

The complaint

Mr L complains that Clerical Medical wrote to him on numerous occasions telling him that premiums on his with-profits whole of life policy have been missed, that the policy value has fallen, and that the policy would be made paid-up.

What happened

Between November 2020 and December 2022 Clerical Medical sent Mr L letters advising that he'd missed premiums on his whole of life policy. Clerical Medical then wrote to Mr L to tell him that the policy would be made paid-up with a sum assured of £6,250. Mr L first complained to Clerical Medical about the issues in 2021 and it upheld this complaint. Clerical Medical said it had received all the premiums but since an IT system migration it hadn't recorded the premiums correctly. Clerical Medical paid Mr L £350 for the delay in dealing with the complaint and any distress and inconvenience the matter had caused him. It also paid Mr L £12 to cover the cost of a telephone call.

When the problems persisted Mr L complained to Clerical Medical again. Clerical Medical also upheld this complaint and in March 2023 offered to pay Mr L a further £400 to recognise the overall poor service and its delay in responding to the complaint. Mr L rejected this and brought the complaint to the Financial Ombudsman Service.

One of our Investigators looked into things and thought that the offer of a further £400 was a fair and reasonable one. Mr L asked that an Ombudsman decides the complaint.

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 understand that Mr L will be disappointed, but I've decided that Clerical Medical's offer of £400 for the additional distress and inconvenience its poor service caused him is a fair and reasonable one in the circumstances of this complaint. I will now explain why.

Clerical Medical accepts that it has got things wrong and that it should not have sent the correspondence about missed premiums and the policy being made paid-up. It apologised to Mr L for this and provided an explanation why this happened. In its final response in March 2023 Clerical Medical confirmed that the sum assured on the policy has remained unchanged and provided Mr L with the current value of the policy to include any bonuses. So, my decision will focus on whether the remedy Clerical Medical offered is a fair and reasonable one to reflect the poor service it provided.

The Financial Conduct Authority Handbook defines what types of complaints the Financial Ombudsman Service can consider. Specifically, DISP 2.3.1R says that an Ombudsman can consider a complaint if it relates to an act or omission by a firm in carrying on one or more of the regulated or other covered activities, or any ancillary activity carried on by the firm in connection with them. I note that Clerical Medical has accepted there was a delay in dealing with Mr L's complaint, but I can't consider the delays in Clerical Medical's complaint handling

as this isn't a regulated activity. However, I can consider other parts of Mr L's complaint relating to regulated or ancillary services.

Mr L has provided a detailed summary of the events and explained what he wants the Financial Ombudsman Service to direct Clerical Medical to do to put matters right and to stop using data from its 'malfunctioning' IT system and provide him with credible information about the policy. For completeness, although I've read Mr L's submissions I will only address matters that I consider relevant to this complaint.

Mr L is frustrated that Clerical Medical continued to send him letters about missed premiums and there are ongoing issues with Clerical Medical's IT system. Mr L's communications with the Financial Ombudsman Service and Clerical Medical make it clear that this has caused him a great deal of upset and inconvenience. It's clear to me that this has impacted Mr L's confidence in Clerical Medical's ability to provide him with accurate and credible information about his policy. However, I can't tell Clerical Medical how it should run its IT system, direct it to replace the IT system or tell it to get it fixed by a certain date. This is because it's the Financial Conduct Authority that regulates the way in which Clerical Medical runs its business and services. The Financial Ombudsman Service can consider whether Clerical Medical has treated Mr L unfairly, and if it has, it can ask the business to put things right and/or pay a remedy for any distress or inconvenience it has caused.

It's understandable Mr L lacks confidence in Clerical Medical's IT system, but I've seen that Clerical Medical addressed this in its final response letter in March 2023. In this letter, Clerical Medical provided written confirmation to Mr L that the premiums were up to date, that no penalties to the policy had incurred and that the basic sum assured on the policy had not changed since the policy started. Clerical Medical also confirmed the up-to-date policy valuation after bonuses. Taking into account that both Mr L and Clerical Medical understand there are issues with the IT system, I'm persuaded it was reasonable that Clerical Medical provided these written assurances. Since the final response letter, Clerical Medical has also provided screen shots to our Investigator that show Mr L hasn't missed any premiums and show the current value of the policy including bonuses. Our Investigator forwarded these to Mr L. Although Mr L has doubts about the validity of these screenshots, I'm persuaded that they support the policy premiums are up to date and the sum assured and the value of the policy have been unaffected.

Clerical Medical accepts it's been having problems with its IT system – which for the reasons I've highlighted above I won't be able to address in my decision - but I'm persuaded there's been no adverse impact on the benefits of Mr L policy. However, I'm satisfied that Clerical Medical's communications about the policy have impacted Mr L's day-to-day life and caused him some upset. So, in the circumstances of this complaint, I'm persuaded that Clerical Medical's offer to pay Mr L £400 to recognise the significant distress and inconvenience this matter has caused him over many months is a fair and reasonable one.

My final decision

Scottish Widows Limited trading as Clerical Medical has already made an offer to pay £400 to settle the complaint and I consider this offer is fair in all the circumstances.

So, my decision is that Scottish Widows Limited trading as Clerical Medical should pay Mr L £400.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 23 January 2024.

Paul Lawton
Ombudsman