

The complaint

Mr W complains about the service he received from Scottish Widows Limited ("Scottish Widows") when transferring the proceeds of three Personal Pension Plans ("PPP") to an existing PPP.

What happened

I issued a provisional decision on 30 October 2023. I've recapped the background below:

On 3 August 2023, Mr W contacted Scottish Widows, requesting the transfer of three PPPs he held with a provider I'll refer to as, "Provider P", to his existing PPP. Scottish Widows agreed to make the transfer request.

Mr W contacted Scottish Widows for an update on 8 August 2023 and was told the transfer was still outstanding.

On 11 August 2022, Provider P wrote to Scottish Widows, confirming that the proceeds of one of Mr W's PPPs (under reference ending 415) had been successfully transferred to it.

On the same day, Scottish Widows updated Mr W, explaining that while one of his PPPs had been transferred, its request for his other PPPs (under references ending 001 and 000) had been rejected as it hadn't provided the correct ceding reference numbers. Scottish Widows asked Mr W to contact Provider P directly to confirm the correct details so the transfer could be resubmitted. Shortly thereafter, Mr W provided the details Scottish Widows required.

On 22 September 2022, Scottish Widows sent Mr W confirmation that the proceeds of his PPP ending 415 had been received and invested in line with his existing PPP on 16 August 2022.

Mr W later contacted Scottish Widows to complain about how long the transfer was taking, explaining that as he had no other source of income, he was heavily reliant on the transfers going through.

On 3 October 2022, Scottish Widows sent its final response to Mr W's complaint. Although it didn't uphold it regarding the outstanding transfer of the two PPPs, it acknowledged that the service it had provided was poor and apologised for not completing the transfer on time. For the inconvenience he'd suffered, Scottish Widows arranged for £50 to be sent to Mr W.

Scottish Widows sent a transfer request to Provider P for Mr W's remaining PPPs via the electronic transfer system, "Origo", on 4 October 2022.

On 13 October 2022, Provider P wrote to Scottish Widows, acknowledging receipt of its request and confirming that the proceeds of Mr W's remaining PPPs had been sent via direct credit on the same day. It asked Scottish Widows to confirm via Origo that the funds had been received.

Having received no response, Provider P wrote to Scottish Widows again on 26 October 2022, quoting Mr W's PPP number and asking it to update the transfer status on Origo since the requested funds had been sent. A further chaser was sent on 1 November 2022, again quoting Mr W's PPP number.

On 29 November 2022, Scottish Widows emailed Provider P, stating that although the funds for Mr W's remaining PPPs were received on 27 October 2022, his Scottish Widows' PPP number hadn't been used as a reference. Because of this, the funds were returned to Provider P on 7 November 2022. Scottish Widows asked Provider P to send the proceeds for Mr W's two PPPs again.

Mr W later referred his complaint to our Service and efforts to complete the outstanding transfer continued.

Having spoken with Provider P on 30 November 2022, Scottish Widows emailed it on 19 December 2022 asking for an update on the transfer. It says it chased Provider P for responses on 4, 12 and 20 January 2023, repeating that as the funds Provider P previously sent hadn't included Mr W's Scottish Widows' PPP number, it had returned them and asked for them to be sent again using the correct reference.

Provider P wrote to Scottish Widows on 3 February 2023, advising that Mr W's outstanding funds had been resent via Origo and needed to be accepted.

Scottish Widows says it checked Origo and initially saw no updates for Mr W's policy. However, following an additional search carried out by its finance team, Mr W's funds were located and applied to his PPP. The investment date was backdated to 3 February 2023 as this was when the funds were received.

As I understand it, it wasn't until April 2023 that Mr W received confirmation that the proceeds of his remaining PPPs had been received and credited to his Scottish Widows' PPP.

Scottish Widows reconsidered Mr W's complaint and issued a further response. In summary, it said the delay in Mr W's transfer being completed was due to the correct reference number not being provided by Provider P on each transfer request. Any funds which couldn't be reconciled with Mr W's PPP were returned to Provider P and this was the correct action to take in the circumstances.

Mr W has confirmed that while Scottish Widows later paid him a further £100 compensation for what happened with his transfer, it continued to blame Provider P for the delays.

One of our investigators considered the complaint and upheld it. In summary, he said:

- Letters Scottish Widows received from Provider P had always included the correct reference - Mr W's Scottish Widows' PPP number.*
- Based on correspondence it was sent, Scottish Widows should've been able to locate and apply the transferred funds for Mr W's remaining PPPs to his existing PPP on 13 October 2022.*
- Given how long the transfer took, Scottish Widows should pay Mr W a further £200, bringing total compensation to £350.*
- Scottish Widows should backdate the investment of the proceeds of Mr W's two PPPs (under references ending 001 and 000) to 13 October 2022, ensuring the funds are invested in line with the same split used for the transfer of Mr W's first PPP (under reference ending 415) on 22 sept 2022.*

Mr W accepted our investigator's findings. However, as Scottish Widows didn't respond, the matter was passed to me for a decision. And my provisional findings were as follows:

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 intending to uphold Mr W's complaint. I'll explain why, but before I do, I should note that although our investigator has repeatedly asked for evidence of what happened during the transfer process, including copies of correspondence exchanged and records of transfer requests and responses sent via Origo, Scottish Widows has either not provided a full response or failed to respond at all.

Scottish Widows accepts that the service it provided Mr W with fell below its normal standards and that his transfer wasn't completed on time. But the limited information it has provided – and the fact that another party was involved in the process – makes it hard to determine the extent to which its acts or omissions delayed the transfer. Similarly, it's difficult for me to assess the impact of Scottish Widows' actions and whether the way it has sought to put things right is fair and reasonable in the circumstances.

Our rules are available in full in the Financial Conduct Authority's Handbook at <https://www.handbook.fca.org.uk/handbook/DISP>. I think the following rules are relevant in this case:

DISP 3.5.9R says:

"The Ombudsman may: (...)

(3) reach a decision on the basis of what has been supplied and take account of the failure by a party to provide information requested."

DISP 3.5.14R says:

"If a respondent [in this case, Scottish Widows] fails to comply with a time limit, the Ombudsman may:

*(1) proceed with consideration of the complaint; and
(2) include provision for any material distress or material inconvenience caused by that failure in any award which [she] decides to make."*

In this case, I don't think it would be fair for me to wait indefinitely for Scottish Widows to answer our investigator's questions and provide the information he's asked for.

Where the evidence is incomplete, inconclusive, or contradictory (as some of it is here), I must reach my decision on the balance of probabilities – in other words, what I consider is most likely to have happened considering the available evidence and the wider circumstances. And given Scottish Widows' failure to clearly explain and provide supporting evidence of what happened during the transfer process, I think it's reasonable that I take account of that failure.

There is no doubt that the transfer of Mr W's PPPs was protracted and that there were delays. What I need to decide here is whether, based on delays it caused, Scottish Widows has taken appropriate steps to put matters right and compensate Mr W for any financial losses he may have sustained.

Although Scottish Widows and Provider P were involved in the transfer process, my findings are based on Scottish Widows' acts or omissions as it's the party Mr W has complained about. Although Provider P may have contributed to delays with the transfer, I'm unable to make a finding on its actions. But this doesn't mean I've ignored the impact of any delays Provider P may have caused, or that I've held Scottish Widows responsible for these.

Overall, I have real sympathy for Mr W. It's clear to me that the smooth and timely transfer of his PPPs was of great importance to him. As Mr W later shared with Scottish Widows, his PPPs were his only source of income, and he was counting on the transfer going through without incident. So, I can understand why Mr W was concerned and ultimately disappointed with how long the transfer took.

As his PPP provider and the receiving scheme, I think Mr W had a reasonable expectation that Scottish Widows would act in his best interests, doing all it could to ensure the transfer was completed as soon as it could be. Unfortunately, I can't see that Scottish Widows did so on this occasion.

Electronic transfers, using real-time software packages like Origo, allow transfers to take place without the need for paperwork to be exchanged. Providers can submit and respond to requests via the Origo platform, meaning the transfer process should be faster and more streamlined, often being completed in days and weeks, as opposed to months.

In keeping with this, one of Mr W's three PPPs was successfully transferred within nine working days of him asking Scottish Widows to process it. Although Scottish Widows hasn't shared its service standard for completing transfers, based on everything I've seen, I'm satisfied that the first transfer occurred within a reasonable timeframe and without avoidable delay. Unfortunately, the same cannot be said for Mr W's remaining PPPs, which weren't transferred until almost six months after his original request. Clearly, the transfer shouldn't have taken this long.

The first notable delay appears to have happened shortly after Provider P told Scottish Widows that its transfer request for Mr W's remaining PPPs had been rejected because the correct ceding reference numbers hadn't been provided. Scottish Widows asked Mr W to confirm the correct references, but even though he did so on the same day, Scottish Widows didn't resubmit the transfer request to Provider P until much later.

During this time, Mr W complained about how long the transfer was taking. Although Scottish Widows answered the complaint and awarded £50 for poor customer service, it rejected any responsibility for the delayed transfer of the Mr W's remaining PPPs. I'm unable to agree with Scottish Widows' position here.

As Scottish Widows had the information it needed to resubmit Mr W's transfer request for his remaining PPPs on 11 August 2022, I think it's reasonable to expect it to have made this request on the same day or, at most, within five working days, so by 18 August 2022. But in Mr W's case, Scottish Widows didn't make the request until 4 October 2022 – almost two months later. In the absence of any explanation for this delay, I think it's fair to conclude that it was avoidable, and that Scottish Widows was responsible for it.

Upon receiving Scottish Widows' transfer request, Provider P sent Mr W's remaining PPP funds to Scottish Widows within seven working days – by 13 October 2022. And following this, on two separate occasions, it asked Scottish Widows to confirm receipt of the funds. I can't see that Scottish Widows ever responded.

If Scottish Widows had resubmitted the transfer request when I think it should've – on 18 August 2022 – I think it's reasonable to assume that as it did in October 2022, Provider P

could've sent the remaining funds seven working days later, on 29 August 2022. Following this, the funds could've been invested within the same amount of time (three working days) it took for the proceeds of Mr W's first PPP to be invested following Scottish Widows' receipt of them. This means the funds would've been invested on 1 September 2022, almost five months earlier than when the transfer and investment were actually completed on 3 February 2023.

It wasn't until 29 November 2022 – thirty-three working days after Mr W's funds had been sent – that Scottish Widows contacted Provider P to confirm that although the funds had been received, they'd been returned because Mr W's Scottish Widows' PPP number hadn't been used as the reference on the transfer.

I haven't seen any evidence of the reference Provider P gave when sending Mr W's funds to Scottish Widows. So, in the absence of this, I've considered what, on balance, likely happened, bearing in mind the evidence that's available.

I'm conscious that of the correspondence I've seen that Provider P sent to Scottish Widows during the transfer process, it repeatedly (and correctly) quoted Mr W's Scottish Widows' PPP number as the reference. Notably, it did this with the transfer of Mr W's first PPP and in letters it sent to Scottish Widows on 13 October 2022 on 26 October 2022 regarding Mr W's remaining PPPs. Given Provider P's consistency quoting the correct reference number to Scottish Widows during the transfer process, I think it's reasonable to expect that it would've done the same when confirming via Origo that Mr W's outstanding PPP funds had been sent.

But even if Provider P hadn't provided the correct reference number (to be clear, I think it most likely did), I think that Provider P's 13 October 2022 letter to Scottish Widows, confirming that Mr W's remaining funds had been sent, contained enough information (including the relevant Scottish Widows' PPP number) for the funds to be located and reconciled with Mr W's plan.

As I've already said, Scottish Widows appears to have ignored Provider P's confirmation letter and chaser; not confirming it had received Mr W's funds until 29 November 2022. I've seen nothing which explains the delay or why Scottish Widows waited so long to follow up on funds it had requested almost two months prior. And bearing in mind that Mr W had already expressed concern about how long the transfer was taking, and Scottish Widows acknowledged that it had already provided poor customer service, it's disappointing to see that it delayed matters further with seemingly little regard for the impact this would have on Mr W.

I've considered what ultimately led to Mr W's outstanding funds eventually being allocated to his policy in February 2023. Scottish Widows says that Mr W's funds couldn't be located as there were no updates from Provider P via Origo for his policy. But it goes on to say that when its finance team carried out a search, the funds were successfully located and applied to Mr W's policy. Although Scottish Widows hasn't explained what its finance team searched for which enabled it to locate the funds, I think it's reasonable assume that it would've been something it could've searched for when Provider P sent the funds to it for the first time in October 2022. If Scottish Widows had proactively searched for Mr W's funds in October 2022 as it did in February 2023, I think it's reasonable to assume that it would've likely had the same success and located the missing funds. And in doing so, Mr W's transfer could've been completed much sooner than it was. For the reasons I've already given, I think this could've happened on 1 September 2022.

There's limited information about what exactly happened during the first transfer attempt where Scottish Widows says Provider P advised that the incorrect ceding scheme reference

had been provided for two of Mr W's PPPs. But it seems unusual that Scottish Widows' transfer request – made on behalf of Mr W, at the same time, and using the information he'd provided about his PPPs – would've included the correct ceding scheme reference for one of Mr W's three PPPs and not all of them.

As I haven't seen enough to be satisfied that Scottish Widows' errors prevented the transfer from completing on 16 August 2022, I'm unable to conclude that the delayed transfer of Mr W's two PPPs should be backdated to this date.

If everything had happened as I believe it should've and the transfer was completed on 1 September 2022, it's clear that much of the distress and inconvenience Mr W experienced throughout the transfer process could've been avoided. Unfortunately, Scottish Widows failure to act proactively and pragmatically meant that Mr W was repeatedly put in a position where he was having to chase the involved parties to progress the matter and find out what was going on with his funds. I've seen emails Mr W sent our investigator during this time and it's clear to me that he was worried and confused by how long it was taking for him to gain access to funds he was depending on. Considering this and the opportunities Scottish Widows missed to get the transfer back on track and communicate effectively with Mr W about the status of his transfer, I think Scottish Widows caused Mr B avoidable distress and inconvenience.

Scottish Widows has already paid Mr W £150 compensation for the poor service it provided, however, for the reasons I've set out above, I agree with the investigator that it should pay Mr W an additional £200, as I consider total compensation of £350 to be fair and reasonable and better reflect the impact of Scottish Widows' actions and what it could've done better. Although Scottish Widows accepts that it made errors, I'm not satisfied the way it proposed to put this right – notably, using an investment date of 3 February 2023 for Mr W's two PPPs under references ending 001 and 000 – sufficiently compensates Mr W for what happened. And while my reasons for intending to uphold this complaint are broadly the same as our investigator's, I don't think the investment date he used takes into account Scottish Widows' delay in resubmitting the transfer request in October 2022. Accordingly, I've set out below what I currently think Scottish Widows should do to put matters right.

Putting things right

My aim in awarding fair compensation is to put Mr W back into the position he would likely have been in, had it not been for delays caused by Scottish Widows. That means Scottish Widows will need to work out whether Mr W has suffered any financial loss by comparing what his PPP with it is currently worth (the actual current fund value) with what it would've been worth (the notional fund value) had Scottish Widows received the proceeds of his PPPs under references ending 001 and 000 on 29 August 2022, using an investment date of 1 September 2022.

If the actual current fund value is higher than the notional value, there's no financial loss. But if the notional fund value is higher, Mr W has suffered a financial loss. In that case Scottish Widows will need to pay the difference between the actual and the notional fund value.

The compensation amount should be paid into Mr W'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 W as a lump sum after making a notional reduction to allow for future income tax that would otherwise have been paid.

If Mr W hasn't yet taken any tax-free cash from his plan, 25% of the loss would be tax-free and 75% would have been taxed according to his likely income tax rate in retirement – presumed to be 20%. So, making a notional reduction of 15% overall from the loss adequately reflects this.

Scottish Widows should provide details of the calculation to Mr W in a clear and simple format.

Scottish Widows should also pay Mr W £200 for trouble and upset caused.

I invited Scottish Widows and Mr W to respond to my provisional decision. Scottish Widows accepted my provisional findings. Mr W didn't reply.

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, my decision remains the same as before (and as set out above). In the absence of any further submissions on the matter, I don't have anything to add to what I said in my provisional decision. That means I'm upholding Mr W's complaint for the reasons I've previously given.

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My final decision

For the reasons I've set out, my final decision is that I uphold Mr W's complaint and direct Scottish Widows Limited to put things right as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 29 November 2023.

Chillel Bailey
Ombudsman