

The complaint

Mrs J has complained that Scottish Widows Limited sent her information over several years about a pension plan that wasn't owned by her. Mrs J claims that because of this she was led to believe that the plan was hers and had factored its value into her retirement planning.

What happened

Mrs J held a Section 32 Buy-Out pension plan with Scottish Widows Limited (Scottish Widows). In this decision I will refer to this pension plan as Policy A.

Scottish Widows say that in 2013 Mrs J contacted them to say that she'd changed her address. However, Mrs J has said that she didn't change her address in 2013. Scottish Widows go on to say that when it updated its address records for Mrs J's pension plan in 2013 it also, in error, updated the records for a second pension policy that wasn't held by Mrs J. Scottish Widows say this happened because the second policy was held by someone else who shared Mrs J's surname and initial, as well as her date of birth. In this decision I will refer to this second pension policy that wasn't owned by Mrs J as Policy B

Policy B was a personal pension plan. Scottish Widows say that because of the error it made in updating the address records, Policy B was added to Mrs J's "*customer profile*". However, Scottish Widows has also said that annual statements for Policy B continued to be sent to the correct owner of Policy B.

In 2017 Scottish Widows say that the correct owner of Policy B contacted them to say that she had changed her address, however Mrs J has said that she did change her address in 2017. As Policy B had been allocated to Mrs J's customer profile, Scottish Widows changed the address records for that policy. However, Scottish Widows say that it changed the address records for Policy B to Mrs J's address, and not to the new address for the correct owner of Policy B. Because of this error, Scottish Widows say that information on Policy B started to be sent to Mrs J. This meant that Mrs J received annual statements for both Policy A and Policy B.

In 2022 the correct owner of Policy B contacted Scottish Widows to instruct that Policy B be transferred to a different pension provider. Scottish Widows identified Policy B and completed its transfer in line with the instructions received from the policy owner. Scottish Widows didn't inform Mrs J at that time that it had transferred Policy B to a different pension provider.

Scottish Widows received an instruction from Mrs J in November 2023 to transfer both Policy A and Policy B from Scottish Widows into a new SIPP, which would be held with a different pension provider. At that point Scottish Widows identified its earlier error when it had wrongly allocated Policy B to Mrs J's customer profile. Scottish Widows then informed Mrs J that Policy B belonged to someone else and had been transferred from Scottish Widows to a different pension provider in 2022.

Mrs J complained to Scottish Widows. She claimed that as she'd received annual statements from Scottish Widows for Policy B for several years, she had understood this policy to be hers and had factored the policy value into her retirement planning.

Scottish Widows responded to Mrs J's complaint in March 2024. In its response Scottish Widows said that after it had completed an investigation for both Policy A and Policy B, it had confirmed that the only policy that belonged to Mrs J was Policy A, and that Policy B belonged to a different plan holder.

Scottish Widows admitted the error it had made when it allocated Policy B to Mrs J's customer profile and when it subsequently sent Mrs J annual statements for Policy B. Scottish Widows upheld Mrs J's complaint and paid her compensation of £2,000 for the distress and inconvenience its errors had caused.

Mrs J didn't agree with Scottish Widows' findings. She thought that Scottish Widows should pay her the full value of Policy B in compensation as it had sent her valuations for this policy for several years and as a result, Mrs J said that she'd been led to believe that the policy was hers. Because of this Mrs J said that she'd factored the policy value into her retirement planning. Mrs J decided to bring her complaint to the Financial Ombudsman Service.

One of our Investigators reviewed Mrs J's complaint. Their view was that whilst Scottish Widows had made a significant error, Mrs J hadn't been financially disadvantaged. This was because Mrs J had never been the owner of Policy B and therefore it wasn't reasonable to ask Scottish Widows to pay the total value of the policy to Mrs J. Our Investigator also thought that Scottish Widows' compensation offer of £2,000 was fair and reasonable.

Mrs J didn't agree with our Investigator's view, so she asked for her complaint to be considered by an Ombudsman.

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 admitted its errors in this case and has upheld Mrs J's complaint. Scottish Widows has already paid Mrs J compensation of £2,000 for the distress and inconvenience that its errors caused. Mrs J is however saying that to put things right for her she should receive more compensation than the £2,000 that Scottish Widows has paid to date. I will therefore consider this aspect of Mrs J's complaint in this decision.

Scottish Widows has said that it has no evidence of any documentation for Policy B being sent to Mrs J before 2017. This is when Scottish Widows say the correct owner of Policy B contacted it to say that she'd changed her address. Mrs J has said that this isn't right as she believes that she had been receiving statements for Policy B since before 2017. Mrs J has said that she: *"was receiving 2 statements for a substantial time, and for as long as I can recall"*.

Whilst Scottish Widows and Mrs J are unable to agree on the exact date when Scottish Widows first started sending statements for Policy B to Mrs J, I think it's reasonable to conclude from what Scottish Widows and Mrs J have said, that Mrs J was sent annual statements for Policy B for several years. I also think that both parties agree that she was sent statements between 2017 and 2022, although Mrs J also says that she was sent statements since before 2017.

I've seen the front page of two of the annual statements sent to Mrs J, one for Policy A and the other for Policy B. The front page of the annual statement for Policy A, which did belong to Mrs J, states: "*YOUR ANNUAL SECTON 32 BUY OUT PLAN STATEMENT, Statement Date: 7 December 2021 Statement Period: 7 December 2021 to 6 December 2021 Plan Number (XXXXXXX) Your Plan started on 7 December 2004*".

The front page of the annual statement for Policy B, which didn't belong to Mrs J, states: "*YOUR ANNUAL PENSON STATEMENT, Statement Date: 16 December 2020 Statement Period: 16 December 2019 to 15 December 2020 Plan Number: (XXXXXXX) Your Plan Started On: 1 December 2003*".

Whilst Scottish Widows and Mrs J cannot agree on when statements were first sent to Mrs J, I think it's reasonable to assume that the first statement for Policy B wasn't sent to Mrs J until several years after this pension plan had started in 2003. I also think that it's reasonable to assume that as Policy B wasn't owned by Mrs J, the existence of this policy, and the policy number, would've been unknown to her until she received the first annual statement.

I also think it's reasonable to assume that up until the date that Mrs J was first sent a statement for Policy B, she would only have been receiving annual statements for Policy A. As I've said above, Policy A started in December 2004. I think that this would have meant that Mrs J only received one annual statement a year from Scottish Widows for several years. I also think that it's reasonable to conclude that Mrs J would have unexpectedly started to receive two annual statements a year, for two different pension plans, when Scottish Widows first started sending her annual statements for both Policy A and Policy B.

I therefore think that it wouldn't have been unreasonable for Mrs J to have contacted Scottish Widows when she first received an annual statement for Policy B to ask why she'd received a statement for a pension plan that had started several years earlier, and she'd not previously been sent any information on. I think that if Mrs J had then contacted Scottish Widows, she might have discovered that Policy B wasn't owned by her. But I've not seen any evidence to show that Mrs J contacted Scottish Widows at that time to ask why she had started to receive annual valuations for Policy B several years after the pension had started.

Scottish Widows has said that it has completed a due diligence exercise to confirm that Mrs J was the owner of Policy A only, and that Policy B was owned by a different plan holder. I've seen a copy of the original application form for Policy B and can see that this pension plan wasn't taken out by Mrs J. I am therefore satisfied from the evidence I've seen that Policy B didn't belong to Mrs J.

However, Mrs J has stated that because she was sent the annual statements for several years for Policy B, she understood that the pension plan was hers, and she factored the value of the pension plan, which was approximately £12,000, into her retirement plans.

But as I've said above, I've not seen any evidence to show that Mrs J took any action to ask Scottish Widows why she started to receive valuations for a pension plan that she wouldn't have been aware of, several years after the plan start date.

I've also not seen any evidence to show that Mrs J has taken any action that has resulted in any financial loss for her. Whilst I recognise that Mrs J will have been disappointed that Policy B wasn't hers, and that as a result the total value of her pension plans that she was proposing to transfer into her new SIPP in 2023 was £12,00 less than she anticipated, I don't think this is the same as Mrs J suffering an actual financial loss.

I say this because Policy B was never owned by Mrs J, and therefore I think that discovering that her pension savings were approximately £12,000 less than she had thought they were, isn't the same as suffering a financial loss of £12,000.

Mrs J has said that she thinks she's legally entitled to the value of Policy B. But in reaching my decision on this complaint I must consider what would be fair and reasonable in the circumstances of this complaint. And as Policy B was never owned by Mrs J I think that, on balance, it wouldn't be fair or reasonable for Scottish Widows to pay Mrs J the full value of Policy B as compensation.

I do however accept that Mrs J will have suffered distress and inconvenience due to Scottish Widows' errors, and as I've said about these errors would also have resulted in Mrs J having a false expectation about the value of her total pension savings. I therefore think that it would be fair and reasonable for Scottish Widows to compensate Mrs J for the distress and inconvenience that she's suffered.

Scottish Widows has upheld Mrs J's complaint and has paid her compensation of £2,000 for the distress and inconvenience she's suffered due to its errors. I think that this amount of compensation is fair and reasonable. Mrs J has told this Service that she has already received this compensation payment of £2,000 from Scottish Widows.

Therefore, whilst Scottish Widows did make the errors that I've detailed above, I don't think that Scottish Widows need to do anything more than it's already done to put things right for Mrs J. Because I think that Scottish Widows has already taken sufficient action to compensate Mrs J for its errors, I am unable to uphold Mrs J's complaint.

My final decision

My final decision is that I don't uphold Mrs J's complaint against that Scottish Widows Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs J to accept or reject my decision before 24 December 2024.

Ian Barton
Ombudsman