

The complaint

Mrs A complains that Scottish Widows Limited failed to treat her fairly when she wanted to take benefits from her pension savings.

What happened

Mrs A holds pension savings with Scottish Widows. In 2019 she attempted to take a pension commencement lump sum ("PCLS" – otherwise known as tax free cash) from her pension savings. Following some problems, including with the online access to her account, Scottish Widows upheld a complaint from Mrs A about what had happened. But Mrs A then decided to not take any pension benefits at that time. For clarity, I am not considering in this decision what happened in 2019.

Mrs A says that she sent online messages to Scottish Widows in October 2023 when she was approaching her 65th birthday. She says that in those messages she asked to take a PCLS from her pension savings and leave the remaining balance invested for future withdrawals. When she received no response to those requests Mrs A complained to Scottish Widows about its lack of action.

Scottish Widows called Mrs A in December 2023 to discuss her complaint. It acknowledged the difficulties that Mrs A faced communicating with the firm by telephone – Mrs A lives in North America and has an eight-hour time difference to the UK. But Scottish Widows explained that its regulator required it to undertake certain actions before pension benefits could be paid. So it told Mrs A that she would need to have at least one, and potentially two, telephone conversations in order to be paid her PCLS. Scottish Widows provided Mrs A with the contact details of the team she would need to call.

Mrs A's complaint has been assessed by one of our investigators. He thought that the request Scottish Widows had made, for Mrs A to give her instructions during a phone conversation, was reasonable and meant that Scottish Widows would meet its regulatory obligations. And he said he'd seen no evidence that Scottish Widows had ignored any instructions that Mrs A had given about the withdrawal. So he didn't think the complaint should be upheld.

Mrs A didn't agree with that assessment. So, as the complaint hasn't been resolved informally, it has been passed to me, an ombudsman, to decide. This is the last stage of our process.

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.

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 Mrs A and by Scottish Widows. 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.

At the outset I think it is useful to reflect 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 (“FCA”). 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.

As I have said above, Scottish Widows is regulated by the FCA. The FCA sets out a number of regulatory requirements for firms providing pensions servicing in its Conduct of Business Sourcebook (“COBS”). In particular section 19.7 places a series of responsibilities on regulated firms at times when they are involved with, or facilitating, pension savings being put into payment (also known as decumulation.) Whilst each firm generally has a degree of latitude about how those requirements will be implemented, those processes are usually discussed and agreed with the regulator. So it would be unusual for firms to deviate greatly from their standard processes at times such as these.

Scottish Widows explained to Mrs A in 2019 how she could take her pension benefits. At that time it told her that, whilst its preferred approach would be for the process to be completed by phone, it would be possible for Mrs A to complete some paper forms instead. But, by 2023, Scottish Widows had revised its requirements. It now requires all decumulation actions to be preceded by a telephone conversation during which it can provide the regulatory information that is required.

Mrs A says that she first requested the payment of her pension benefits in October 2023. She says that Scottish Widows ignored those requests. But Scottish Widows says it has no records of any requests of this nature being made by Mrs A. Despite requests from both our investigator and Scottish Widows, Mrs A hasn't provided any further evidence of her requesting the payment of her pension benefits in October 2023.

But I don't think I need to explore that part of the complaint any further. If Scottish Widows had received the request, and dealt with it properly, it would have simply told Mrs A that she needed to call its pension benefits team. And that was the information that was given to Mrs A when she spoke with Scottish Widows about her complaint in December 2023. And, despite being told she needed to call the team, as far as I am aware Mrs A hasn't yet completed that part of the process.

Generally it is a commercial decision for a firm, subject to agreement with its regulator, about how it will manage any decumulation requests. I don't think that Scottish Widows' approach – requiring customers to discuss their plans by telephone – is inherently unfair. But I accept there are times when a consumer's circumstances will mean that Scottish Widows should make some reasonable adjustments to that normal approach. But I'm not persuaded that Mrs A's situation is such that those adjustments are needed.

As I said earlier, Mrs A lives in North America and so has an eight-hour time difference to the UK. Scottish Widows' retirement team is available between 9am and 5pm. So the window for Mrs A to call the team, within her normal working day, is relatively limited. But I don't think that time window is so short that it makes contact impossible for Mrs A. A call at around 8am her time would be an hour before the close of Scottish Widows' telephone lines. And whilst the cost of the calls might not be insignificant, I'm sorry to say that I think that is just a reflection of Mrs A's choice of using a UK based pension provider when she is resident overseas.

I understand how disappointing this decision will be for Mrs A. It is clear that she has been interested in taking some pension benefits for a number of years. But I think the process that Scottish Widows has set out for her is both reasonable and possible, even when considering her geographic location. So I don't think Scottish Widows needs to do anything in relation to this complaint – it is for Mrs A to get in touch with Scottish Widows by telephone when she wishes to take some pension benefits.

My final decision

For the reasons given above, I don't uphold the complaint or make any award against Scottish Widows Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs A to accept or reject my decision before 29 October 2024.

Paul Reilly
Ombudsman