

The complaint

Mr B has complained about the service provided by Scottish Widows Limited ('Scottish Widows') in relation to the withdrawal of the pension monies held with them.

Mr B has stated that the process was long and complex with delays to the process ultimately causing him financial loss.

What happened

Wanting to access his pension savings held with Scottish Widows Mr B tried to access their website in late 2023 but was unable to gain access to his policy information.

On 17 December 2023 Mr B completed Scottish Widows' online form requesting further details on how to access his pension. The form confirmed that once all Mr B's details had been verified a pension summary document and instructions on how to complete a pension withdrawal would be issued. It also confirmed that Mr B may need to call Scottish Widows or complete another form online to finalise any withdrawal.

Scottish Widows rejected this enquiry the following day, as the identification document included was deemed unreadable. The rejection email asked for the request to be resubmitted with clearer identification documents attached.

Having been unable to access his account on the Scottish Widows website, Mr B tried to contact Scottish Widows' telephone helpline in December 2023. The call notes provided by Mr B state that during the call the Scottish Widows employee felt the need to end the call. Prior to this Mr B had asked to speak to a manager, and as one wasn't available at that time, his notes state that he was promised a call back.

Mr B contacted Scottish Widows again on 1 March 2024. At this point Mr B asked for his online login issues be resolved and requested information on a full pension encashment. Mr B also said the call back he had been promised around three months earlier had never been provided.

Scottish Widows wrote to Mr B the same day and issued the information pack which he had requested. This explained the pension and provided the contact number for Mr B to call should he decide to access his pension.

Also, on 1 March 2024 it became clear that Mr B's name was incorrectly recorded on the Scottish Widows systems. This was corrected at this time.

Scottish Widows issued a complaint response on 21 March 2024.

This response explained that Scottish Widows had attempted to recover Mr B's call from late 2023 however no recording could be found, as such the complaint was not being upheld. The response letter confirmed that the information pack required for Mr B to complete his withdrawal had been issued as requested and explained that should Mr B wish to finalise a withdrawal, he should contact Scottish Widows on the number provided.

Unhappy with Scottish Widows' response Mr B referred his complaint to this service in May 2024.

On 7 June 2024 Mr B called Scottish Widows to provide his bank details for the pension monies. Scottish Widows explained that a retirement journey process would need to be completed and that this would take around 20 minutes. Mr B asked to speak to a manager and was informed one would be available in 10 minutes. Mr B ended the call and explained he would write in instead.

Mr B wrote to Scottish Widows the same day. In this letter Mr B again stated that he believed the process was overly long and complex, that his details were not recognised by the system, and that he saw no need for a 20-minute conversation when all he wanted to do was provide his bank details. Mr B went on to provide his bank details and ask for the pension monies to be paid.

Scottish Widows issued a further complaint response in July 2024.

This response accepted that some of the service provided had fallen short of Scottish Widows' expected standards and as such an amount of £75 was offered by way of an apology.

However, whilst Scottish Widows accepted it took too long for a manager to be available on the 7 June 2024 call with Mr B, they explained that the second part of the withdrawal process (the 20-minute retirement journey conversation) still needed to be completed before any payment could be made. Scottish Widows said that this second part was required due to the legal requirements they had to explain to Mr B before encashing his pension. The letter went on to provide the contact number for Mr B to use for this, as well as the process for accessing his policy online.

Mr B did not accept this outcome and requested this service continue with our investigation into his complaint.

Our investigator looked into things and concluded that Scottish Widows had not acted unreasonably, as such the complaint was not upheld.

Mr B did not agree and repeated his points that he had not received the follow up call he had been promised following his December 2023 contact with Scottish Widows and that his name had originally been incorrectly recorded.

As no agreement could be reached the case has been passed to me for 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.

Firstly, I would like to note there that the documentation on file clearly shows that Mr B has faced similar issues in accessing pension monies held with other providers, and that he is disillusioned with the pensions industry as a whole with regard to the treatment of small policy holders.

I would like to be clear that the Financial Ombudsman Service does not regulate the financial services sector – that role is filled by The Financial Conduct Authority ('FCA'). As such this decision can only focus on the issues between Mr B and Scottish Widows, I have no power to punish a business or demand they change the way they operate more widely.

The documentation on file clearly shows that Mr B attempted to start the process of withdrawing his Scottish Widows pension in December 2023. It is unfortunate that the documentation included with the 17 December 2023 online request did not meet Scottish Widows requirements, however I do not think it was unreasonable for Scottish Widows to request further identification documentation.

Mr B himself has been keen to minimise the risks of fraud / scams when dealing with this pension withdrawal, and Scottish Widows have a responsibility to ensure they are dealing with the actual policy holder when any transactions are being discussed.

It is unfortunate that the telephone conversation between Mr B and Scottish Widows around the time of the online submission is not available. However, as per the findings issued by our investigator, I see no reason to doubt that it took place. Mr B has provided significant detail about the call and what was discussed, and as such I consider it more likely than not that this call took place. I also see no reason to doubt Mr B's assertion that following this call being ended, he was left expecting a call back from Scottish Widows.

Following this, there is no evidence of any contact between Mr B and Scottish Widows until 1 March 2024 and I have considered carefully whether this time period should be considered an unreasonable delay to Mr B's desired withdrawal.

However, the evidence on file does indicate that Mr B does not / rarely answers telephone calls from unknown or withheld numbers, as such I consider it unlikely that any attempt by Scottish Widows to contact Mr B over the phone during this time would have been successful anyway. Also, again in line with what our investigator has already said, the fact that Mr B did not seek to contact Scottish Widows again until March 2024 does suggest that Mr B was not actively seeking an urgent withdrawal during this period.

I have further considered the fact that Scottish Widows held incorrect details for Mr B (until this was corrected on 1 March 2024) and these incorrect details may have contributed to Mr B being unable to register / access his pension online. However, online access to the pension would, in isolation, not remove the need for Mr B to complete the full withdrawal process over the phone with Scottish Widows. As such, I do not consider this to be a material issue when considering the overall delays to the withdrawal process.

Following the call on 1 March 2024, Scottish Widows provided Mr B with the retirement information pack requested on the same day. However, Mr B did not contact Scottish Widows again until June 2024. I accept that Scottish Widows issued its first complaint response in the interim period, however the documentation issued by Scottish Widows on 1 March 2024 made it clear that Mr B would need to contact them over the phone to progress his claim.

During the June 2024 call Scottish Widows again explained that a further conversation would be needed before any withdrawal could be completed however Mr B chose not to proceed at that time, choosing instead to write to Scottish Widows.

Scottish Widows' July 2024 complaint response additionally noted that Mr B would need to contact them over the phone to progress his withdrawal. Despite this, the latest information available confirms that Mr B has yet to contact Scottish Widows to complete the call required.

I have carefully considered the fact that Mr B asked to speak to a manager during the June 2024 call, and the fact that one would not be available for around 10 minutes prompted Mr B to end the call with Mr B instead choosing to write to Scottish Widows.

Whilst the Mr B's June 2024 letter made it clear that he saw no need for a further discussion with Scottish Widows, and did provide them with the relevant bank details, Scottish Widows' process requires a further conversation before any payment can be made. I do not consider this unreasonable.

Whilst Mr B sees no need for a further call, Scottish Widows must ensure Mr B is aware of the consequences of his actions. The withdrawal of the entirety of his pension fund (albeit a modest one) could have a lasting impact on Mr B's retirement, as well as more immediate taxation implications for Mr B. As Mr B's pension provider, Scottish Widows are regulatorily required to inform Mr B of such issues before an encashment is processed.

Overall, I can see that the process of encashing the pension has been a frustrating one for Mr B. I have concluded that, on the balance of probabilities, Mr B was told Scottish Widows would contact him following the termination of his December 2023 telephone call with them.

However, whilst this may account for some of the time between December 2023 and March 2024, since then, there have been significant further delays and interruptions to the withdrawal process which I do not believe can be attributed to Scottish Widows.

Since March 2024 Scottish Widows have been clear that Mr B needs to complete a further telephone call with them to finalise the withdrawal, and whilst Mr B may not believe this is necessary, I see no reason to deem Scottish Widows' process as unfair or unreasonable.

Given these more significant delays are not Scottish Widows' responsibility, and, given the pension (at the time of writing) appears to still be in force, I do not consider it reasonable to uphold the complaint or require any further action from Scottish Widows.

I appreciate that this may not be the outcome that Mr B wanted, however I hope the rationale above adequately explains why I reached this decision.

My final decision

In line with the rationale above I am not upholding this complaint and require no further action from Scottish Widows Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 28 October 2024.

John Rogowski
Ombudsman