

## The complaint

Mr C complains that Scottish Widows Limited (Scottish Widows) unfairly removed the guaranteed annuity rate (GAR) from his Personal Pension Plan (PPP), causing him losses. He wants the GAR reinstated.

## What happened

Mr C's plan with Scottish Widows had a selected retirement date (SRD) of 31 March 2023, and provided for a GAR on this date only. GARs can be valuable as the income rate available is often higher than from current annuity rates in the open market. As Mr C's SRD approached Scottish Widows issued a retirement reminder letter on 7 December 2022. This was returned as undelivered, and it isn't disputed that Mr C didn't receive it. An IFA (Sigma) was linked to the plan and Scottish Widows wrote to it on 16 February 2023, enclosing the information sent in December 2022. Without reply Scottish Widows wrote to Sigma again on 20 March 2023. It highlighted the importance of Mr C contacting it to provide instructions before 31 March 2023 and the consequences of not doing so, which would be the plan defaulting to a retirement age of 75 and the GAR option being lost. Scottish Widows didn't hear from either Mr C or Sigma.

Mr C says he contacted Scottish Widows on 19 April 2024 to ask how his plan was performing and was informed that as the SRD had passed the GAR option was no longer available. Mr C raised a complaint about this on 22 April 2024. He said he'd notified Scottish Widows of his new address in 2022 and Sigma hadn't acted for him for years. He said if he'd owed Scottish Widows' money it would have found him. Scottish Widows didn't uphold the complaint. It said it hadn't received an updated address from Mr C or been instructed that Sigma didn't act for him. It said it had tried to contact both Mr C and Sigma about the deadline but as this had been missed the GAR was no longer available. It said it had reminded Mr C about the GAR in 2021, when he'd made another complaint about not being able to take it then. It said whilst the retirement date was reset to age 75, Mr C could take benefits at any time.

Mr C referred his complaint to our service, he said Scottish Widows could have made further enquiries to trace him when it didn't hear from Sigma, who had been struck off by the regulator anyway. Our investigator looked into it, but he didn't uphold the complaint.

Our investigator said there was no evidence Mr C had updated his address with Scottish Widows or told it Sigma didn't act for him. He said it wasn't Scottish Widows' responsibility to check whether Sigma remained authorised as an IFA. He said he didn't think Scottish Widows had acted unfairly or unreasonably.

Mr C didn't agree. He said Scottish Widows should have checked Sigma's regulated status and said it had made errors such as deferring his retirement age and hadn't provided copies of any letters it said it had sent. Our investigator said his view hadn't changed. Mr C said he'd taken out the policy on the understanding he would receive an annuity which Scottish Widows was withholding "*on a technicality*". He asked where his money had gone and said Scottish Widows had made no attempt to trace him.

As Mr C doesn't agree it has come to me to decide.

### **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 am not upholding the complaint.

I know my decision will disappoint Mr C, but I don't think Scottish Widows has treated him unfairly. It has provided copies of the retirement letters it issued before the SRD. There is no evidence that Mr C contacted Scottish Widows about updating his address until he called it on 12 April 2024, before calling again on 19 April 2024 to enquire about the GAR. The IFA linked to the plan on Scottish Widows records had historically acted for Mr C not for Scottish Widows and there is no evidence he'd advised it that the IFA no longer acted for him. I've thought carefully about whether Scottish Widows should have made further attempts to contact Mr C. Scottish Widows deals with a great many customers and communicating by post isn't unreasonable. And it was Mr C's responsibility to ensure his contact details were up to date, so I think it acted reasonably in the circumstances.

Scottish Widows has also shown evidence from February and March 2021 that Mr C contacted it about accessing the GAR then. It provided him with detailed information confirming the GAR was only available at age 60 in March 2023. This was something Mr C complained about at the time, so I think it is reasonable that he should have had a recollection of these details. And, when he didn't hear anything as 31 March 2023 approached, I think this should have prompted him to check what was happening. Particularly, as he'd moved home in the interim, meaning it was possible Scottish Widows might not hold his current address, even if he thought he'd previously informed it of this.

That the GAR was only available on the original SRD is a common policy provision of older pension plans like this and it isn't reasonable to expect Scottish Widows to waive the terms and conditions applying to the contract. The deferral of the retirement date to age 75 is merely for record keeping and benefit forecasting purposes and Mr C can take his benefits at any time. The removal of the GAR option shouldn't impact the capital value of his plan, which remains invested in the With Profit fund and Mr C may want to take financial advice about the best option now if he hasn't already done so. But as I don't think Scottish Widows have treated him unfairly, I can't uphold his complaint.

### **My final decision**

My final decision is that I do not uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 19 March 2025.

Nigel Bracken  
**Ombudsman**