

## **The complaint**

Mr M complains about numerous issues relating to the service he has received from Scottish Widows Limited who administer his personal pension.

## **What happened**

Mr M had a personal pension with Scottish Widows.

In 2022 Mr M made several complaints to Scottish Widows about the administration of his plan. I've summarised his complaints and Scottish Widows' responses below;

### June 2022

Mr M complained that Scottish Widows failed to warn him that his funds' value had dropped. They'd also held an incorrect address for him at the outset of his plan, so they sent important documents to an incorrect address.

In response Scottish Widows said they don't provide financial advice to their clients and so it wasn't their policy to notify clients when funds dropped in value. They went on to say the address they'd used matched Mr M's application form, but they'd changed it as soon as they were notified of the error. Scottish Widows did, however, offer Mr M £25 as he'd been kept on hold for 45 minutes when calling them.

### August 2022

Mr M said that when he'd called Scottish Widows to switch his funds into a cash account, he was told on the phone that the price he'd get would be that of the end of the day. When he later checked, the funds were valued at £198,759.04. However, he only received £197,321.55.

In response Scottish Widows said Mr M had been given incorrect information over the telephone. They explained that any instructions received before midday would be valued at the next day prices. But those received after midday would be processed the next working day. Meaning the value would be that of two working days later for requests received after midday.

So, the information Mr M was told about when he would see the value of his funds was incorrect. However, Scottish Widows were satisfied the request was keyed on the correct date and Mr M received the correct value of his funds. They offered Mr M £75 for the upset and inconvenience their incorrect information caused. They also offered a further £7 to cover the cost of Mr M's phone call as he was abroad at the time.

### September 2022

Mr M asked for further information about the reasons behind the drop in value of his fund. And he asked Scottish Widows to suspend their charges while his complaint was with the ombudsman service.

Scottish Widows provided information to Mr M about the situation of global markets and offered him £50 for the delay in providing the information he'd sought. They said they wouldn't suspend the charges on Mr M's policy as the policy was still operating as it should and the complaint hadn't impacted that.

Later that month, Scottish Widows also reviewed their earlier responses to Mr M's complaints and said they were satisfied with the answer's they'd provided, and compensation offered.

### October 2022

Mr M complained to Scottish Widows about several issues. In summary he said Scottish Widows failed to act in his best interests and keep him informed about his funds' performance. And they didn't offer any advice or warn customers about the impact of global events on the markets.

He went on to say Scottish Widows failed to send important documents to him and didn't have any systems in place to make sure they were received. He also said Scottish Widows' pricing systems were flawed and they hadn't reimbursed him the £1,500 difference in the funds' value after giving him incorrect information.

Scottish Widows responded in December 2022. They explained that the majority of the points raised were covered in previous final response letters. They noted that they had gone outside the regulatory eight-week timescale in which they were supposed to respond and said they would uphold his complaint on this basis only and offered an apology.

Mr M was unhappy with Scottish Widows responses to his complaints, and so brought them to our Service.

Our investigator didn't uphold Mr M's complaints. He explained that in the areas where he thought Scottish Widows had made an error, they'd done enough to put things right.

Mr M disagreed. In particular he said Scottish Widows had made an error in telling him the wrong information about the value of his fund when he switched it into the cash account. And he might have thought twice about switching if he knew the value of his fund was around £1,500 less than he thought.

### **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.

It's clear that Mr M has very strong feelings about his complaint, having provided detailed submissions in writing in support of his complaint points, which I can confirm I've read and considered in their entirety. However, I trust that Mr M will not take the fact that my findings focus on what I consider to be the central issues as a discourtesy.

Our service is intended to resolve disputes between financial businesses and their customers with a minimum formality. So, while I've taken into account all submissions, I've concentrated my findings on what I think is relevant and at the heart of this complaint.

Mr M was concerned that the value of his plan dropped significantly but he wasn't contacted by Scottish Widows.

I can appreciate it was upsetting for Mr M to discover his pension had dropped in value.

However, Scottish Widows are Mr M's pension provider. He didn't have any agreements in place with them to offer him financial advice.

Considering the relationship Mr M had with Scottish Widows, I wouldn't expect them to attempt to offer Mr M any advice about his investments when they started to fall in value or offer any opinion on the likely effects of global events on the markets.

When Mr M attempted to call Scottish Widows for information about his pension's value, he was on hold for 45 minutes. And I can see that caused him upset and inconvenience. However, I think Scottish Widows' offer of £25 fairly reflects the inconvenience of being on hold for 45 minutes.

Scottish Widows also acknowledge that they didn't provide Mr M with a detailed explanation as to why his funds lost value until September 2022. But they offered £50 compensation for the delay in providing an explanation and I think that fairly reflects the upset their delay caused.

Throughout his complaints Scottish Widows continued to apply charges to Mr M's plan. But I think that was reasonable. Scottish Widows have continued to administer Mr M's plan throughout that time and the charges were being levied for that service.

Scottish Widows initially held an incorrect address for Mr M where paperwork relating to the opening of his plan was sent. I can see the address recorded on the application form by Mr M's adviser was unclear. And it didn't seem to match the address later recorded on an identification verification form that Scottish Widows were also sent.

In those circumstances I would have expected Scottish Widows to clarify Mr M's correct address. But they didn't. The result was that some of Mr M's paperwork was incorrectly addressed.

It seems Mr M became aware of the issue fairly quickly after speaking with his adviser and the address was later corrected. While I appreciate it was disappointing for Mr M, he didn't suffer any financial losses as a result of the paperwork being incorrectly sent. While the paperwork may have also noted a right to cancellation of the plan, I've seen no evidence that Mr M was unhappy with the plan during the cancellation period. Which isn't surprising as he'd only just taken it out.

I appreciate Mr M's strength of feeling that businesses should ensure that important documents are received by their customer. For example, using recorded delivery. But it's a legitimate business decision Scottish Widows are able to make as to how they communicate with their customers. The vast majority of post that is sent is received by its intended recipient, so I think it's reasonable for Scottish Widows to have sent Mr M's documents to him by standard post.

Mr M's main outstanding concern centres around the funds value when he moved it into a cash account.

I'm satisfied with Scottish Widows' explanation that Mr M's request to sell down his funds to cash on 2 August 2022 wasn't made until after their midday deadline. And while I haven't seen evidence of the time of the call, Mr M hasn't disputed that. So, Scottish Widows didn't process the request until the following day - 3 August 2022. And Mr M received the next available price of his funds after the instruction was processed.

Scottish Widows have acknowledged that they gave Mr M incorrect information on the telephone about when he'd be able to see the value of his funds moving into the cash

account. Mr M says when he called on 2 August 2022 Scottish Widows told him to watch the price until the end of the day and if it stayed the same, that's what he'd get. But that was incorrect as Mr M's request wasn't processed until the following day. So, he would have achieved the end of day price on 3 August 2022. And Scottish Widows explain that price wouldn't have been available to see on their website until 4 August 2022.

When a business makes an error in the information they give such as this, my role is to assess whether that led to a financial loss. I've seen no evidence the request was processed incorrectly. So, on balance it's likely Mr M was never entitled to the higher valuation he saw. Because the value he saw was for the value of the funds had the request been processed on 2 August 2022, and his request wasn't processed until the following day.

Mr M says that had he known his funds would be valued £1,500 less, he might not have gone ahead with the request. However, I can't agree with Mr M's claim. I say that because Mr M couldn't have ever known the final value of his funds *before* switching them to cash. Funds such as these are subject to strict rules that mean the value is not known and can't be known before the transaction is processed. This is called 'forward pricing'.

Mr M's funds had already dropped in value and considering the evidence I've seen, I'm satisfied Mr M was looking to reduce his exposure to market volatility at that time. And as I've explained, Scottish Widows wouldn't have been able to tell him whether the price he was going to receive was likely to drop (or increase) as it wasn't known at the time. Therefore, I don't think Mr M would have changed his course of action if he'd been given correct information on the phone and would have always received the £197,321.55 that he did.

That being said, I think Scottish Widows caused Mr M a loss in expectation. He was told incorrect information about when he'd be able to see the value of his funds. And the value he saw was higher than what he received in the end. So, he was caused upset by Scottish Widows error when he didn't get what he was expecting.

Scottish Widows offered to pay £75 for the upset their incorrect information caused and I think that fairly reflects the upset caused. Mr M was abroad when he needed to call Scottish Widows, which was likely to have come at a cost to him. But Scottish Widows offered £7 to cover the cost of the call. And without any evidence to the contrary, I think that's likely to be sufficient.

Overall, I can see that the service Mr M's received from Scottish Widows wasn't perfect. And mistakes were made. But I don't think Mr M suffered any financial losses as a result of Scottish Widows' errors. Scottish Widows have offered a total of £157 over the course of Mr M's complaints with them. For the reason's I've already given, I think that fairly reflects the upset and inconvenience Scottish Widows caused, so I won't ask them to do anything more.

### **Putting things right**

Scottish Widows Limited has already offered to pay a total of £157 to settle Mr M's complaints. I think this offer is fair in all the circumstances.

### **My final decision**

My decision is Scottish Widows Limited should pay Mr M a total of £157 if they haven't done so already.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 15 June 2023.

Timothy Wilkes  
**Ombudsman**