

The complaint

Mr and Mrs W's complaint is about Scottish Widows Limited and relates to two issues. The first of these was that Mr W was sent a letter regarding difficulties contacting him and his address having been traced. This resulted in them being told that a mortgage endowment policy they had held with Scottish Widows Limited in the past had a value attached to it. However, two months later Mr and Mrs W were told this was a mistake and the policy didn't have a value for them to claim. They are unhappy with the amount of compensation offered given:

- they were told they would receive over £39,000 in December 2023;
- the time taken for the error to be corrected and the number of times Scottish Widows broke promises to call them back;
- they have not received a satisfactory answer for how the mistakes were made; and
- the emotional rollercoaster Scottish Widows put them on.

What happened

Mr and Mrs W took out an endowment policy in 1991. They complained about the sale of the policy in 2001, which was upheld on the basis the policy was not suitable for them due to the risks associated with it. Following changing their mortgage arrangements to something more suitable for them, the endowment was surrendered in October 2002.

In December 2023 Scottish Widows sent Mr W a "gone away" letter which explained that letters it had sent had been returned and it had traced his address. It asked him to get in touch and confirm his address.

Mr W called Scottish Widows on 14 December 2023. He was unhappy at having received the letter as he had lived at the same address since the early 1990s. He also questioned why when he logged onto his online account there was a low-cost endowment detailed, but it couldn't be accessed online. Scottish Widows' call handler was unable to identify why Mr W had been sent the letter. It was suggested that it may have been due to some administration on his account, that had incorrectly triggered the letter being produced, but it was nothing to worry about. Mr W was not satisfied with that answer.

Mr W was transferred to another department for assistance regarding the endowment policy. He was told that the existence of this policy was probably the reason the gone away letter had been sent to him, as it had matured in 2016. Mr W was then told the policy had a value and that value was slightly under £40,000 – the sum assured of £30,330 and bonuses of almost £9,000. It was confirmed that Scottish Widows would send Mr and Mrs W a claim form.

Scottish Widows called Mr W the following day about his concerns regarding the service he had received when he called about the gone away regarding his address. It paid him £100 for the concern this had caused him.

Scottish Widows didn't send Mr and Mrs W a claim form for the endowment as it had said it would. So Mr W called to chase the forms on 9 January 2024, and asked what the value of

the policy was. He wanted a call back from a manager. Mr W chased receiving a call back two days later and again on 16 January 2024. It was not until 18 January 2024 that Mr W was called by a manager. During that call Mr W was told that despite what he's been told in December 2023, the manager had been told the policy had been surrendered in 2002, and so the matter needed looking into further. Mr and Mrs W having been given potentially incorrect information about the endowment policy was added to the complaint.

Scottish Widows responded to the complaint in a letter of 15 February 2023. It said that it had been human error that had meant Mr W had been told the surrendered endowment policy still had a value. Scottish Widows apologised for the mistake and paid a further £150 for having raised Mr and Mrs W's expectations.

Mr and Mrs W weren't satisfied with Scottish Widows' response and referred their complaint to this Service. They told us that they weren't that involved in the changes to their mortgage, which included the policy surrender, and had limited recollections about what had happened. This meant they hadn't remembered the policy had been surrendered when Scottish Widows told them it had a value in 2023.

When Scottish Widows was informed of this, it reviewed its initial decision and it felt that it could have told Mr and Mrs W about its mistake regarding the endowment policy still having a value much earlier. As such, it told us that it wanted to increase the £250 compensation already paid, to a total of £500.

One of our Investigators considered the complaint and concluded the total amount of compensation Scottish Widows had offered was fair and reasonable in the circumstances.

Mr and Mrs W didn't accept the Investigator's conclusions and asked that the complaint be passed to an Ombudsman for a final decision. They reiterated previous comments about why they had believed the endowment policy had a value when they were told it did and their unhappiness that they have not received an explanation as to why the December 2023 letter was sent to them. In addition, Mr and Mrs W emphasised the upset they had experienced having been led to believe over a period of two months that they would be receiving over £39,000. In light of this, they didn't consider the £500 compensation was reasonable.

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.

Scottish Widows has acknowledged that Mr W shouldn't have been sent the gone away letter and that the information it gave Mr and Mrs W about their old endowment policy was wrong. As such, I don't need to consider whether Scottish Widows did anything wrong, as it has accepted it did, and I will focus on what compensation would be reasonable in the circumstances.

I know that Mr W is unhappy that Scottish Widows can't give him a definitive answer as to why he received a gone away letter. It is unfortunate that this is the case, but sometimes computer systems do odd things that are not anticipated and can't be explained. It would appear that the gone away letter being sent to Mr W was such a situation.. However, I appreciate that this was worrying for him as it could have been caused by fraudulent activity on an investment he'd recently transferred to another provider. I will comment on the compensation for this later in this decision.

As for the mistake about the mortgage endowment policy, Scottish Widows has confirmed Mr and Mrs W were told the policy was still live due to human error. That is not a very

satisfying answer for them, but unfortunately, it does happen that records can be misread, especially on old policies that existed before current systems were in place and which had differently formatted information. Mr and Mrs W have explained the impact of them being mistakenly led to believe that they would be receiving nearly £40,000. Thankfully, they had not committed to spending any of the money, but they had discussed what to do with it with friends and family.

That said, I have also considered what happened in 2002. Mr and Mrs W have indicated they were not really involved in the changes to their mortgage and the surrender of the policy, and therefore didn't know the information they were given in 2023 was wrong. I can understand that they would be unlikely to remember something that happened over 20 years earlier in detail. However, given the correspondence Scottish Widows has provided from 2002, it would appear that Mr and Mrs W were more involved in the surrender than they have remembered. There was an exchange with Scottish Widows at the time as Mr and Mrs W were unhappy with the surrender value they were offered. This was because it was lower than one they had been provided with earlier that year and they were questioning why a terminal bonus was no longer being paid. On this basis, I think it likely that Mr and Mrs W would have had some recollection in December 2023 that they had already surrendered the endowment policy.

That said, even if Mr and Mrs W had some suspicion Scottish Widows might not be right when it told them the endowment policy had a value in 2023, I think their hopes would have been raised. It was not until over a month after the initial conversation that they were told the information might be wrong, but even then they were told Scottish Widows needed to look into the matter further. It was around a month later that Mr and Mrs W got a definitive answer – that there was no value to the policy, and they wouldn't be getting any money. As Scottish Widows has indicated, that was far too long for them to get an answer, given the circumstances.

It is also clear that Mr and Mrs W were chasing information throughout the six-week period at the beginning of 2024. That is not the level of service they could rightly have expected. This was not a complicated matter to resolve, given it had come about due to someone misreading or misunderstanding something on Scottish Widows policy records. As such, it is clear that Mr and Mrs W are due some compensation for the inconvenience they suffered when they were trying to get a resolution to the issue, and the disappointment they suffered when they were told the policy didn't have a value.

Scottish Widows has offered a total of £500 compensation for being unable to provide Mr W with an explanation for why he got a gone away letter, and the anxiety this may have caused him, along with the mistakes to do with the endowment policy. Mr and Mrs W have said they were misled for two months about being due some money from the endowment policy. However, whether they had doubts from knowing they'd surrendered the policy in 2002, I think they were put on notice in the middle of January 2023 that what they'd been told was quite likely to be wrong. In the circumstances, taking the timescales involved into account, I am satisfied £500 is appropriate and proportionate in the circumstances.

My final decision

Scottish Widows Limited has already made an offer to pay Mr and Mrs W £500 to settle the complaint and I am satisfied this offer is fair in all the circumstances. As such, my final decision is that Scottish Widows Limited should pay £500 in full and final settlement of this complaint.

Under the rules of the Financial Ombudsman Service, I am required to ask Mr and Mrs W to accept or reject my decision before 11 September 2024.

Derry Baxter
Ombudsman