

## **The complaint**

Mr N has complained that as a result of Scottish Widows Limited (Scottish Widows) changing its computer system it is unable to add his new employer to his pension plan. This means his new employer will not be able to add contributions to his plan.

He considers that he has been caused a financial loss as a result of having to take financial advice and has been caused significant distress and inconvenience.

Mr N would like to be compensated for both the financial loss and the distress and inconvenience he has been caused.

## **What happened**

Mr N held a workplace pension - a Group Personal Pension (GPP) - plan which was administered by Scottish Widows. In 2022, Scottish Widows wrote to its members to tell them that it would be moving the pension plan to a new computer system in September 2023. The letter explained some of the benefits for doing so but didn't explain that it would no longer allow additional third party contributors (such as employers) from being added in the future.

Mr N called Scottish Widows on 24 August 2023 to inform it that he had changed employer and asked it to send a change of employer form to his new workplace email address. Mr N wanted to add his new employer to his workplace pension so it could make contributions directly into his pension. Scottish Widows sent the form and Mr N posted it back shortly afterwards.

Scottish Widows made change to its system on 17 September 2023.

Mr N contacted Scottish Widows again on 6 October 2023, prompted by a perceived delay in it setting up his new employer to enable it to make contributions to his pension plan.

He was told by Scottish Widows that it had not received his request form. It added that as the system changes were now in force, it would not be possible to add his new employer to the plan as he had requested.

Unhappy with this situation, Mr N complained to Scottish Widows.

He explained that as he had sent his request before Scottish Widows had switched the system, it should be put in place as he had wanted.

Scottish Widows then wrote to Mr N to on 12 October 2023 to outline a number of options that were open to him. They described these as:

- *You can speak to your current employer to opt back into the pension scheme that they offer.*
- *You can personally pay into your existing Scottish Widows pension on a one-off or regular basis*

- *You can transfer to or from other pensions you may hold.*
- *You can leave your Scottish Widows pension as is until you are ready to take one of the above actions or to claim your pension once over the minimum age*
- *Finally, you can also transfer your policy into a Retirement Account, as this type of policy can accept a direct debit set up by your new employer.*

Scottish Widows also apologised that it had not identified that Mr N's policy was shortly to be migrated to the new system when he called to ask for the change of employer form. It also offered him £50 in recognition of the distress and inconvenience this had caused him.

Mr N replied the same day to explain that none of these alternative options were suitable for him. As a result, he felt obligated to get financial advice at a cost of over £7,000 to transfer to a pension option that he had prior to the system switch. Mr N also complained that as Scottish Widows had not informed him about limitations of the new system and that he had made the decision to change jobs assuming that he could keep his existing workplace pension plan.

Scottish Widows responded to Mr N's complaint on 31 October 2023. It acknowledged and apologised for the inconvenience the system change had caused him but explained that as it had not received his completed request form, it did not uphold his complaint and could not make the change he had asked for. It offered Mr N £100 as an apology for not providing him with the information about the forthcoming system migration. It did not accept that it was responsible for any financial costs he would incur as a result of taking independent financial advice.

Unhappy with this response, Mr N brought his complaint to this Service.

Our Investigator reviewed the information provided by both parties and formed the view that the complaint should not be upheld. Consequently, the case has been passed to me to make a final decision.

### **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, I agree with our Investigator and do not uphold this complaint.

Having said that, I can appreciate that this will be disappointing to Mr N, so I will explain how I have reached my decision.

Firstly, I think it's important to reflect upon the role of this Service. Our role is to impartially review the circumstances of a complaint and make a decision on whether a business has made errors or treated a customer unfairly. Where it has, it is our aim to ensure that the customer is compensated fairly. This is an arbitration service, not a court of law, and as such there are clear limits on what we can and cannot compel a business to do.

In the circumstances of this complaint, it is important to note Scottish Widows is entitled to make decisions about how it operates its business within the regulations that govern the provision of financial services by the regulator, the Financial Services Authority. I'm satisfied that Scottish Widows' decision to change its computer system should be considered to be a business decision and as such, this Service has no authority to interfere with that.

Having said that, this decision has had implications for Mr N. Deciding whether Scottish Widows has treated him fairly when it migrated his policy to its new system is something I can consider and will do so now.

Firstly, I've considered whether Scottish Widows acted correctly when it wrote to affected members such as Mr N to inform them about the system changes that would be taking place in 2023. I've reviewed the letter and am satisfied that, as Scottish Widows said in its response to Mr N, the letter doesn't mention that a change of employer will not be able to be accommodated by the new system.

I've also considered that Scottish Widows has shown that it had no record of receiving the request form it sent to Mr N on 24 August and he posted back shortly afterwards. While the receipt of this form may have allowed this situation to be resolved at the time, it wouldn't be reasonable of me to hold Scottish Widows for what was likely to have been an external failure of the postal system, so I can't see it has done anything wrong in failing to act on this form. Consequently, I can't hold Scottish Widows responsible for not making this change prior to the migration of Mr N's pension to the new system.

Scottish Widows had also made a number of suggestions to Mr N about how he could mitigate his situation without significant. While I appreciate his desire for simplicity and having all his pension savings held in one place, I find that Scottish Widows has identified options which would not necessitate the cost of financial advice that Mr N believes he needs. Consequently, I don't think it's reasonable to ask Scottish Widows to bear these costs.

Having carefully considered all the evidence, on balance I find that Scottish Widows hasn't treated Mr N unfairly by migrating his policy to the new computer system. As I explained above, this migration falls outside of the authority of this Service to dictate.

It did make a mistake in not alerting Mr N to the imminent migration of his policy during the call on 24 August, but I feel the £100 compensation Scottish Widows has already paid Mr N is fair and reasonable in the circumstances.

So, for the reasons I have explained above, I do not uphold Mr N's complaint.

### **My final decision**

For the reasons explained above, I do not uphold the Mr N's complaint.

Scottish Widows Limited does not need take any further action than it has already offered to resolve this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr N to accept or reject my decision before 25 September 2024.

Bill Catchpole  
**Ombudsman**