

The complaint

Mr H's complaint about Scottish Widows Ltd (Scottish Widows) is comprised of a number of parts. The first relates to a single payment made into his pension which was not actioned in a timely manner.

The second point of complaint relates to lack of functionality in the new website which has impacted the ease with which it is possible to actively manage funds in his pension portfolio.

Mr H also complains about an error in part of Scottish Widows' website resulting in the estimated summary of his pension at retirement being misleading. He complains that this has affected his plans for retirement and caused him distress.

Scottish Widows offered a payment to Mr H to reflect the inconvenience caused. Mr H is unhappy with the total amount offered.

What happened

Mr H made a payment into his pension with Scottish Widows on 6 October 2022. Mr H identified this and on 19 October, following a call from Mr H, Scottish Widows applied the payment to his policy. The reason for this delay is unknown. A financial loss calculation was carried out, and it was found that Mr H had been financially disadvantaged by the delay. The payment was reworked to ensure that the policy was put into the position that it would have been in if the payment had been applied correctly at outset. Mr H is satisfied with what Scottish Widows has done in this respect and is also satisfied that other payments have subsequently been made without issue.

At around the same time, Scottish Widows made a number of changes to their website. Mr H found the new website difficult to use as it had removed some elements of functionality that he had previously found useful. Late in 2022, Mr H began to use the "Estimate my Pension" calculator within the website to start to plan for his upcoming retirement.

The date that Mr H called Scottish Widows to investigate the missing payment was considered by them to be the first point of complaint. Following this first complaint, on 20 December 2022, Scottish Widows issued a final resolution letter which acknowledged their error, confirmed that they had carried out a financial loss calculation and taken steps to ensure that Mr H was in the position he would have been in if the payment had been applied correctly to the policy.

On 8 February 2023, Mr H emailed Scottish Widows following a telephone call with the complaint handler and explained that his complaint was in two parts – one related to the single payment not having been actioned in time and the other related to a lack of functionality within the new website. However, he also added the point that he had "recently" identified a flaw with the website which erroneously estimated the amount of pension available to him at age 60. Specifically, it showed a headline figure for the amount of annual income and tax-free cash Mr H's pension was projected to produce which was too high because the annual income figure was actually based on no tax-free cash being taken. He enclosed screenshots to support his case.

Scottish Widows responded to this on 13 February, offered Mr H £100 in respect of the error with the single premium paid into his pension and advised that he would be issued with a projection quote in respect of his pension while waiting for “Senior Leadership” to review his concerns relating to the discrepancies in the estimate of his pension. Mr H did not accept this offer.

On 19 February, Mr H acknowledged the email of 13 February and requested an update on the issue he had highlighted with the online calculator. He had not received the projection of pension benefits at that time, but reiterated the impact that the errors with the pension calculation had had on his planning for retirement.

Mr H emailed Scottish Widows again on 21 February having received the projection. He stated that this was not what he had expected, which had further eroded his confidence he had with Scottish Widows in the management and administration of his pension and wished this error to be added to his file.

Scottish Widows emailed Mr H on 22 February 2023. In this email, they stated that the issue relating to the “Estimate my Pension” section of the website had been passed to “Lab specialists” who would be able to clarify whether there is an error with the functionality of the website. Due to Mr H having raised another issue (relating to the projection sent), the previous offer of £100 was increased to £150. Again Mr H did not accept this offer as the issue relating to the calculator within the website had not been resolved.

Following the investigation into his complaint relating to the “Estimate my Pension” website errors, Scottish Widows sent an email to Mr H on 1 March confirming that the Lab had identified the error on the website, for which they hoped a fix would be in place by the end of March 2023.

Mr H responded to this on 5 March, again reiterating his complaint in relation to the website error, and the impact that this had had on his expectation for his retirement. He stated that he felt *“the offer of £150 in recognition of the distress and effort in getting a resolution was inconsistent.”*

On 10 March, Scottish Widows sent an email and two letters to Mr H. The letters, both dated the same date, appear both to be complaint responses to Mr H relating only to the “Estimate my Pension” error. Both letters uphold Mr H’s complaint, however one offers £150 and states that a cheque for £150 was being sent to Mr H, the other does not include a monetary amount. Mr H confirms that he has received a cheque for £150.

In their email to Mr H dated 10 March, Scottish Widows covered all three of Mr H’s complaints points (the functionality of the website, the single premium delay and the “Estimate my Pension” issue), confirmed that they considered the complaint to have been fully resolved and stated that they believed the offer of £150 was suitable for the distress and inconvenience caused.

Mr H was not happy with this, and referred his complaint to this service. Having investigated the complaint, the investigator came to the view that the compensation already paid was fair and reasonable and in line with what she would have recommended. She found that Mr H had not suffered financial loss and the compensation already paid reflected the distress and inconvenience caused.

Mr H did not agree with this outcome. He pointed out that in the first complaint response he was offered £100 in relation to the delay in applying his single payment to his pension, which was increased to £150 in February 2023 due to poor customer service. He was

subsequently offered £150 in relation to the “Estimate my Pension” error which suggested that if he had complained separately, the cumulative payment to him would have been £300. Scottish Widows did not agree with this, and confirmed they felt that £150 was appropriate.

As the parties did not agree, the case has been referred to me for a decision.

Provisional findings

I issued my provisional decision on 11 August 2023. It said:

“Mr H’s complaint included a number of elements; however through their ongoing communications with Mr H, it appears that Scottish Widows have resolved the issues that led to the complaints. The remaining complaint point is whether the £150 total compensation paid to Mr H was fair.

The first compensation amount offered to Mr H was £100 in respect of the delays in applying his payment to his pension. The complaint resolution issued at that time also included reference to the functionality of the new website. They offered to send Mr H projections, however Mr H identified that they were not what he had expected, and as a result of this, the offer of compensation at that time was increased to £150. At that time, the “Estimate my Pension” issues had not been concluded or a resolution reached.

Mr H has reiterated a number of times the difficulties that the errors on the website in relation to the calculation of his estimated pension, and the distress and frustration this has caused him. Although it would be reasonable to expect the Scottish Widows website to be accurate, I don’t think its errors have caused Mr H to have lost out financially. The headline figures quoted were estimates and presented as such. So I think Mr H should, reasonably, have realised that he couldn’t make significant financial decisions off the back of them and that some further interrogation of the numbers, and careful thought, would be needed before any such decisions were made. And that’s exactly what did happen – Mr H queried the numbers and realised the headline figures were misleading. And, as far as I can tell, Mr H didn’t make any significant financial decisions off the back of what he initially saw. So whilst I recognise the distress and inconvenience Mr H suffered when he realised his retirement income wasn’t as high as he had initially been led to believe (a point I will return to shortly), I’m satisfied there isn’t a financial loss that Scottish Widows should compensate him for.

Scottish Widows investigated and identified the error, which appears to have been rectified as a matter of priority. They have acknowledged they were at fault, and Mr H was paid £150 in recognition of the inconvenience and distress caused. I believe that this is appropriate, and is in line with what this service would require them to pay.

Having considered all the information available, I agree that it appears that the first offer of £150 was made to Mr H prior to having been provided with an outcome relating to his complaint in relation to the “Estimate my Pension” website issue. On 10 March 2023 Scottish Widows wrote to Mr H stating “Thanks for getting in touch about the “Estimate my Pension” error. I agree and want to put things right. The letter referred only to the “Estimate my Pension” error and offered Mr H £150 in respect of the website issue.

It therefore appears that the two offers were made independently of each other as they related to different elements of dissatisfaction. I therefore think it fair and reasonable that both should be honoured to reflect the different, and cumulative impact these mistakes have had. I therefore direct Scottish Widows to pay Mr H £300 in total to reflect the inconvenience caused. Mr H has confirmed that he has already received £150, therefore Scottish Widows should pay Mr H a further £150. “

Responses to my provisional decision

I have received responses from both parties in relation to my provisional decision. Mr H has confirmed that he has no further points to raise. Scottish Widows reiterated their position that their previous offer was to cover all points raised and have not included any further points or information for consideration.

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 taken into account the responses from both parties, I see no reason to change my decision. So I remain of the view I set out in my provisional decision – my findings as set out above should be considered as my final decision.

My final decision

For the reasons stated above I uphold Mr H's complaint and direct that Scottish Widows Ltd should pay a further amount of £150 to Mr H to reflect the distress and inconvenience caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 30 October 2023.

Joanne Molloy
Ombudsman