

## **The complaint**

Mr R is unhappy with the service he received from Scottish Widows Limited (Scottish Widows) in the handling of the transfer of his pension plan (PP).

## **What happened**

In May 2023 Mr R contacted Scottish Widows as he wanted to take a tax-free cash (TFC) payment and transfer his PP to drawdown. During the initial call with Scottish Widows Mr R was told that he could open a Retirement Account (RA) and transfer both his PP held with Scottish Widows, and his pension held with another firm (Firm A) into it.

Scottish Widows explained that to do so Mr R would need to book an appointment to set up an RA. Mr R didn't want to wait for an appointment as he explained the value of his pension with Firm A was reducing, so he wanted to transfer it as soon as possible.

Scottish Widows explained to Mr R how to request the transfer of the pension with Firm A to his PP held with them. This call was long in duration and Mr R had spoken to a number of different advisers. At the end of these conversations Mr R reiterated that he wanted the funds to be transferred to an RA. Scottish Widows explained that if he didn't want his pension with Firm A to be transferred to his PP with them, he would need to cancel the transfer, then set up a RA before requesting the transfer again.

Mr R said he would do this, but he didn't, and so the transfer from Firm A to Mr R's Scottish Widow's PP went ahead.

The funds were received from Firm A on 25 May 2023 and applied to Mr R's PP within 10 working days. An appointment was set up for Mr R to open an RA, but the information he needed was not sent to him, and so the appointment couldn't go ahead. A new appointment had to be arranged, 9 days later.

There was an administrative error when the RA was set up – Mr R's name was spelt incorrectly, and his address was incorrect. This meant that four letters were sent to his neighbour, who opened them. The letters contained personal information such as Mr R's full name, his national insurance number, bank account sort code and account number and the value of his RA. Upon realisation of this, Scottish Widows corrected the information and reported themselves to the regulator – the Financial Conduct Authority (FCA).

Mr R raised two complaints with Scottish Widows, about the service received and delays in the transfer and the data protection breach.

In response Scottish Widows issued a total of £1,000 compensation for the service issues and distress caused to Mr R due to their error in sending post to the incorrect address. In addition, they calculated that they had caused an avoidable delay in the transfer of Mr R's pension and so offered 8% simple interest per annum, minus tax at the marginal rate for 10 days, for the loss of use of the TFC. When looking at if there had been a financial loss caused, they established that Mr R was better off due to the delay.

An investigator considered Mr R's complaint, they didn't uphold it. They thought the offer of compensation was fair.

Mr R didn't agree with the outcome and so he asked for the complaint to be referred to an ombudsman 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.

It's not in dispute that Scottish Widows made mistakes and their service fell short on a number of occasions. So, what I've considered is whether what they've already done to put things right is fair. Having considered this I'm not asking them to do anything more, so I'm not upholding the complaint. I'll explain why.

Two complaints were raised, with compensation paid of £500 on each totalling £1,000 compensation. I have considered whether £1,000 is fair compensation when considering the impact both the service and data breach have had on Mr R. Mr R mentioned that his wife was very concerned when she realised that the neighbour had received Mr R's post – I can't consider the impact this had on her, I can only consider the distress and inconvenience this has caused to Mr R.

I have been provided with a full breakdown of the communications Mr R, and his representative, had with Scottish Widows. I won't list everything here, but I have read through everything in full.

There were several service issues identified, such as not returning calls when Scottish Widows said they would, not sending an email, providing an incorrect password, passing Mr R on to different departments with internal miscommunication meaning at times this was to the incorrect department. Cold transfers so that Mr R had to repeat what he had already explained, or his representative had to go through security again and not issuing important information that needed to be considered prior to a meeting. As well as incorrectly setting up Mr R's RA so that post, containing very sensitive information, was sent to his neighbour.

I can see how all of these things would have been extremely distressing for Mr R, and how concerned he was upon realising that his confidential information had been provided to his neighbour. I've considered what the impact has been for Mr R. Mr R has not indicated, or provided any evidence that his information has been used in anyway so as to cause him a financial loss, or that fraud has been attempted or committed using his personal information. So, I am only considering the impact realising his information had been sent to his neighbour will have caused.

The award offered by Scottish Widows of £1,000 is in line with what I would have suggested, for both the service and data breach, in order to compensate Mr R for the distress he has been caused. Scottish Widows corrected the errors with Mr R's name and address and have apologised. As such I'm not suggesting they do anymore.

Scottish Widows have accepted they caused a 10-day unnecessary delay in the transfer of Mr R's pension. I have considered the timeline and agree with it. They calculated that Mr R's transfer value would have been less, had it been transferred 10 days earlier and so he has not suffered a loss in that respect. They have awarded 8% simple interest per annum, minus a tax deduction at the marginal rate on the TFC for the 10 days. I think this is fair and reasonable in order to compensate for the delay and so I'm not asking them to do anymore.

### **My final decision**

I don't uphold Mr R's complaint, Scottish Widows Limited have paid Mr R a total of £1,000 compensation for the stress and inconvenience they have caused him. And they paid him 8% simple interest per annum on the TFC for 10 days – to account for the loss of use of the funds for this period. I'm not asking them to do anymore.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 26 March 2024.

Cassie Lauder  
**Ombudsman**