

The complaint

Mr T is complaining that Scottish Widows Limited (Scottish Widows) caused a delay in making a drawdown payment to him from his pension. He is also complaining that his Independent Financial Adviser (IFA) was told that his payment was caused by an IT fault, which was subsequently found to be incorrect.

What happened

On 11 January 2022, Mr T contacted Scottish Widows to request a partial encashment from his pension of £6,000, including £1,500 in tax free cash. He was informed during the call that the payment should be made to him within seven working days. Scottish Widows wrote to Mr T the same day to confirm his instructions, but this letter did not confirm that the payment would be made within seven working days, instead saying that:

We'll process your request and send the cash sum to you shortly

The payment was received into his account on 27 January 2022, some 12 working days later and five working days later than he had been led to believe. This payment was backdated to 14 January 2022 to ensure that Mr T's policy was in the same position as it would have been if the payment had indeed been processed as it should have been.

Mr T wrote to Scottish Widows on 20 January 2022 to make a subject access request, asking it to provide him with all the information it held about him. This information was provided to Mr T by email in August 2022, and in paper form as he had requested in November 2022.

When the payment was not received as expected, both Mr T and his IFA contacted Scottish Widows independently to enquire about the delay. During the call his IFA made, he was incorrectly informed that Mr T's payment had been delayed due to an IT fault. The IFA subsequently passed this information on to Mr T.

Scottish Widows treated Mr T's contact as a complaint and responded to him on 31 January to explain that the reason for the delay was caused by due diligence tests that it was required to undertake prior to releasing funds from his pension. It did not consider that it had acted inappropriately, or that it had caused any undue delay to his payment.

Mr T wrote to Scottish Widows again on 10 February 2022 to complain about the delay in the payment and that he believed his pension file had become corrupted, causing him stress and anxiety and reiterating his subject access request.

Mr T's IFA also provided further information to Scottish Widows in respect of the incorrect information that it had provided about Mr T's payment being delayed by an IT fault. Scottish Widows looked again at this aspect of Mr T's complaint and wrote to the IFA agreeing that it had indeed provided incorrect information and upheld that aspect of the complaint. As a result, it offered Mr T £100 compensation in respect of his distress and inconvenience.

Mr T was unhappy with this offer and asked Scottish Widows to increase it. Scottish Widows wrote to Mr T on 28 March 2022 declining to increase its offer of compensation.

Mr T then referred his complaint to the Financial Ombudsman Service.

Our investigator reviewed all the evidence and decided that although Scottish Widows had indeed provided some incorrect information to Mr T's IFA, it had accepted responsibility and had made a fair offer of compensation.

Mr T disagreed with the investigator, so this case has been passed to me to review the evidence again and make a final 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.

Having done so, I uphold this complaint, but agree with the investigator that the redress proposed by Scottish Widows is appropriate in the circumstances.

I can appreciate that this will be disappointing to Mr T, so I'll explain my reasons.

Firstly, in terms of the delay to the payment that Mr T requested from his pension, Mr T was told payment should have been made in seven working days and the payment took 12. I note that Mr T had made several previous withdrawals from his pension fund, so would have some expectation of how long it would take for him to receive the payment to his account. Scottish Widows have explained that the delay was because of the checks it is required to carry out to ensure that any money withdrawn from a pension is only paid out to the correct beneficiary in accordance with rules required by HMRC. These checks are required to ensure that a person's pension funds are safeguarded from fraud as well as ensuring that the correct tax guidance is followed.

Although these checks took longer on this occasion, I can't see that Scottish Widows had any choice but to carry out these mandatory checks. It follows that I find that Scottish Widows has done nothing wrong here.

Scottish Widows did, however, make another error during this time, incorrectly telling Mr T's IFA that an IT issue with Mr T's account was to blame for the delay in him receiving the payment. Mr T subsequently formed the impression that his pension account had become corrupted and his account had been closed in error by Scottish Widows, which had kept this information from him. While I appreciate this must have been distressing for him, Scottish Widows has provided Mr T with an assurance that this was not the case and also provided him with records that show the transactions and value remaining in his pension. I'm satisfied Mr T's pension wasn't corrupted or closed in error and I'm satisfied that Scottish Widows has done all it can reasonably do to reassure Mr T on this point.

Scottish Widows obviously made a mistake by providing incorrect information to Mr T relating to the reason for the payment delay, and subsequently made a payment of £100 to Mr T by way of compensation for the distress and inconvenience it had caused him. I appreciate that Mr T thinks that this amount is not enough, but I find that it is an appropriate amount given the particular circumstances of this case.

Finally, in terms of the delay to Mr T receiving details of his subject access request, Scottish Widows has addressed that issue in a subsequent and related complaint that Mr T made, so I will not consider that as part of this complaint.

Putting things right

For the reasons given above, I won't be asking Scottish Widows to do anything else to resolve the complaint beyond the compensation it has already paid.

My final decision

For the reasons explained above, I uphold Mr T's complaint.

However, I shall not be asking Scottish Widows Limited to do anything beyond what it has already offered to do for Mr T to resolve the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 14 July 2023.

Bill Catchpole
Ombudsman