

The complaint

Mrs W complains that she has not been treated fairly by Scottish Widows Limited in relation to the transfer of her pension from her employer's scheme.

What happened

Mrs W contacted Scottish Widows in December 2021 to discuss a transfer of her pension from her employer's pension scheme to Scottish Widows. Mrs W said that she was advised by Scottish Widows that this was possible and that she sent the completed forms to Scottish Widows on 8 December 2021.

Mrs W says that she became concerned that she had not heard anything and contacted Scottish Widows from around 20 January by phone and email on multiple occasions but didn't receive a response. Mrs W says her main concern was to whom her pension information had been sent.

It was not until the end of March 2022 that Scottish Widows contacted Mrs W at which time they apologised and advised that the correct information would be sent to her employer's pension scheme. However, Mrs W says that the information had still not been received 3 weeks later.

Mrs W complained to Scottish Widows and was advised in July 2022 that her complaint was being upheld. Scottish Widows acknowledged it had caused delays and offered to pay Mrs W £212 compensation for the cost of her telephone calls, the amount of time it took to respond to her complaint and for the distress and inconvenience it had caused her. It also said it would backdate the transfer to ensure Mrs W didn't suffer a financial loss as a result of the delays. At this point, the transfer still hadn't completed.

In November, Mrs W says that she contacted Scottish Widows to enquire about the status of the transfer and was told that nothing had been received. Mrs W complained again. Scottish Widows offered to pay a further £100 compensation because it had sent an email to Mrs W's employer's scheme when it should have sent it direct to Mrs W. Mrs W brought her complaint to us.

Unbeknown to Scottish Widows, the transfer payment had already been made – in late July – but Scottish Widows had applied it to the incorrect policy.

Our Investigator's view was that:

- Scottish Widows made errors and that they should compensate Mrs W
- £500 was sufficient to reflect the distress and inconvenience caused which should be paid in addition to the £312 already paid to Mrs W by Scottish Widows
- Scottish Widows advised that, following receipt of the transfer funds, these were applied to an incorrect policy
- The transfer of Mrs W's pension could have been completed more quickly had it not

been for delays caused by Scottish Widows

- Scottish Widows should compensate Mrs W for any financial loss incurred as a result of these delays
- Scottish Widows should complete the transfer of £6,480.03 into Mrs W's policy together with an additional amount to reflect the difference in the value of the total fund had the transfer been completed on 9 February 2022.

In response to this view, Mrs W advised that she did not wish to close her complaint as she did not understand the information she had been sent by Scottish Widows. Mrs W said that she would like a full explanation of how the category and number of unit prices shown in the correspondence are calculated as these appear to be different from those indicated online.

Our investigator was unable to resolve the dispute informally, so the matter was passed to me to decide.

I issued my provisional findings on the merits of Mrs W's complaint on 28 March 2024. In my provisional findings, I explained why I intended to uphold Mrs W's complaint and offered both sides the opportunity to submit further evidence or arguments in response. An extract of that decision is set out below and forms part of this final decision:

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 have reached the same conclusion as the Investigator and uphold Mrs W's complaint.

Scottish Widows have acknowledged that several errors by them led to the delays in the transfer of Mrs W's pension. Most of the delays stem from the same root cause; Scottish Widows incorrectly thought Mrs W had wanted to transfer out of Scottish Widows rather than transfer in. But a subsequent problem was caused by Scottish Widows applying received funds to an incorrect policy.

I don't think there's any doubt that Scottish Widows made an almighty mess of the transfer and caused Mrs W a significant amount of distress and inconvenience as a result.

I think it is reasonable that Scottish Widows compensate Mrs W for the failings that led to the delays, the transfer funds being applied to different policy and the subsequent impact on Mrs W of this together with the lack of communication and unnecessary stress. Taking into account our approach to distress and inconvenience awards, I agree that a payment of £500 in addition to the £312 already proposed by Scottish Widows is reasonable to reflect what Mrs W went through.

It now looks like Mrs W's transfer value has been paid into to her Scottish Widows policy. In relation to the financial loss Mrs W suffered as a result of the delays in the transfer of her pension, I think it would be reasonable for Scottish Widows to compensate Mrs W for any difference in the value of her pension had the transfer been completed when expected. I can see that Mrs W made the request to transfer on 8 December 2022 and it appears that Scottish Widows made several errors between this date and the day the transfer was finally completed including issuing the incorrect paperwork on several occasions. All in all, I think it would have been reasonable for Scottish Widows to have completed the transfer on 9 February 2022, this being 3 months from the date of the request by Mrs W's employer's scheme and the last date that the fund value of £6,480.03 was guaranteed.

This is the approach taken by our investigator and it's one that Scottish Widows agreed to. However, it looks like Scottish Widows has backdated Mrs W's transfer to 15 August 2022 rather than 9 February 2022. I don't think it's fair for Mrs W to suffer further aggravation at the hands of Scottish Widows. So Scottish Widows should backdate her transfer to 9 February 2022 unless this would financially disadvantage her, in which case it should continue with an assumed transfer in date of 15 August 2022. Either way, Scottish Widows will need to set out what it has done so Mrs W has confidence that she hasn't lost out financially as a result of its mistakes.

As Scottish Widows has already backdated Mrs W's transfer once, I've assumed it can do so again along the lines of the above. As this is a provisional decision, Scottish Widows should point out if this is incorrect.

My understanding is that Mrs W has no objection to the amount of compensation proposed by the Investigator both in relation to financial loss and for distress and inconvenience. However, Mrs W has said she is keen to be given an explanation of the value held in her pension policy. Specifically, Mrs W refers to different correspondence she has received from Scottish Widows detailing the number of units and unit prices. Mrs W expressed a wish to understand what units are currently held in her pension and how these have been calculated. Mrs W has also said that she would like an explanation of why this series of errors has occurred as she doesn't feel as though this has been provided.

Scottish Widows has been asked for further information on this and, in response confirmed that the funds from Mrs W's previous pension scheme were indeed erroneously transferred to another customer's policy. They have also said that, following several requests from the Investigator and Mrs W, they have not been able to establish the cause of the error that led to this. I recognise Mrs W's frustration with this explanation. However, there is only so much I can do to extract information from Scottish Widows on this point – and it may well be information that Scottish Widows doesn't yet know anyway. All I can do is direct Scottish Widows to put Mrs W back in the position she would have been but for its mistakes.

In addition to this, they have advised that one email dated 28 August 2022 and a further letter dated 10 December 2021 were sent to Mrs W's previous pension provider in error. They have confirmed that these were the only occasions on which correspondence intended for Mrs W was sent to a different addressee.

To provide Mrs W with more clarity on the matters she raised concerning the units currently held in her pension and how these have been calculated, I have tried to provide some detail on this.

It appears as though the transfer amount has been added to Mrs W's existing policy. This is detailed under the "Transfer in benefit" on her statements from Scottish Widows and is shown divided between Portfolios 4 and 5. Since the transfer was made, changes in the value of the individual funds have caused these and the total value of the policy to change. This accounts for the difference between the current value of these funds and the amount transferred of £6,480.33.

My provisional decision is that I uphold Mrs W's complaint.

I invited Mrs W and Scottish Widows to give me any more evidence and information they wanted me to consider before issuing my final decision.

Scottish Widows responded to say they agreed with the provisional decision. Mrs W didn't respond.

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, and as neither party had any further evidence or comments for my consideration, I see no reason to deviate from the outcome detailed above.

Putting things right

Scottish Widows should have provided a better service to Mrs W and should seek to put Mrs W back in the position she would have been in but for its mistakes.

To do this, Scottish Widows should backdate Mrs W's transfer to 9 February 2022 unless this would financially disadvantage her. If this is the case, it should continue with an assumed transfer in date of 15 August 2022.

Scottish Widows should also tell Mrs W what it has done in relation to the above steps so that Mrs W can be more certain of her position.

Finally, Scottish Widows should, if it hasn't already done so, pay to Mrs W the sum of £500 to reflect the distress and inconvenience it caused her in addition to the £312 already offered to her. This would take the total compensation payable to Mrs W to £812.

My final decision

My final decision is that I uphold Mrs W's complaint and direct Scottish Widows Limited to put things right for Mrs W by following the approach I set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs W to accept or reject my decision before 30 May 2024.

Rana Chatterjee
Ombudsman