

The complaint

Mr T complained that Scottish Widows Limited (Scottish Widows) made mistakes which meant contributions were missing from his personal pension, reducing the value of his benefits. Scottish Widows has confirmed to Mr T that this error has been rectified and that he has not suffered a financial loss.

Scottish Widows has offered Mr T compensation in respect of the distress and inconvenience this has caused him but he would like this amount to be increased.

What happened

I have reviewed all the evidence provided by both parties. I have not reproduced all of this in this decision but concentrated on what I believe to be the most relevant parts.

Mr T has a personal pension plan with Scottish Widows, into which his employer makes regular contributions. In February 2024, Mr T noticed that Two of the contributions applied to his pension - for May 2023 and February 2024 - had been returned to his employer, with no explanation as to why this had happened.

Subsequently, he noticed that all the contributions which had been applied to his pension since February 2023 were no longer showing in his plan which showed a significantly lower value as a result.

Mr T contacted Scottish Widows on 11 March 2024 to ask why the payments had been returned and to raise a complaint about the missing contributions.

Scottish Widows responded to Mr T's complaint on 28 June 2024. It upheld his complaint and apologised for the mistakes it had made. It explained to Mr T that the initial contributions had been returned as an incorrect policy reference number had been given in respect of these contributions. This had been compounded by Scottish Widows attempting to rectify an IT error on his account which had caused the status of his other contributions to be changed and thus not appearing on his account. It apologised and acknowledged that it should have contacted him to explain the situation.

Scottish Widows also confirmed that it had:

- applied the payment from May 2023 as if it were received on that date.
- applied the payment from February 2024 in June 2024. It explained that it had not backdated this payment to February 2024 because a change in the unit price meant that it was able to purchase more units in June 2024 than in February 2024.
- reapplied all the missing contributions.

In recognition of the distress and inconvenience that these errors had caused Mr T, Scottish Widows also paid Mr T £300.

Scottish Widows also provided Mr T with a contribution history dated April 2024 to show how the premiums had been reapplied.

Having examined this contribution history, Mr T was concerned that it contained a number of errors which led him to believe that the contributions had not been applied correctly. He contacted Scottish Widows which provided him with a second document dated 19 June 2024 that contained the correct figures.

Mr T was unhappy with this response and the £300 compensation and subsequently brought his complaint to this service.

Our investigator reviewed the evidence provided by both parties and formed the view that his complaint should not be upheld and that £300 was appropriate in the circumstances.

Mr T was unhappy with this view and asked Scottish Widows to increase its offer to £500, which it declined to do. Consequently, the complaint has been passed to me to make 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.

Having done so, I have reached the same conclusion as our Investigator and do not uphold Mr T's complaint. I also agree with investigator that the compensation Scottish Widows has offered to Mr T is appropriate in the circumstances of this complaint.

I can appreciate that this will be disappointing to Mr T, so I will explain now how I have reached my conclusions.

Firstly, I think it's important to reflect upon the role of this Service. Our role is to impartially review the circumstances of a complaint and make a decision on whether a business has made errors or treated a customer unfairly. Where it has, we expect a business to fairly compensate a customer for any financial loss and any distress and inconvenience they have suffered as a result. By fairly compensate, we mean to put the customer back as closely as possible into the position they would have been in had the error not occurred.

In the circumstances of this complaint, I'm satisfied that Scottish Widows has put Mr T back into the correct financial position by reinstating the two contributions that were incorrectly returned to his employer. The first of these, relating to May 2023 has been reinstated as at that date, with the resulting growth accruing to Mr T's pension. The second returned payment should have been credited to Mr T's pension as if it were received in February 2024, but Scottish Widows has chosen to reinstate this from June 2024, allowing Mr T to benefit from a fall in the unit price which means that he has been credited with more units than he would otherwise have received.

The contributions were originally returned because an incorrect policy reference number accompanied each of these. I've considered that Scottish Widows believes this error was caused by Mr T's employer, but has accepted that it should still have been able to apply the contributions as this issue had arisen previously and the contributions were applied correctly on those occasions.

Overall, I find that Scottish Widows has acted appropriately to ensure that Mr T has not suffered a financial loss and that it does not need to do any more to resolve this issue.

The second error that Scottish Widows made was that in attempting to correct the situation with Mr T's policy, it amended the status of all the contributions made from February 2023 so

that they were no longer showing on Mr T's policy. This resulted in an apparent significant loss of value when Mr T viewed his benefits, causing him further understandable distress and inconvenience.

Scottish Widows corrected this position and provided information to Mr T to demonstrate this alongside its response to his complaint in June 2024. Unfortunately, the information it had provided at that time contained various errors, compounding the concern that Mr T felt.

Having considered the further information it subsequently provided, I can see that Mr T accepts that it has correctly reapplied these contributions and that he has not suffered any financial loss as a result and so I don't see that it needs to take any further action to rectify this error.

I'll look now at the compensation Scottish Widows has paid Mr T in respect of the distress and inconvenience it has caused him by its errors.

Mr T has asked for this to be increased from £300 to £500 to better reflect the gravity of the errors and the effect they had on him. Mr T feels that this higher amount would be justified as he spent considerable time trying to resolve the issues and he was caused significant concern about the value of his benefits as he moved toward the end of his career and began to contemplate retirement. He also felt that Scottish Widows took too long to resolve the issues to his satisfaction, including providing incorrect information to him alongside its response to his complaint.

I can understand that Mr T would be rightly concerned to find that contributions had been returned to his employer and subsequently that previous contributions also appeared to be missing from his pension. I can also see that Scottish Widows should have communicated better with Mr T, especially around the apparent fall in value of his benefits.

Having said that, on balance I agree with our investigator that the £300 Scottish Widows has paid Mr T is fair and reasonable in the circumstances of this complaint and is in line with the guidelines this service publishes to ensure consistency of awards.

So, in summary I consider that the payment of £300 in respect of Mr T's distress and inconvenience is appropriate in the circumstances of this complaint.

My final decision

For the reasons given above, I do not uphold Mr T's complaint.

Scottish Widows Limited should pay Mr T the sum of £300, if it has not already done so.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 28 January 2025.

Bill Catchpole
Ombudsman