

The complaint

Mr C complains that Scottish Widows Limited (SW) caused avoidable delays to the transfer of his pension. He also complains that he received a lack of updates during the transfer.

What happened

Mr C wanted to transfer the benefits from his former employer's Occupational Pension Scheme (OPS) to his Personal Pension (PP) with SW. He asked his former employer how he could do this on 22 July 2022. And chased it several times during August 2022.

On 5 September 2022, Mr C's former employer emailed him to tell him to ask his new pension provider to submit a transfer request to it to start the transfer process. The same day, SW said it received an online mail request that contained a completed transfer request to be performed through the Origo system.

Mr C asked his former employer questions about his transfer during September 2022. On 14 September 2022, it said that once it'd heard from SW, it would send it the transfer quote and the necessary discharge forms. And on 23 September 2022, it told Mr C that it was waiting to hear back from SW. And that once it had, it would transfer the money.

On 20 October 2022, Mr C called SW to chase the transfer. He was concerned about the delays in processing his transfer request. And felt he'd had to contact SW for updates. So he raised a complaint.

On 24 November 2022, SW wrote to Mr C to tell him that he'd stated "other", instead of the provider's name, in the transfer application form. It also told him that the transfer from his OPS couldn't be completed electronically. So it needed signed and dated discharge forms to be completed.

On 16 December 2022, Mr C called SW to ask about the transfer paperwork, and to check what it still needed. On the same day, he called his former employer to tell it that SW had received the discharge form, but that it had incorrectly completed it. He told it that SW needed it to send the form back with the correct name on it. And asked it to do this quickly.

On 5 January 2023, Mr C's former employer sent SW his transfer value quotation. It said that if Mr C wanted to proceed with the transfer, SW should arrange for the enclosed forms to be completed and returned.

On 9 January 2023, SW received the completed forms for the transfer but didn't process them until 9 February 2023.

SW issued its final response to the complaint on 16 January 2023. It upheld the complaint. It acknowledged it'd caused unnecessary delays. SW offered Mr C £150 compensation for the distress and inconvenience caused. And £50 because it'd taken longer than it should to issue its final response.

On 23 January 2023, Mr C wrote to SW with the documents for his pension transfer. But the

forms he'd attached hadn't been completed.

Mr C emailed his former employer on 8 March 2023. He said SW had told him that it'd received all the documentation needed. And that it'd sent a chaser email for payment on 27 February 2023 asking his OPS to make the payment into his PP. He asked it when this would be done.

Mr C's former employer replied to Mr C on 17 March 2023. It said that the forms he'd sent it hadn't been completed. It asked Mr C to ensure the relevant documents were completed and returned to it.

On 30 March 2023, Mr C's former employer confirmed it'd received all the documents.

On 11 April 2023, SW wrote to Mr C's former employer to tell it that it had posted completed transfer forms to it on 9 February 2023. SW asked for confirmation that these had been received. And for an update.

Mr C's former employer replied the same day to tell SW that the transfer payment would shortly be made. It said £7,777.06 would be transferred. And on 12 April 2023, it transferred that amount to SW.

Mr C emailed his former employer on 14 and 18 April 2023 to tell it the money hadn't reached his account. And to ask when he would receive it. It replied on 18 April 2023 to tell him the money had been credited to the bank account details it'd been provided with. It referred him to SW.

On 26 April 2023, Mr C's OPS sent him proof that it'd made the transfer payment to SW. SW returned the payment to Mr C's OPS because no valid payment reference number had been included.

On 13 June 2023, Mr C brought his complaint to this service. He was unhappy that SW hadn't kept him updated about his transfer. And felt it'd caused avoidable delays to it. He also raised another complaint with SW.

SW emailed Mr C's former employer on 12 July 2023 to tell it that it had returned the funds. It told this service that although the funds had been returned at the end of April 2023, it'd failed to communicate this until 12 July 2023. SW asked the OPS to re-send the funds with a valid payment reference number.

On 7 August 2023, Mr C's OPS sent the funds to SW again. But they were returned again on 18 August 2023 because there was still no valid reference number. SW told Mr C's OPS about this on 7 and 21 September 2023.

On 4 October 2023, SW issued a further final response to the complaint. It apologised for the delays to the transfer. And acknowledged that he hadn't received the level of service he should have. It offered Mr C a further £100 for the inconvenience he'd been caused. SW also confirmed that it had now applied the £7,777.06 it'd received to Mr C's PP. Also on 4 October 2023, SW issued its post sales correspondence which confirmed it'd received the payment on 8 September 2023.

Mr C told this service that he didn't think the compensation SW had offered was sufficient. He said chasing the transfer had caused him over a year of stress. And that he'd spent countless hours on the phone to both SW and his former employer. He felt that £1,000 compensation would be a fair amount.

Our investigator asked SW for its complaint file. When it sent it, it said that - having reconsidered the whole process - it felt it'd caused avoidable delays to the transfer due to a lack of communications. But it hadn't yet addressed the financial impact this might've had on Mr C.

SW said it hadn't responded to the original request made on 5 September 2022 until 24 November 2022. And that it'd then caused further delays when it didn't issue information after receiving paperwork on 9 January 2023 until 9 February 2023. It said it'd also failed to make Mr C's OPS aware that it'd returned the funds within a reasonable time frame.

SW proposed to put things right by using 8 September 2023 - the date it'd invested the transferred funds - and pushing this date back by the total period of the delay it'd caused. It said this was 150 working days. Therefore it felt the transfer should've been completed on 6 February 2023, but for the delays it'd caused.

SW told this service it felt the £250 distress and inconvenience payments it'd made to Mr C, plus the £50 it'd paid him for taking longer than it should to issue its first final response, were reasonable under the circumstances, because it hadn't caused all of the delays he'd faced.

Our investigator felt that SW's new offer to put things right was fair. He agreed it'd caused total avoidable delays of 150 working days. And also felt that the compensation it'd paid Mr C for distress and inconvenience was fair.

Mr C didn't agree with our investigator. He felt that the £300 he'd been paid in total wasn't enough for the stress the issued had caused him. He also wanted to know exactly how much financial redress SW was going to pay him. Our investigator explained that SW wouldn't decide that amount, but would calculate it based on the dates outlined.

As agreement couldn't be reached, the complaint has come to me for a 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'm going to uphold it. But I agree with our investigator that SW's most recent settlement offer is fair and reasonable under the circumstances. I'll explain the reasons for my decision.

SW doesn't dispute that it caused unnecessary delays. So I first considered the extent of those delays.

Avoidable delays caused by SW

Based on the testimony and evidence provided by SW, Mr C and his former employer, I detailed in the background section of this decision what happened when.

I've gone on to consider if there were any points when SW could've acted more quickly to progress the transfer.

From what I've seen, SW received the transfer request on 5 September 2022. But it didn't tell Mr C that the transfer application form had been completed incorrectly until 24 November 2022. I consider that SW caused an unnecessary delay over a period of 57 working days here.

Then once SW had received the completed transfer forms on 9 January 2023, it didn't process them until 9 February 2023. I can see that this is a delay of 23 working days. And when Mr C's former employer failed to put the correct policy reference number on the transfer forms, SW didn't tell it what had happened until 12 July 2023, despite returning the funds on 26 April 2023. This caused a further delay of 56 working days. Finally, SW failed to notify Mr C's former employer that it'd returned the funds again on 18 August 2023 until 7 September 2023. This caused a further 14 working day delay.

In total, the total avoidable delay attributable to SW is 150 working days. And I agree with SW that the transfer should've completed on 6 February 2023, but for the avoidable delays it caused.

From what I've seen, there were also a number of avoidable delays caused by Mr C's former employer. My decision can't consider these. So I've gone on to consider whether SW has done enough in respect of the distress and inconvenience the avoidable delays it's responsible for have caused Mr C. I've also taken into account SW's lack of communication with Mr C over the transfer period.

Distress and inconvenience

I understand that SW has paid Mr C a total of £250 compensation for the distress and inconvenience its avoidable delays, and its failure to provide him with updates about his transfer, caused. It also paid him £50 for the length of time it took to issue its first final response letter.

Mr C felt that his transfer had dragged on for 16 months. He said he'd spent hours on the phone with SW trying to rectify the situation. He said it hadn't acted proactively to progress his transfer. He didn't think that the money SW had paid him was enough for the stress and inconvenience he'd been caused.

I've considered the impact the transfer delays has had on Mr C. While I understand why he's frustrated the transfer took so long, and required him to chase SW, I consider that the offer it has now made will fairly put things right. I say this in part because the evidence shows that SW didn't cause all of the delay or inconvenience Mr C suffered. As I noted above, it's responsible for 150 working days of the delay.

Putting things right

My aim in awarding fair compensation is to put Mr C back into the position he would likely have been in, had it not been for the avoidable delays SW caused. I think this would've meant Mr C's transferred funds would've been invested 150 working days earlier. That is, 6 February 2023.

Any loss Mr C has suffered should be determined by obtaining the notional value of the pension at the date of my final decision on the basis that it'd been invested 150 working days earlier and subtracting the current value at the date of my final decision of the pension from this notional value. If the answer is negative, there's a gain and no redress is payable.

The compensation amount should if possible be paid into Mr C's pension plan. The payment should allow for the effect of charges and any available tax relief. The compensation shouldn't be paid into the pension plan if it would conflict with any existing protection or allowance.

If a payment into the pension isn't possible or has protection or allowance implications, it should be paid directly to Mr C as a lump sum after making a notional reduction to allow for

future income tax that would otherwise have been paid.

If Mr C has remaining tax-free cash entitlement, 25% of the loss would be tax-free and 75% would have been taxed according to their likely income tax rate in retirement – presumed to be 20%. So, making a notional reduction of 15% overall from the loss adequately reflects this.

Details of this calculation should be provided to Mr C in a clear and simple format.

My final decision

For the reasons set out above, I uphold Mr C's complaint. Scottish Widows Limited must take the actions detailed in the "Putting things right" section above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 13 December 2023.

Jo Occleshaw
Ombudsman