

## **The complaint**

Mr R has raised three connected administration complaints regarding the transferring of one defined benefit (DB) pension and five defined contribution (DC) personal pensions.

Three different companies are ultimately subject to his complaints and I will be writing three separate Decisions. He says their respective inaction and poor service combined has meant he's lost around £23,788.

I've already issued one Decision. In this second Decision, I'm only addressing the complaint against Scottish Widows Limited. And to keep things simple, I'll refer mainly to "Scottish Widows".

I'll refer to the two other firms as "Firm A" and "Firm PW" but these will be fully identified and addressed in the two other separate Decisions relating to Mr R's two other complaints.

Put another way, I am dealing with one firm at a time – one Decision relating to each firm. This is Decision number two and relates to Scottish Widows.

## What happened

Mr R wanted to consolidate all his pensions to make dealing with them easier and more transparent. His original intention when he set out on this journey was to get them all to a position where they were manageable under one or two pension platforms.

For the five defined contribution schemes, this ought to have been relatively easy because the regulatory requirements around these types of schemes are comparatively straightforward. What he essentially needed to do was to get all the relevant information about each DC pension from the respective pension schemes, which would then enable them to be transferred to one single pension platform. He'd identified the likely new provider and platform he wanted to use going forward, so he set about asking all the five providers to begin the process of transferring. His DC scheme with Scottish Widows was one of the personal pensions included in this cohort.

However, Mr R also had an existing DB pension scheme which was deferred from a previous employer some years prior. He essentially wanted to do the same thing with this – transfer to a new platform – but as this was a DB scheme the regulatory requirements were much tighter. What the financial regulator requires is that when a member of a deferred DB scheme wants to transfer away and into a personal pension arrangement (a DC scheme) then in most cases regulated financial advice needs to be obtained from a firm with the correct permissions to do this. Mr R therefore sought regulated financial advice from “Firm PW” and he made it clear his preference was definitely to transfer away from the DB scheme and into a DC scheme, even though he was giving up some useful guarantees and benefits.

As I'll explain more about later, the whole process took far too long. And what this meant was that having been originally told that the cash equivalent transfer value of his DB pension was £111,115 Mr R anticipated this amount was what he'd be able to transfer across to a new DC scheme. However, obtaining the required advice took until the end of July 2022.

In common with standard industry practice, when Mr B received the CETV it came with a validity period which meant the £111,115 was only guaranteed until 23 March 2022. The delays I've described above caused this date to be substantially missed. Mr B didn't receive the advice he needed until 28 July 2022 and the advice, in any event, was *not* to transfer; “Firm PW” said transferring away from a DB scheme wasn't in his best interests.

Mr R didn't agree with the advice and he took a decision to use another adviser essentially to go through the same process again. Ultimately that adviser recommended a transfer but Mr R was distressed to find that by this time, a new CETV had been sought out and this was much lower than the one he had previously been given. By this time the CETV had reduced to £87,327 due to economic and market turbulence affecting bond yields.

Mr R's complaints allege that “Firm A”, “Firm PW” and Scottish Widows are all partly responsible for the delays which have caused a loss to Mr R. The crux of the complaint is that if they had all collectively acted in his best interests then he would have received a CETV of £111,115 rather than only £87,327.

One of our investigators has looked into the complaint he has specifically made against Scottish Widows. The first element of the complaint is that because Scottish Widows didn't deal effectively and efficiently with requests from “Firm PW” about the value (and other details) of his DC scheme, this caused a delay in progressing his DB scheme transfer which has ultimately cost Mr R money. The second element of Mr R's complaint against Scottish Widows is that the eventual transfer of the DC scheme to a new platform also was too slow and cost him money.

The investigator found the complaint about Scottish Widows' alleged inaction, said to have contributed to the reduced CETV for his DB scheme, was outside of our jurisdiction. Basically she said the complaint was made too late to comply with the 'time barring' rules, and specifically, that it had been brought more than six-months after Scottish Widows had issued its final response letter to Mr R.

Turning to the second issue - about the consolidation of Mr R's Scottish Widows DC scheme to a new provider, together with all his other pensions - for this she recommended that there was no evidence to uphold the complaint. The investigator said there were indeed delays in the DC pension consolidation process but Mr R hadn't actually lost any money. The investigator added that a £200 good will payment already offered by Scottish Widows was fair and reasonable in the circumstances.

As the parties couldn't informally agree, the complaint has come to me.

### **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.

I think the first element of this complaint is out of our jurisdiction. For the second complaint element, I think the offer to settle the complaint is fair and reasonable.

It follows that I'm not upholding the complaint against Scottish Widows.

#### *The transfer of Mr R's DB scheme to a personal pension arrangement*

Scottish Widows didn't consent to the Financial Ombudsman Service looking into this element of the complaint.

The rules under which I work say that where a business doesn't agree, I can't consider a complaint which is referred to this service more than six months after the date of the business' final response letter (FRL), unless the person making the complaint was prevented from making their complaint in time, as a result of exceptional circumstances. Dispute Resolution (DISP) rule 2.8.2R(1) can be provided on request or can be found online in the DISP section of the FCA Handbook.

Scottish Widows sent two letters about this aspect, one on 17 May and another on 26 May 2022. Although very slightly different in wording they cover the same issue in that they deny Scottish Widows played a part in the DB pension transfer delays and they put Mr R on notice that he had certain rights to refer the matter to the Financial Ombudsman Service. I've noted the letters said, *"You can go to the Financial Ombudsman Service if you don't agree with this decision, you have the right to refer your complaint to the Financial Ombudsman Service, free of charge – but you must do so within six months of the date of this letter. If you do not refer your complaint in time, the Ombudsman will not have our permission to consider your complaint and so will only be able to do so in very limited circumstances. For example, if the Ombudsman believes that the delay was as a result of exceptional circumstances"*.

Mr R first brought his complaint to the Financial Ombudsman Service on 22 August 2023, so in my view this complaint has been referred to our service out of time.

Mr R has asked how was he supposed to get to the bottom of who was responsible for the delays he was evidently experiencing when three different firms were involved? I understand the point being made and indeed, I sympathise with the situation he ended up in. But I'm afraid this didn't prevent him from referring the complaint about Scottish Widows and its

alleged involvement ahead of the six-month deadline, which in this case would have been in November 2022.

It therefore follows that I don't have the power to look at this complaint any further.

### The consolidation of his DC schemes

The defining issue here, I think, is that the evidence is more persuasive that Mr R has gained a small sum of money, rather than lost money.

Nevertheless, I accept that Mr R probably found the whole process of transferring his Scottish Widows DC scheme to another platform to be a frustrating one, where the transfer took too long. But both Scottish Widows and then our investigator comprehensively explained the amount transferred from his scheme should have been £10,654.99 whereas the amount actually transferred was £11,055.86 without interest. This meant there was £400.87 surplus. Scottish Widows accepted some fund growth - £250.18 – may have been missed out due to delays and would have been added by his new platform provider.

It seems to me that Mr R is both aware and understanding of the points being made. I note he acknowledged the investigation had been detailed and summarised in a way he understood. He nevertheless disagreed with both Scottish Widows and the investigator. But he can't really evidence why, speculating only that something isn't right. But from what I can see Mr R received £150.69 more than ought to have been the case via the DC scheme transfer process and also £70.77 in interest. He therefore isn't owed any money.

Of course, none of this is to minimise the sense of frustration I'm sure Mr R probably endured over what ought to have been a relatively straightforward transfer of one DC scheme to another.

However, in my view Mr R hasn't lost out financially and Scottish Widows has offered to pay Mr R £200 in addition to the amounts above. I consider this to be fair and reasonable.

### Summary

What I've needed to do is to separate the complex issues here into manageable parts. I'll be dealing with what is essentially Mr R's predominant complaint by some way, in due course, by issuing a Decision about "Firm PW".

However:

1. For the alleged delays incurred, and alleged losses caused, in respect of Mr R's DB pension scheme, I find this complaint point out of our jurisdiction. Mr R was sent a compliant FRL and he did not refer this matter to the Financial Ombudsman Service within the six months allowed under the rules we work to. There are no extenuating exceptional circumstances.
2. For the DC pension consolidation / transfer element of his complaint against Scottish Widows, I agree it handled the pension consolidation to another firm rather poorly. However, there is no evidence any financial loss was incurred. I also think the offer Scottish Widows has made to account for any distress and inconvenience caused, to be fair and reasonable.

**My final decision**

For the reasons I've given above, I am not upholding Mr R's complaint against Scottish Widows Limited.

Scottish Widows Limited should pay Mr R the £200 for distress and inconvenience unless it has already done this.

Scottish Widows Limited does not need to do anything else.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 21 March 2024.

Michael Campbell  
**Ombudsman**