

## The complaint

Miss H complains that Scottish Widows Limited unduly delayed her request to withdraw all of her pension and she's suffered financial loss as result.

## What happened

Miss H had a Retirement Account with Scottish Widows. She contacted it on 31 May 2023 and requested a withdrawal of all of the funds in the account. She was told that this might take about six weeks. She heard nothing further. She contacted Scottish Widows again on 26 July 2023. It told her it had sent her the wrong forms and she'd have to start the whole process again.

Miss H says that, by this stage, the value of the funds in the Retirement Account had gone down – which she says amounted to a loss of over £960. She says Scottish Widows also told her during the second phone call that emergency tax would be deducted from the payment. It had not told her about this when she had first contacted it in May. She complained to Scottish Widows.

Scottish Widows investigated her complaint. It said that the value of her claim was set once all of its requirements had been met. She had not met those requirements, which included a requirement to accept the legal declaration, until 26 July 2023. It said all pensions were invested in the stock market and were subject to market volatility. It said it was declining this part of her complaint. Scottish Widows did acknowledge that Miss H had been inconvenienced as a result of what happened. It sent her a cheque for £100 by way of compensation.

Miss H did not accept what Scottish Widows said. So, it agreed to review her complaint. It issued her with a further final response in which it accepted that it had made mistakes. It sent her a further payment made up as follows:

- £100 for poor service (this was in addition to the payment of £100 it had previously sent to her);
- £26.14 for the difference in value between what she had received and what it said she would've received had Scottish Widows not made any mistakes; and
- £183.20 (calculated at 8% simple interest paid net after deduction of basic rate tax) for the time it said she'd been without her funds.

Scottish Widows did not agree that it should pay her anything further because of any fall in value of her Retirement Account between the date of her last statement on 19 May 2023 and the date it had sent her the amount she'd requested. It reiterated that pension policies can go down as well as up. But it said that the fall in value she'd referred to was not because of any error Scottish Widows had made.

Miss H did not agree. She complained to our service. Our investigator looked into her complaint. He thought that the offer Scottish Widows had made was fair. It had provided evidence that showed the value of the fund on 31 May 2023, when she'd first called Scottish Widows and the value of the fund when it said it could reasonably have been expected to

comply with her request. He thought the dates and values used in Scottish Widows calculation were fair. He did not think the value of Miss H's pension had gone down because of any mistake by Scottish Widows. He also thought that it was always the case that tax would have to be deducted from the payment. He did not think Scottish Widows needed to do anything further to resolve the complaint.

Because Miss H did not accept what our investigator said, the complaint has been passed to me to decide.

### **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.

#### What mistakes did Scottish Widows make?

I haven't been able to listen to the call that Miss H made on 31 May 2023. Scottish Widows says it hasn't been able to retrieve the call recording. Miss H says she requested a full withdrawal from her Retirement Account on that date. Scottish Widows sent her forms to complete and she heard nothing further until she contacted it again on 26 July 2023.

Scottish Widows says that it does not doubt what Miss H has said here – nor do I. Scottish Widows has acknowledged that it sent her the wrong forms to complete, did not inform her of this and didn't take any action until she contacted it again on 26 July 2023. So, I think it's fair and reasonable to say that if these mistakes had not happened Miss H would've received the funds from her Retirement Account much earlier. I'll comment further below about when I think she would've received the funds if Scottish Widows hadn't made any mistakes.

Miss H also says that she was not told during the first phone call that an emergency tax code would be applied and she'd receive a payment net of tax. She'd then have to contact HMRC to recover any overpaid tax.

Whilst I think that Miss H should've been told this during the first phone call, I don't think it would've changed her decision to go ahead and make the withdrawal. I say that because, even though she was given this information during the call on 26 July 2023, she still proceeded to make the withdrawal. When reaching this view, I've also taken into account that irrespective of what Miss H was told during the phone call on 31 May 2023 Scottish Widows would always have had to deduct tax from the payment, if she wanted to proceed. And I'm satisfied, on balance, she would have proceeded.

#### Did the fund fall in value because of mistakes made by Scottish Widows?

Scottish Widows has explained to Miss H that her Retirement Account was invested on the stock market. That meant it was subject to market volatility. This is in line with what the terms and conditions for the Retirement Account stated. And, I think Miss H was aware that the value of her account could fall as well as rise.

Miss H was issued with a statement which showed that the value of her account on 17 May 2023 was £37,710.42. However Scottish Widows has provided evidence which shows that when she contacted it on 31 May 2023, the value had fallen to £36,037.97. It subsequently increased to £36,610.72 on 2 June 2024. And, on 28 July 2023 (which was two days after Miss H contacted Scottish Widows again) the value was £36,563.43. It's fair to say that, as with most investments of this nature, the value fluctuated daily. So the daily changes in value are not unusual.

Whilst I can understand why Miss H is disappointed that the value fell after the date of her statement, I don't think that was because of any error Scottish Widows made. It was not able to control stock markets. And I think the explanation it's provided for the changes in the value of the Retirement Account over the period is fair and reasonable.

Miss H has also expressed concerns about how the value of her Retirement Account had fallen generally since the date of her investment. I can see that her account was invested in the Pension Protector fund. The Fund Fact Sheet explained that the aim of this fund was to provide a return consistent with the variations in market annuity rates (with the aim of reducing annuity conversion risk). The investments in the fund were mainly fixed investments. Scottish Widows has explained that although the fund has lost value the amount of annuity income that could be bought is broadly unchanged. Whilst I can understand why Miss H has expressed concerns about the fall in value of the account since the date of her initial investment, I've not been provided with any evidence which suggests that the fund was not being managed in line with its stated aims.

Is the offer made by Scottish Widows fair and reasonable?

When a business makes an error, it's not our role to fine or punish it. We look at what the business has done to try to make things right. We consider whether it has acted fairly and reasonably, taking into account all of the circumstances of the case.

Scottish Widows has offered to pay Miss H the difference between the value of her account on 2 June 2023 (which it says is the date it could have processed her claim if it hadn't made any errors) and 28 July 2023 (which was the date when her claim was processed).

I've thought about the dates used by Scottish Widows in its calculation and I think they are fair. I think it's reasonable for Scottish Widows to say that it would've valued her account on 2 June 2023, if no mistakes had been made, since it would have needed to carry out some administrative tasks before it could proceed. I can also see that it did value her account two working days after she phoned it on 26 July 2023. So, I'm satisfied on balance that two working days is a fair and reasonable timescale.

I note that on 2 June 2023 the value of the Retirement Account was slightly higher than its value on the subsequent date of 28 July 2023. Scottish Widows has provided evidence to support the valuations it has used in its calculations.

The difference in value due to Miss H, after deduction of tax, was £26.14. Scottish Widows has now paid this amount to Miss H. I think that's fair and reasonable.

I can see that Scottish Widows has also paid Miss H interest on the full value of the payment she should have received, if no mistakes had been made, for the period from 2 June 2023 up to the date she did receive payment. It has used 8% simple interest for this calculation. The amount of interest, after deduction of basic rate tax, was £183.20. I also think that's fair and reasonable and in line with what we'd have expected it to do here.

Scottish Widows has acknowledged that Miss H experienced distress and inconvenience as a result of what happened. It didn't inform her that her claim hadn't been processed and only took action to resolve matters after she contacted it. It has paid her £200 (in total) by way of compensation for the distress and inconvenience she's experienced. Having considered everything I think that's fair and reasonable and in line with our guidelines for awards for distress and inconvenience.

Although I know it will disappoint Miss H, I don't require Scottish Widows to have to do anything further to resolve this complaint.

**My final decision**

For the reasons given above I do not uphold this complaint about Scottish Widows Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss H to accept or reject my decision before 28 February 2024.

Irene Martin  
**Ombudsman**