

The complaint

Miss R complains that Scottish Widows Limited (“Scottish Widows”) made an error when it partially transferred the value of her personal pension plan (“PPP”) to another pension provider. She says that following the partial transfer, the residual fund value remaining in her Scottish Widows PPP was about £4,200 less than it should’ve been.

What happened

The events leading up to this complaint were set out in detail by our investigator in her assessment which she provided to both Miss R and Scottish Widows. I don’t intend to repeat here what our investigator stated but will instead provide a summary.

- On 20 August 2021, Scottish Widows received Miss R’s instruction to partially transfer £164,000 from her PPP to another pension provider.
- On 25 August 2021, Scottish Widows paid a partial transfer value of £164,032.35 (including interest) to the other pension provider.
- On 26 August 2021, Scottish Widows wrote to Miss R to confirm that it had completed the partial transfer based on an effective date of 20 August 2021. It confirmed that, after the partial transfer had been completed, the residual fund value that remained in her PPP was £1,108.80 as at 25 August 2021.

This complaint

Following the partial transfer, Miss R was unhappy about the residual fund value that remained in her PPP. This was because she had monitored the value of her PPP online between 20 and 25 August 2021. Based on the fund values seen, she expected a residual fund value of about £5,300 to remain in her PPP rather than the figure of £1,108.80. As a result, she thought it was an error and had suffered a financial loss of about £4,200. So she complained to Scottish Widows. To put things right, she asked Scottish Widows to top up her PPP by the value of about £4,200 she thought was missing.

Scottish Widows didn’t uphold Miss R’s complaint. It explained that when processing a partial transfer instruction it bases unit values as at the date it received the instruction. So, in Miss R’s case, it based the transfer on the unit prices of her PPP as at 20 August 2021, as stated in the confirmation letter it issued to her – and that the residual fund value that remained in her PPP was correct. It apologised for the delay in responding to this complaint and paid her £100 compensation in respect of this.

Miss R didn’t accept Scottish Widows’ response and referred the matter to this service.

Our investigator recommended that this complaint should be upheld. While she was satisfied that Scottish Widows had processed the transfer in a timely manner and correctly in line with the terms and conditions of the PPP, she thought it could’ve explained more clearly to Miss R that – following receipt of her request – the figures presented online may not be correct until the partial transfer had been completed. She thought Scottish Widows could’ve

done a better job of warning and setting Miss R's expectations in this regard. So she recommended that it pay her £100 compensation for the trouble and upset caused by this (in addition to the £100 compensation it previously paid for the delay in responding to this complaint).

Neither Scottish Widows nor Miss R accepted our investigator's assessment:

- Scottish Widows said that it had processed the partial transfer request in a timely manner and that, in line with the terms and conditions of the PPP, correctly disinvested as at the date it was received on 20 August 2021. So it was satisfied that it had paid the correct partial transfer amount and that the residual fund value of £1,108.80 that remained in Miss R's PPP was also correct. It thought that Miss R ought to have realised that, while waiting for the partial transfer to be completed, the fund values presented online in the intervening period weren't accurate.
- Miss R still thought that Scottish Widows had made an error and that an incorrect residual fund value remaining in her PPP was about £4,200 less than it should've been. This was on the basis that she could still see the full fund value of her PPP online on 24 August 2021 which suggested to her that it remained fully invested at that time and that the partial transfer was processed on the morning of the 25 August 2021 rather than on 20 August 2021 – and so she expected units to be sold based on prices as at 25 August 2021.

Our investigator considered the additional comments received from both parties but wasn't persuaded to change her opinion. Since agreement couldn't be reached, this complaint has been referred to me for review.

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.

Having done so, I agree with the outcome recommended by our investigator for these reasons:

- The terms and conditions for the PPP confirmed that when processing a transfer Scottish Widows would base the sale value on the closing unit price of the date it received the request. This approach meant that Scottish Widows would be able to fulfil Miss R's request to partially transfer a specific amount of her PPP to another pension provider – had the sale price been based on the unit price at the point of processing at an unknown date in the future, then there was a risk Scottish Widows wouldn't have been able to fulfil the request in a falling market. I think Scottish Widows' approach to processing Miss R's partial transfer request was reasonable.
- Scottish Widows processed Miss R's partial transfer request on 25 August 2021. It correctly based the transaction on the closing unit prices on 20 August 2021 – which was the date it received her request. This approach was in line with the terms and conditions of the PPP. I think Scottish Widows processed the partial transfer in a timely manner.
- The only part of Miss R's PPP that was affected by the movement in fund prices after 20 August 2021 was the part over and above the £164,000 element earmarked for the partial transfer. This is the correct outcome. So I'm satisfied that the correct partial transfer value was paid to the other pension provider (including an element of interest) and that the residual fund value of £1,108.80 that remained in the PPP was

the correct amount. As a result, I don't think Miss R suffered a financial loss. But I do think she's suffered a loss of expectation, as explained below.

- I can understand why Miss R believed that a higher fund value had been used at the point her partial transfer request was processed on 25 August 2021. This was because it appears the figures presented to her online between 20 and 25 August 2021 showed that the fund value of her PPP was "live" and increasing. So to Miss R it likely seemed logical that the higher fund value would be used on the date the partial transfer was processed. But, as explained above, Scottish Widows correctly used the fund value as at 20 August 2021 – in effect, the fund value figures presented online during the intervening period until 25 August 2021 weren't an accurate reflection of the true position.
- Scottish Widows provided a general risk warning to Miss R about fund values fluctuating. Our investigator asked Scottish Widows to provide evidence of the information that was specifically presented to Miss R online between 20 and 25 August 2021 while waiting for the partial transfer to be completed. But it couldn't provide this. In the absence of this evidence, I share our investigator's view that Scottish Widows could've explained more clearly to Miss R that where a transfer request had been submitted, the figures presented online may not be correct until such time as it had been completed. Had it provided such an explanation or warning then I think Miss R's expectations would've been better managed. As a result, I can understand why she was upset and thought (incorrectly) that she had suffered a financial loss once the partial transfer had been completed. So I think it's fair and reasonable to award her compensation in respect of the trouble and upset she suffered due to this.

Putting things right

To resolve this complaint, it's my view that Scottish Widows should pay Miss R £100 compensation, as previously recommended by our investigator.

My final decision

I uphold this complaint. I direct Scottish Widows Limited to settle this complaint as I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss R to accept or reject my decision before 17 April 2023.

Clint Penfold

Ombudsman