

The complaint

Ms K complains that Scottish Widows Limited (SW) failed to accurately credit her contributions to her pension plan, leading to concerns about a potential annual allowance tax charge. She's also unhappy with its administration of that plan, including whether SW has correctly applied her annual management charge (AMC) and rebate.

Ms K is represented in her complaint. But I'll only refer to her in my decision.

What happened

Ms K had a personal pension with SW from January 2017.

SW sent Ms K an annual pension statement dated 28 July 2022. This showed the payments into her plan, the number of units she held in her investment funds, and the value of those funds.

Ms K sent an online query to SW on 18 March 2023. She wanted to know if there was any way of seeing all the monthly transactions on her account, including fund switches, the unit prices at which she'd bought and sold units, and the charge rebates on the new system. She asked SW to send her a statement of all of these since April 2019 if she couldn't see them on the new system.

Ms K asked SW to confirm the current charges including any rebates. She also noted that her contribution pattern had been unusual over the previous year. She noted what she said was a random employer contribution on 17 November 2022, despite her being self-employed. She asked SW to explain why that contribution had been recorded in this way. And to let her know why her contribution record was blank for some months in 2022.

SW replied to Ms K's query on 20 March 2023. It sent her contribution information from 2017 to date. And said the annual management charge (AMC) was 1%, but that this fell to 0.65% once the charge adjustment had been applied. The list of contributions provided showed missing contributions in August, September, October and December 2022. The information didn't include the unit price information Ms K had requested.

Ms K contacted SW again on 24 March 2023. SW then replied on 29 March 2023, sending the same information it'd previously sent.

Ms K made single contributions of £25,000 (£31,250 gross) and £7,000 (£8,750 gross) on 3 April 2023.

Ms K sent SW a further online query on 25 May 2023. She felt there were a number of errors in its record of her contributions since the end of July 2022. She said:

"There should be

1. A regular monthly employee contribution every month of £1,344 net - you have missed many of these contributions.

2. No employer contributions - you have logged one in November 2022. I don't have an employer.

3. A single extra employee contribution in late March 2023 for £32k net / £40k gross – you have double-counted part of this.”

Ms K asked SW to correct the errors and backdate her record. She said if it couldn't do this quickly, it should log a complaint about its inability to administer her contract accurately. She also said SW had failed to respond to her actual queries from March 2023.

SW sent Ms K her annual statement in August 2023. It stated that £3,028.04 in charges had been deducted from her plan. It also stated that the yearly fund charges had been 0.65%. It said this was the “*weighted average Total Annual Fund Charge*.” And that it was made up of the AMC plus other expenses, less any discount. It said the charges were included in the fund price. It further noted that the yearly fund charges included a discount of £1,065.39 on Ms K's unit-linked funds.

The statement said Ms K had contributed £71,933.33 into her plan over that year. The contribution record showed that a total of £57k had been credited to her plan on 3 April 2023.

Ms K contacted SW on 6 August 2023 about her contributions. She said she'd sent two net payments in early April for £25k and £7k. But that SW had credited the first one twice. She asked it to correct that. And to also credit her net payment of £1,344 from 2022 that it still hadn't.

On 22 September 2023, SW wrote to Ms K to confirm that her net £7,000 contribution had been allocated to her pension plan and backdated to the investment date of 3 April 2023.

SW wrote to Ms K in September 2023 with her 2022/23 annual allowance statement. The letter suggested that she'd exceeded her annual allowance in the tax year 2022/2023 and that she might incur a tax charge. It stated that her total contributions in 2022/2023 were £88,050.

On 26 September 2023, SW sent Ms K an allocation statement. It said this was a re-issue of the August statement it'd sent to her. And that it'd sent this following the allocation of her £7,000 net contribution from 3 April 2023. The statement now noted that total contributions of £64k had been made on 3 April 2023.

On 23 October 2023, Ms K complained to SW. She felt it'd ignored her messages and complaints since March 2023. She said it'd credited both of her 3 April 2023 contributions twice. And that although it'd assigned the correct number of smaller contributions to her account over the 22/23 and 23/24 tax years, she felt it'd credited them late, causing her potential investment loss. She asked SW to correct these errors as soon as possible, noting that they could cause an unwarranted annual allowance tax charge.

Ms K felt SW had failed to address any of her questions since March 2023. She said this meant that she couldn't transfer her pension away from SW. She therefore felt that SW should refund her fund charges over the seven months she'd been waiting for resolution. She also felt that further compensation was due under the circumstances.

SW said it failed to log the complaint.

Ms K sent SW a follow up message on 8 November 2023. It then sent her further policy information. This included a full statement of contributions received since 2017. This

continued to show £64k of contributions on 3 April 2023.

Ms K sent a further complaint message to SW on 14 November 2023. SW acknowledged the complaint the following day. After a further exchange of emails, SW issued a policy information letter to Ms K on 4 December 2023. This included a statement of contributions which still reflected the same incorrect contributions on 3 April 2023.

SW then sent various holding letters to Ms K in December 2023.

On 23 January 2024, Ms K contacted SW to say that it still hadn't sent unit prices and allocations for all of her transactions since the introduction of its new administration system. And there were still errors on the account. She also felt SW had failed to consistently credit the 0.35% rebate.

On 1 February 2024, SW sent Ms K confirmation that her net £25k contribution from 3 April 2023 had been invested on that date. The same day, it also responded to some of her outstanding questions. But it didn't respond to the questions about contributions or charges. Nor did it provide information on all transactions on Ms K's plan.

On 2 February 2024, SW sent Ms K some plan information. The contribution history now correctly showed total contributions of £32k on 3 April 2023. It also stated that the current charge adjustment was 0.35% for all payment types and that the AMC was 1%.

SW issued its final response to the complaint on 5 February 2024. It acknowledged it hadn't responded appropriately to requests for information. And that it had made errors with the contributions. It apologised and offered to pay Ms K £250 for the inconvenience caused.

SW felt that its 2 February 2024 letter had provided the information Ms K had requested about transactions and charges. It also said that the contribution record was blank for some months in 2022 because the due date was different to the paid date.

Ms K wasn't happy with this response. So she contacted SW on 18 February 2024. She felt SW shouldn't have charged her over £3,000 in fees during the period within which she'd had such terrible service. She said the poor service had caused her to defer her desired transfer to another provider.

Ms K didn't consider that SW had provided the information she'd requested. She said she wanted to see what units her contributions had bought when, and at what prices. She also still felt that her contribution payment dates didn't look right. She said that SW hadn't credited payments every month, even though her company's payroll team said they were sent to SW every month. Ms K also said she suspected SW had failed to correctly perform the backdated calculation of the 0.35% fee rebate that should be applied monthly. Ms K felt that the number of units now credited to her was still around £500 lower than it should've been.

Ms K said she'd be willing to settle if SW credited her pension with a payment of £5,000, in addition to the £250 it'd already paid. She said this represented a refund of £3,000 in charges, around £500 in lost investment return from her contributions being incorrectly applied, and £1,500 for her distress and time.

On 26 February 2024, SW sent Ms K an email containing a spreadsheet containing what it believed to be information showing the unit allocations. It also said it wouldn't refund the fees she'd been charged.

Ms K replied to SW the same day. She still felt that SW had failed to apply the correct fee

rebate to her plan. She asked it to correct this as a matter of urgency.

Later the same day, Ms K sent a further response to SW. She said that the unit listing it'd sent didn't actually show a correct listing of all the unit purchase transactions. She said there were no unit allocation purchases shown with a pricing date or effective date since October 2022. She said there were also a large number of negative unit allocations shown, despite the fact that she'd never withdrawn any money.

On 28 February 2024, SW issued a revised final response to Ms K. While it didn't change its position from its first final response, it provided a new statement of unit movements, which it said it'd directly extracted from the policy record/system.

Unhappy, Ms K brought her complaint to this service in March 2024. She made a number of complaints about SW's administration of her pension plan. These were:

- SW making errors since the introduction of its new administration system in 2022 and failing to resolve matters quickly. Ms K said some emails that she sent throughout 2023 were ignored. And she still hadn't received confirmation that the errors had been rectified. She also felt that SW had often failed to respond to the questions she'd asked it, instead simply sending her lots of information she didn't need.
- SW's administration being poor and often incorrect since 2022. This included its failure to provide details of the units held. Ms K felt this should mean that SW couldn't take fees over the period it couldn't provide a reasonable service.
- Her contributions either not being credited to her pension, being credited more than once, or being credited too late. This led to SW writing to Ms K to suggest that she may breach the Annual Allowance (AA) limit and therefore have a tax charge. Ms K told this service she had to speak to her accountant about how she should report her pension contributions. She wasn't yet sure whether she'd be charged an additional fee for this.
- SW incorrectly applying the fee rebate to Ms K's plan.
- Ms K said that she couldn't transfer her pension away from SW until it had confirmed that it held the correct units for her.

Ms K said that while SW had acknowledged its mistakes, she didn't think its offer of £250 for the distress and inconvenience caused was fair. She felt that this meant SW would retain 92% of the fees it'd charged her over the lengthy period when its service had been so poor.

Ms K felt that her contribution record was now correct in terms of amounts, although some of the contributions had still been credited a few months after they were actually sent by her employer. She therefore felt she'd missed out on fund growth.

To put things right, Ms K said she wanted SW to clearly demonstrate that it had allocated the right number of units to her plan, on the right dates and at the right unit prices. And that it had applied the correct fee rebates to her plan. She also felt SW should refund the fees it'd taken from her plan over the period when its administration had been so poor. She felt this amounted to around £3,000 of charges.

Alternatively, Ms K said she'd be content with a payment of £5,000. She said this represented a refund of £3,000 in charges, around £500 in lost investment return from her contributions being incorrectly applied, and £1,500 for her distress and time. She also wanted SW to facilitate a swift transfer of her pension to another provider.

After this service contacted SW for information to help us investigate the complaint, it said it wanted to make an offer to resolve matters. It said it felt that its final response had fallen short of providing Ms K with the assurance she needed to evidence that her plan had been administered correctly.

SW acknowledged that it'd provided Ms K with a spreadsheet in February 2024 which had contained information which was misleading. SW made the following offer:

- It would raise concern to the relevant team about the September 2022 contribution which reflected as an Employer contribution rather than an Employee contribution.
- It would ensure that if there was any error with this, it would be corrected immediately and confirmed to Ms K.
- It would issue correspondence to Ms K containing the payments made to the plan since inception, which would include the "effective date/price date", the unit price and number of units purchased.
- It offered to increase its compensation offer from £250 to £500.

Our investigator shared this offer with Ms K for review.

Ms K didn't think the revised offer was fair. She still felt that the fees she'd been charged should be refunded. And that there were still errors around the fee rebate calculation and possible charges relating to tax advice.

On 14 May 2024, SW told this service that the September 2022 net contribution for £1,344 had been incorrectly recorded as an Employer contribution. It said a net £1,344 had added to the plan with an effective date of 28 September 2022. It said it had corrected this. And that £336 had been added to the plan with an effective date of 28 September 2022. It said this equated to the tax relief that should've initially been applied for an Employee/personal contribution.

Our investigator felt that SW's revised offer was a fair way to resolve matters. She felt that Ms K was now in the position she should've been in after SW had corrected its mistakes. She said that SW had explained that the charging was in line with the agreed terms and conditions of the plan. And that she'd not seen anything to demonstrate that this wasn't the case. She acknowledged that SW had caused Ms K concern about the implications of an annual allowance tax charge. But she said she wasn't aware that there had been any tax implications. So she couldn't say that Ms K had been financially disadvantaged by SW's mistake.

Our investigator felt that SW's errors had a serious but short-term impact. She felt that, alongside the correspondence SW had said it would send Ms K, the £500 compensation it'd offered was a fair recognition of the trouble and upset caused.

Ms K didn't agree with our investigator. She didn't believe that either she or SW had explained why it was reasonable for SW to retain most of the fees it'd charged her during a period when its administration had been dire. She also said that she'd still not received anything from SW that showed her that the allocations it'd made were correct.

Ms K also still felt that SW had made errors in its calculation of the fee rebate it was contractually obliged to pay. She said that neither SW nor our investigator had addressed her 26 February 2024 email on this matter.

Ms K felt that companies like SW would continue to treat customers unfairly if they were allowed to collect their fees for the extended period of delay.

Ms K asked for clarification about whether she'd lose the £500 SW had offered her if she didn't accept it soon.

Our investigator confirmed that SW's £500 offer would stand whether or not Ms K agreed with her view of the complaint. In respect of the fee rebate, she acknowledged that Ms K's 26 February 2024 email had noted that the 0.35% rebates weren't being applied. She said SW had undertaken multiple corrections/adjustments to ensure that the AMC was in line with the agreed terms and conditions. She felt that it was reasonable for SW to retain the fees it'd charged, as it'd administered the pension and invested Ms K's funds over the period in question.

Ms K questioned why SW hadn't already sent her the information she'd requested. She felt it was required to do so under its contract with her. She didn't think it should be allowed to take its fee when it wasn't fulfilling the contract. She also felt that the compensation should be increased due to continued delay.

As agreement couldn't be reached, the complaint has come to me for a review.

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 that the compensation SW has agreed to pay and the steps it's agreed to take to put things right are fair under the circumstances of this complaint. I know this will be disappointing. I'll explain the reasons for my decision.

As our investigator noted, this service can't check calculations to the extent that we can guarantee there are no errors. But we can review the evidence to see if there are any obvious errors.

I first considered the contribution errors SW has made.

Contribution errors

SW has acknowledged it made an error in processing the 3 April 2023 contributions, resulting in duplicate payments being applied to Ms K's plan. It also acknowledged that Ms K had raised this issue with it a number of times. But that it hadn't resolved it. Instead, it'd sent her standard policy information letters, which continued to show the incorrect contributions for 3 April 2023.

SW provided this service with the contribution history, including due date, paid date and applied date. This showed that although the two single contributions Ms K made on 3 April 2023 were only fully corrected on 1 February 2024, the units were applied with the correct effective date of 3 April 2023.

I'm satisfied that the data also confirmed that SW used the correct unit price for each of Ms K's monthly contributions, even where the annual statement information it'd sent her appeared to show that contributions weren't applied when they were received. I therefore consider that there's no evidence that Ms K has lost any investment return as there's no evidence that SW delayed the investment of her contributions.

SW noted it'd made an error with the September 2022 contribution. It said this was recorded as an Employer rather than an Employee contribution, which meant that only the net contribution was initially used to purchase units. It investigated this issue. And then corrected the contribution so that the correct gross figure of £1,680 (£1,344 plus £336 tax relief) was added to the plan with an effective date of 28 September 2022.

Ms K also noted strange monthly contributions in 2022 and 2023. She wanted SW to clearly demonstrate that it had allocated the right number of units to her plan, on the right dates and at the right unit prices. I'm satisfied that the information SW has sent to us does demonstrate that it allocated the right number of units to Ms K's plan on the right dates and at the right prices.

Overall, I'm satisfied that Ms K hasn't suffered any financial detriment to her pension plan due to SW's delay in applying the contributions. I do, however, acknowledge that it shouldn't have taken so long for SW to recognise and correct all of the errors that it made here. I can see that Ms K wrote to it about some of these errors in March 2023, and about all of the errors in May 2023. I'll consider this poor service later in my decision.

Ms K has questioned the accuracy of the actual charge that is applied to her account. She wanted to be sure that SW had applied the correct fee rebates to her plan. So I next considered whether there's any evidence that SW has failed to apply the correct AMC and fee rebate to Ms K's plan.

AMC and fee rebate

SW provided a breakdown of the AMC rebate for 2022 and 2023. It said that the total rebate for 2022 was £941.31. And that this was used to purchase units in Ms K's underlying investments. It also said that the total rebate for 2023 was £1,103.21.

SW said that Ms K's statement year runs from 28th July to 27th July. And that the 2023 statement showed that the AMC rebate was £1,065.39.

SW said that the charging Ms K had been given seemed to be correct and in line with the agreed terms and conditions of the policy.

While I acknowledge that Ms K thinks SW had incorrectly calculated her charges on her plan after the rebate is applied, I've not seen any evidence that this is the case.

I next considered whether I felt SW should refund all of the charges it'd deducted from Ms K's plan during the time when it provided her with poor service.

Should SW refund the charges?

Ms K felt SW shouldn't be allowed to take its fee when it wasn't fulfilling its contract with her due to its poor administration of her pension plan. She therefore felt that SW should refund all of the fees it'd taken over this period, which she said amounted to around £3,000.

Ms K also told this service that SW had failed to explain why it was reasonable for it to retain the fees it'd charged her during the period of poor service.

While I understand why Ms K has made this request, I can't reasonably ask SW to return the fees it's charged her during the period of poor service. I say this because in addition to the day to day administration of the plan, a large part of the charge is needed for the investment management of the plan, which has continued throughout the period of poor administration. I also acknowledge that Ms K felt tied to SW for longer than she wanted to be due to its

errors. But I don't think that means that SW should be required to return the management fees over that period. I say this because if Ms K had decided to transfer her plan to another provider, it would've also charged her fees for the management of her funds.

I do appreciate SW's administration of Ms K's pension has been far from perfect over the period in question. But, given what I've noted above, I can't fairly ask it to refund the charges.

I finally considered the distress and inconvenience SW's poor administration and errors have caused.

Distress and inconvenience

SW initially offered Ms K £250 for the distress and inconvenience it'd caused her. It increased this offer to £500 in April 2024, after Ms K had brought her complaint to this service.

Ms K felt that the compensation should be increased due to the continued delay in resolving her issues.

I can see that SW has provided Ms K with a poor service over a number of months. I note the following points have contributed to this:

- Its contribution errors.
- Not properly responding to Ms K's requests for information, or her specific questions, including a failure to provide the unit price information Ms K needed.
- Sending a letter about a potential annual allowance tax charge.
- SW's failure to provide the information Ms K needed leading to her deferring her desired pension transfer until she was comfortable that her plan was correct.

I can see that it took SW a long time to confirm to Ms K that it'd corrected its contribution errors. I also note that SW's failure to send her the specific information she'd requested caused a lot of frustration and inconvenience over a prolonged period of time.

I can also see that the annual allowance tax charge letter SW sent to Ms K caused stress and concern and that it led to Ms K seeking reassurance from her tax adviser. I've not been provided with any evidence that this also incurred any charge from that adviser. So I've had to assume for the purposes of this decision that it didn't. However, if Ms K can evidence that she had to pay for advice simply because of SW's incorrect information about her contributions for the tax year 2022/23, I would expect it to cover the cost of that advice.

I've carefully considered Ms K's point that she deferred her desired pension transfer because of SW's poor administration of her plan. Ms K told this service in August 2024 that she was now initiating a transfer of the majority of her funds with SW to a new scheme. She said she would leave some funds behind so that SW could process any further corrections.

While I think it would've been frustrating for Ms K to feel she couldn't transfer away from SW, which she was clearly unhappy with due to its poor service, I've not seen any evidence that SW wouldn't have let Ms K transfer if she'd wanted to. So, while I appreciate that Ms K didn't feel she could transfer her plan until her fund value had been fully confirmed, I'm not persuaded that this was the case. In any event, I can see that Ms K decided she would transfer most of her funds from SW even before this complaint was fully resolved. Therefore

I'm of the view that she could've done this sooner if she'd wanted to, although I do appreciate the reasons she decided not to.

I've carefully considered Ms K's request for increased compensation due to the prolonged delays to the resolution of her complaint. I'm satisfied that SW has now taken reasonable steps to resolve the issues, although I'm not persuaded that Ms K will agree with this. I therefore consider that the £500 compensation SW has offered to pay Ms K is fair and reasonable under the circumstances of this complaint.

I therefore uphold the complaint, as I understand that SW has yet to pay the second £250 it has offered Ms W. But I don't require it to take any additional steps over and above those it has offered to take to put things right.

Putting things right

Scottish Widows Limited must pay Ms K a total of £500 compensation for the distress and inconvenience its errors and poor service have caused her.

If it has already paid any compensation to Ms K, it can deduct this.

My final decision

For the reasons set out above, I uphold Ms K's complaint. Scottish Widows Limited must take the action detailed in "Putting things right" above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms K to accept or reject my decision before 20 November 2024.

Jo Occleshaw
Ombudsman