested it refers customers to its specialist "Annuity Hub" (the hub). It gives two reasons for that. It says that non-standard illustrations require additional steps to be taken which included uploading Mr G's details to the hub. Royal London says it then has to speak to the client, or the client's IFA, concerning health and lifestyle. The reason for that, it says, is because health and lifestyle can result in higher quotations being issued.

I've noted the hub said during the initial call on 23 January 2023 it could only speak to the IFA himself – rather than a member of his team. Royal London has subsequently acknowledged it could've spoken to a member of the IFA's team. However, I can see that not all of the information about Mr G's policy was available when the member of the IFA's team initially phoned – so I think that was part of the reason why the hub insisted on speaking to the IFA himself. Despite that the IFA was able to request the additional illustrations during the call on 23 January 2023. So, I don't think that Royal London's insistence on speaking to the IFA caused any delay at this stage.

Royal London contacted the IFA again on 2 February 2023 and he returned its call the following day. Royal London said it needed to make a further appointment so that the hub could go through the illustrations with the IFA. Royal London refused to simply email the illustrations to the IFA – even though the IFA made clear that was what he wanted. The first available appointment was 4 February 2023 - a Saturday. As this was not a usual working day the IFA requested an alternative date. I think that was fair and reasonable. The next available date was 15 February 2023.

On 15 February the IFA called the hub – because he hadn't received a call as expected. He was told that the person his appointment was with wasn't available. He was able to speak to a different person. The IFA explained again that he just wanted the illustrations sent to him. He said Mr G didn't want an annuity - he just wanted to look at the illustrations. Royal London says it was able to send only "standard" illustrations to him on that date. Royal London says the IFA confirmed he no longer required the non-standard illustrations he'd requested on 23 January 2023.

Having reviewed what happened, during the period from 10 January 2023 to 16 February 2023, I'm not persuaded, on balance, Royal London acted unfairly or unreasonably.

In reaching that view I've considered the process which Royal London followed after the request for the additional illustrations was made. It has explained, as set out above, the reason for its process and why it needed to discuss health and lifestyle

issues before it could issue the illustrations. I think its explanation is fair and reasonable. It's not the role of our service to tell a business how it should operate or what its processes should be.

The IFA was made aware on 2 February that the illustrations were available. Royal London has explained why it wasn't prepared to simply email the illustrations to the IFA. And it is the case that where appointments are required these need to be at mutually agreeable times and that can sometimes lead to delays – as was the case here.

I've also noted above that the IFA appears to have been able to proceed without having sight of the non-standard illustrations he'd requested on 23 January 2023. Having said that, I don't think it's likely, on balance, Mr G would've made a different decision even if he'd had sight of these illustrations. I say that because the IFA has told us the guaranteed annuities were significantly less than the lowest offer available from an open market option.

Having thought about everything that happened between 10 January and 16 February 2023, I'm not persuaded, on balance, Royal London was responsible for any unreasonable delays.

16 February 2023 to 17 July 2023

By 16 February 2023, I think it's fair to say that Mr G's IFA had decided he'd received all of the information he needed from Royal London about the guaranteed annuities. No further requests for information about the guaranteed annuities were made after that date.

By 16 February, the guaranteed transfer value had expired. Mr G told us that due to his personal circumstances he wasn't able to deal with this matter during part of February. There's no evidence Royal London was asked to extend the transfer value guarantee period to take account of Mr G's circumstances. And as noted below an up to date guaranteed transfer value wasn't requested until 24 April 2023.

Mr G says he met with his IFA on 6 or 7 March 2023. And in his complaint to our service he says the decision to transfer his policy to another provider had been made before the date he'd intended to retire which was mid-March 2023. But, despite that, an up to date guaranteed transfer value wasn't requested until 24 April 2023. It's not clear why that was the case.

When the IFA contacted Royal London on 24 April it told him that, for policies such as the one held by Mr G, it usually took 19 working days to produce a guaranteed transfer value. I've thought about the length of time referred to here and I've looked at what Royal London says about the nature of a Pension Annuity policy.

In its "A guide to your pension annuity policies," (available on its website) Royal London says that a request for a guaranteed transfer value requires it to carry out a detailed calculation. It says it has to adjust the policy benefits to pay a fair amount, taking into account a number of factors such as costs and investment returns over the time the policy was held and allowing for smoothing. It says it aims to set transfer values so that the fund does not make a profit or loss from transfers. Further details are set out in its Principles and Practices of Financial Management (PPFM) – which I'll comment on further below.

I've noted that Royal London made the timescale clear to the IFA when he contacted it on 24 April. And, it did provide the guaranteed transfer value within the timescale it had stated. There's no evidence Royal London was asked to complete this process more quickly. So, although 19 working days does appear to be a lengthy period of time, I'm persuaded Royal London acted fairly and reasonably when it made the timescale clear to the IFA and provided the information within the timescale stated.

Mr G says his IFA issued a financial planning report on 18 May 2023 which recommended that he should transfer his policy to another provider. That was prior to the date when the up to date guaranteed transfer value was obtained. I've noted that the advice didn't change after the up to date guaranteed transfer value was received at the end of May (even though the up to date transfer value was lower). So, I'm not persuaded that the time taken by Royal London to produce the new guaranteed transfer value would've changed the outcome here, given that the significant fall in value of the policy which Mr G was concerned about appears to have happened before the date when the up to date guaranteed transfer value was requested. I'll comment further about the change in the transfer value below.

The IFA submitted a request to transfer the policy to another provider. Royal London says this was received through the Origo system on 20 June 2023 – which was more than two weeks after the transfer out pack had been issued. Origo is an electronic platform which enables firms to carry out pension transfers quickly and efficiently.

Because Mr G's policy included protected benefits and was valued at more than £30,000 a Financial Advice Confirmation Certificate was required. This hadn't changed since the date of the letter of 1 December 2022 which enclosed the Financial Advice Confirmation Form which it said the adviser "must" fill in. Royal London had also reminded Mr G about this during the call on 12 December 2022.

After it received the Origo request, Royal London wrote to Mr G to advise him he needed to send the Financial Advice Confirmation Form. And it also confirmed this to the IFA during a telephone call on 5 July 2023. Receipt of this document was noted on Origo on 11 July 2023 and the transfer was completed on 17 July 2023. So, the transfer was completed eight working days after Royal London received the completed form – which is within the timescale I'd expect for a transfer of this nature to be completed.

Having considered everything, whilst Royal London's processes did add to the overall timeline here, I'm currently not persuaded it's fair or reasonable to hold it responsible for the transfer not being completed until July 2023.

As I've stated above, it has provided reasonable explanations for the fact it wouldn't email non-standard illustrations to the IFA. And it's also explained that manual calculations were required to provide the up to date guaranteed transfer value. It is also the case that Royal London wasn't asked to provide an up to date guaranteed transfer value until 24 April 2023 – which was over a month after Mr G says he'd made the decision to transfer his policy to another provider. I'm also satisfied that once the transfer request and all the required information was received Royal London was not responsible for any unreasonable or undue delays.

The fall in value of the policy

Mr G also raised concerns about the fall in the guaranteed transfer value of his policy. The guaranteed transfer value fell by around 16% between 1 December 2022

and the end of May 2023. I can understand why Mr G was disappointed with the significant fall in the pension fund value.

First I'd just point out that in its letter dated 1 December 2022, Royal London set out that the transfer value was guaranteed for 30 days. After that date it said that a new transfer value would have to be calculated – and this could be higher or lower than the guaranteed value stated on the letter. So, if Mr G wanted to take advantage of the guaranteed value - he had a limited period of time to take action. He would've been aware of that. When he did take action, by requesting the transfer of the policy to another provider, the guarantee set out in the letter of 1 December 2022 had expired.

Royal London has explained that the fall in value of the policy after December 2022 was due to the fact that there'd been significant market volatility in 2022 and With Profits fund's investments provided an overall negative return for the year. It said that smoothing, together with the fact that the policy had benefitted from some very good investment returns in previous years, had limited the impact of these large negative returns. Having read what Royal London has said, I think it's provided fair and reasonable explanations for the decrease in the transfer value of Mr G's policy at this time.

In reaching that view, I've also noted that Mr G's policy was invested in the RLCIS OB and IB With Profits Fund. I've set out above details of the factors Royal London takes into account when calculating transfer values and the fact, as is the case with most With Profits funds, it aims to set transfer values so that the fund does not make a profit or loss from transfers.

How Royal London manages its With Profits funds can be found in its PPFM document (available on its website). The PPFM includes details about matters such as the investment strategy of the fund, bonus payments and the oversight and management arrangements. How the fund is managed is also subject to the supervision of the Financial Conduct Authority (FCA). I'm not aware of any concerns the FCA had with how the fund was managed or operated at this time. I've also not been provided with any information which suggests Royal London made any errors when it provided the up to date guaranteed transfer value.

I can understand why Mr G was disappointed with the change in the transfer value and he's told us about the financial concerns, distress and inconvenience he's experienced as a result. As I said above, I am sorry to hear about how this has impacted him. But having considered everything, I don't think Royal London made any errors here or caused undue delays. So, I'm not currently persuaded, on balance, it's fair or reasonable to hold it responsible for the delay in the transfer of Mr G's pension or for the decrease in the guaranteed transfer value. For the reasons set out above, my provisional decision is that I don't intend to require Royal London to have to do anything further to resolve this complaint.

My provisional decision

For the reasons given above I do not intend to uphold this complaint about The Royal London Mutual Insurance Society Limited.

Mr G has not responded to my provisional decision.

Royal London responded to my provisional decision. It said it had nothing further to add.

So I now need to make my decision.

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 haven't received any new or additional information that causes me to change my view, or the reasons for my view, as set out in my provisional decision, about how this complaint should be resolved.

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 G to accept or reject my decision before 4 November 2024.

Irene Martin
Ombudsman