

The complaint

Mr G complains that Scottish Friendly Assurance Society Limited (“Scottish Friendly”) failed to deal with a withdrawal request in a timely manner. And he further complains about delays in providing him with historical information about chargeable gains that had been made following previous withdrawals from his investment bond.

What happened

I issued a provisional decision on this complaint last month. In that decision I explained why I thought the complaint should be upheld and what Scottish Friendly needed to do in order to put things right. Both parties have received a copy of the provisional decision but, for completeness, I include some extracts from it below. In my decision I said;

Mr G is over 100 years in age. He has been assisted in his dealings with Scottish Friendly, and in making his complaint to us, by his son. But in this decision, for ease, I will generally treat all communication as if it has been with, and from, Mr G himself.

Mr G holds an investment bond with Scottish Friendly. He originally opened that bond with another provider, but its administration was transferred to Scottish Friendly in 2019. In February 2023 Mr G wrote to Scottish Friendly to request a withdrawal of £5,000 from his bond and for the proceeds to be paid to his bank account – the details of which were provided in his letter. Scottish Friendly’s records show that it received that request on 24 February, and that its SLA for completion of the request was 3 March.

On 15 March Scottish Friendly sent an email to Mr G telling him that it could not complete his instruction until it had proof of his bank account. It asked Mr G to send a copy of a recent bank statement to it by email. And it told Mr G that it would be responding to a separate request he’d made for historical chargeable gains information in due course. But the email address Scottish Friendly used to write to Mr G was incorrect due to a typographical error made by the firm. So Mr G didn’t receive the email request.

On 31 March Mr G complained to Scottish Friendly that his withdrawal hadn’t been paid, nor had he been given the chargeable gains information he’d requested. Scottish Friendly responded to that complaint on 11 April. It apologised to Mr G for delays in providing him with historical information about his bond, and sent him a cheque for £100 as compensation for the inconvenience he’d been caused. But it told him that its earlier email (that it attached to the complaint response) explained the reason why it couldn’t process the withdrawal request – it needed Mr G to supply a copy of his bank statement.

Mr G pointed out the error in the email address that had been previously used. But the following day he provided a copy of his bank statement as requested. He also noted that he had spoken to Scottish Friendly a few days earlier when he had been told that no withdrawal request was held on his file. So he noted he had also sent by post a new withdrawal request and copy of his bank statement.

Mr G heard nothing further from Scottish Friendly for two weeks. He was then told that the bank statement he had submitted was insufficient as it didn't show his full address. Around a week later Mr G provided Scottish Friendly with a further copy of his bank statement and the covering letter from his bank that was issued with it showing his address. Scottish Friendly shows that information as having been received on 4 May. Scottish Friendly completed Mr G's withdrawal and paid him the proceeds on 26 May. It told him that it wouldn't be responding to any further correspondence on the complaint, so Mr G referred the matter to us.

There are two distinct parts to Mr G's complaint. The delays in Scottish Friendly providing the information he requested about historic withdrawals. And the time Scottish Friendly took to process Mr G's withdrawal request that it received in February 2023. I will deal with each matter in turn.

As I said earlier, Scottish Friendly took over the administration of Mr G's investment bond from another provider in 2019. My understanding is that, as part of the transfer of responsibilities, Scottish Friendly was provided with historic information about the products that were transferred. The previous provider has confirmed to Mr G that it no longer holds any details about his investment bond.

It seems to me that the information Mr G requested was relatively straightforward – details of any withdrawals that he had previously made that gave rise to chargeable events. But I accept that, perhaps given the unfamiliar nature of the information that had been transferred from another provider, it might have taken Scottish Friendly a little more time than usual to complete Mr G's information request. But it is still disappointing that Mr G didn't receive a prompt response to his query.

But I am pleased to see that Scottish Friendly has now been able to confirm that the provisional information it gave to Mr G last year is a complete record of the withdrawals that have been made. So it doesn't seem there is more that I should require Scottish Friendly to do in respect of this part of the complaint. I have noted that Scottish Friendly has paid £100 compensation to Mr G for the inconvenience he was caused by the initial delay in providing that information to him. I'm not minded that any further compensation of this nature would be appropriate in relation to this part of the complaint.

I now turn to the withdrawal request that Mr G submitted to Scottish Friendly in February 2023.

Mr G submitted his withdrawal request by letter and it is marked as having been received by Scottish Friendly on 24 February. It doesn't seem that Scottish Friendly had any concerns about the validity of that signed instruction. But Scottish Friendly's processes required it to ensure the accuracy of the bank account details that had been provided. It would generally do that by asking a consumer for a copy of their bank statement. That was the request that Scottish Friendly sent by email, to an incorrect email address, on 15 March.

I think I should first deal with the need for the validation of a bank account. Mr G has pointed out that this wasn't something that was required when he made withdrawal requests to the previous administrator. And, Mr G says, if Scottish Friendly did require a bank account to be validated that should have been requested at the point the administration of his bond transferred in 2019. Or, he says, at the very least that requirement should be made clear on Scottish Friendly's website as a part of the withdrawal guidance.

I'm not persuaded it would have been appropriate for Scottish Friendly to validate bank accounts at the time of the administration transfer in 2019. From that point it might have been many years before a withdrawal request was made (as in this case). And so bank accounts might well have changed in the interim. Instead I think it reasonable that any validation should take place around the time a withdrawal request is made.

I have also considered whether that need should be identified as part of Scottish Friendly's withdrawal guidance on its website. I am mindful that bank account verification might not apply to every consumer – for example a consumer making regular withdrawals might not need to verify their bank account each time. And it is possible that the verification process forms part of Scottish Friendly's processes to protect customers from fraudulent activity. So publicising that part of its process, and requiring it every time, might weaken those protections. So I'm not minded that it was unreasonable for Scottish Friendly to make that request in response to, rather than in advance of, Mr G's withdrawal request.

When Mr G sent his instruction into Scottish Friendly it marked it as having a SLA completion date of 3 March. It does seem reasonable to me that a firm be allowed a short period of time to undertake its processing activities. Here Scottish Friendly's SLA provided for a period of five business days – I think that is reasonable and in line with general industry practice.

But it appears that Scottish Friendly didn't complete its processing, or even its initial checks, of Mr G's application until 15 March. That was the point at which it asked Mr G to provide a copy of his bank statement. But as I've said earlier the email address Scottish Friendly used for Mr G was incorrect. I haven't seen anything to suggest that the incorrect email address used was anything other than a typographical error made by Scottish Friendly. So it isn't surprising that Mr G didn't respond to an email that he didn't receive. And it doesn't appear that Scottish Friendly had any process to identify the undelivered email and make alternative contact with Mr G.

So the first time that Mr G became aware of Scottish Friendly's request was when he was sent a copy of the incorrectly addressed email along with a response to his complaint on 11 April. And I can see that Mr G sent Scottish Friendly a copy of his bank statement the following day. But Scottish Friendly rejected that submission on 26 April since the information Mr G provided didn't also contain his address.

I've looked carefully at what Scottish Friendly requested Mr G to send in. It asked him to "Please send us a copy of your bank statement either by post or scan/take a photograph of your document and forward it to the email address below." There was nothing in that request to make Mr G think that the bank statement he sent needed to contain his address – the format used by Mr G's bank didn't routinely show that information as it was displayed on an additional summary page.

Following Scottish Friendly's rejection of his initial bank statement, Mr G sent a new copy in to the firm that was received on 4 May. I think it fair to say that by that time Scottish Friendly had all the information it needed to complete Mr G's withdrawal instruction. But the payment wasn't ultimately made to him until 26 May.

I am not satisfied that Scottish Friendly has treated Mr G fairly here. Although I have said it was reasonable for it to request a copy of his bank statement after the instruction had been received, to confirm the payment destination, I think that Scottish Friendly held a valid withdrawal instruction on 24 February. I don't think the

need to verify where the payment would ultimately be made should influence when I consider the instruction to have been given.

Scottish Friendly has told us that it would generally value the sale of units as of the date it receives the withdrawal instruction from a customer. That appears to me to be a fair approach and again in line with industry best practice. Issues can arise when the value of units being sold is determined by an arbitrary period of time during which a business undertakes any required processing activity and any delays that might introduce due to processing backlogs or the like.

So based on what I have said above, I think that the sale of Mr G's units, to form the withdrawal that he requested, should be valued as at 24 February rather than the date originally used by Scottish Friendly, or the date of 15 March proposed by our investigator. I haven't seen a comparative value of Mr G's bond at that date, but Mr G believes it would have been much higher than the value in mid-March, or when the withdrawal was processed in May. He says the market experienced falls in value in early March.

So, in order to put things right, I think Scottish Friendly should assess whether the number of units that Mr G needed to sell in order to fund the cash withdrawal that he instructed would have been lower based on a valuation date of 24 February. And there is no doubt that the extended time taken for the withdrawal to be paid to Mr G will have caused him some distress and inconvenience. So I currently think Scottish Friendly should additionally pay Mr G £250 for the inconvenience he was caused.

I invited both parties to provide us with any further comments or evidence in response to my provisional decision. Mr G has said that he accepts my provisional decision. Scottish Friendly has said that it has nothing further to add.

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.

As I set out in my provisional decision, in deciding this complaint I've taken into account the law, any relevant regulatory rules and good industry practice at the time. I have also carefully considered the submissions that have been made by Mr G and by Scottish Friendly. Where the evidence is unclear, or there are conflicts, I have made my decision based on the balance of probabilities. In other words I have looked at what evidence we do have, and the surrounding circumstances, to help me decide what I think is more likely to, or should, have happened.

And I repeat my reflections on the role of this service. This service isn't intended to regulate or punish businesses for their conduct – that is the role of the Financial Conduct Authority. Instead this service looks to resolve individual complaints between a consumer and a business. Should we decide that something has gone wrong we would ask the business to put things right by placing the consumer, as far as is possible, in the position they would have been if the problem hadn't occurred.

Given that neither party has provided me with any new evidence or further comments I see no reason to alter the conclusions I reached in my provisional decision. It follows that I uphold Mr G's complaint and direct Scottish Widows to put things right as set out in my provisional decision, and repeated below for clarity.

Putting things right

I think that Scottish Friendly held a valid instruction from Mr G on 24 February 2023. Scottish Friendly has confirmed to us that it would normally value the sale of units on the date at which a valid instruction has been received. Mr G requested that units be sold to provide him with a cash withdrawal of £5,000. So, I direct Scottish Friendly to do the following;

- Determine how many units of each of Mr G's investments would have needed to be sold based on their value on 24 February 2023. If that number of units is fewer than were actually sold to provide the withdrawal, Mr G has lost out. Scottish Friendly should add the additional units sold back into Mr G's investment bond.
- Had nothing gone wrong I think Mr G would have provided Scottish Friendly with confirmation of his bank account by 4 March – he sent the initial statement the day after he was told it was needed. So allowing for a further short period for the payment to be made to Mr G, I think he would have received his requested withdrawal by 11 March (5 working days later). So Scottish Friendly should pay interest on the amount withdrawn by Mr G at a rate of 8% simple a year on the withdrawal between 11 March 2023, and the date it was actually paid that I understand to be 26 May.

HM Revenue & Customs requires Scottish Friendly to take off tax from this interest. Scottish Friendly must give Mr G a certificate showing how much tax it's taken off if he asks for one.

- Scottish Friendly should pay Mr G a further £250 for the inconvenience he has been caused by the delay to his withdrawal being paid.

My final decision

My final decision is that I uphold Mr G's complaint and direct Scottish Friendly Assurance Society Limited to put things right as detailed above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 12 July 2024.

Paul Reilly
Ombudsman