

The complaint

X's complaint is about her request for clarification, from Scottish Friendly Assurance Society Limited ('SFASL'), of notice she received from it in December 2023 about correction of an error in the loyalty bonus for her pension. She says despite her repeated requests she remains without said clarification, and that SFASL mishandled her complaint about the matter.

What happened

The notice SFASL sent to X in December 2023 included the following –

“We are writing to let you know about some matters that we have had to resolve in relation to your policy. This letter is for information only and you do not need to do anything in response.

We identified that —

- Your loyalty bonus had not been applied at the correct time.*

We have now corrected our mistake and have adjusted your policy to ensure it is showing the correct value. These changes will show in your next statement.

We would like to apologise that this has happened and assure you that we have implemented measures to ensure we do better for you going forward.”

X says she reasonably required clarification of the erroneous non-application of the loyalty bonus at the correct time,

information on any effects on her pension's value and confirmation that any such effects had been redressed. She has referred to a succession of unanswered webform enquiries she submitted to SFASL in this respect, before she submitted her complaint in April 2024. Her complaint was stated as follows – *“I have asked several times for clarification of my bonus but you have ignored me. I wish to register a formal complaint in this regard.”*

SFASL gave us a summary of its position on the December 2023 notice, X's complaint and the events thereafter. The summary includes the following –

“We sent the customer a letter regarding an issue with her loyalty bonus around Dec 2023 ... Although our letter confirmed that the issue had been resolved, it did not provide any specifics regarding the error.”

“The customer then contacted us to query the issue, but we did not receive her messages, and therefore no response was issued by us.”

“We then received a complaint in April 2024. The complaint was not particularly specific, and we did not have the previous messages to provide context. As we had no evidence of the earlier messages, we could not uphold the complaint.”

“The Complaints Team asked our Pensions Team to provide a response to the customers queries, but it seems that our response may have caused some confusion - again, possibly because we had not seen the earlier messages for context.”

“The customer was unhappy with our handling of her complaint, and our senior Complaints colleague then wrote to the customer to apologise and explain the issue with the loyalty bonus.”

The response to X sent by SFASL's Pensions Team is dated 6 June 2024, and it addressed 'bonus units', not the specific loyalty bonus error matter.

SFASL's email to her of 24 June 2024 then explained the confusion as follows – *"[The complaint handler] did ask our back-office department to provide you with information relating to your bonus however as she wasn't aware that the enquiry related to the letter sent to you previously the information emailed to you on 6 June did not clarify this. I am sorry for any inconvenience caused"*.

The email of 24 June also explained that *"... we wrote to you in December 2023 to advise that we had identified that we had applied the loyalty bonus to your policy at the incorrect time but that this error had been resolved and your policy had been adjusted to show the correct value. I can confirm that we should have applied a loyalty bonus to your policy from 2019 but in error we didn't start applying it until 2021 therefore your policy was corrected to ensure that there was no financial disadvantage. I apologise that the letter sent to you in December 2023 didn't make this clear"*.

X remained dissatisfied and referred her complaint to our service. Shortly before our investigator issued a view on the complaint, X emphasised the following aspects of her complaint

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"In its letter advising me of the error, SFASL said that the correction would show in my next statement. I have been unable to check this and my request for clarification was ignored. Further, SFASL failed to follow industry standard complaints procedures by checking its understanding of my complaint before summarily rejecting it."

With regard to the webform enquiries, I cannot confirm the exact dates or how often because I did not get any kind of receipt or acknowledgement, but on checking my diary I have

estimated dates of mid January 2024, mid February 2024 and mid March 2024 where I had inserted a note to check for a response from SFASL.”

Our investigator looked into the matter and concluded that the complaint should not be upheld. Overall, she considered that SFASL had not been unreasonable in addressing X’s enquiry. She noted that the webform submissions cannot be evidenced and were not received by SFASL so, she said, it could not reasonably have responded to them, and she viewed it likely that something had gone wrong in their delivery. The investigator also took the view that SFASL addressed X’s enquiry once it was clarified. With regards to X’s dissatisfaction with SFASL’s complaint handling, the investigator explained our lack of jurisdiction to address allegations about complaint mishandling, because complaint handling is not a regulated activity.

X disagreed with this outcome and asked for an Ombudsman’s decision. She maintains that her enquiry remains unanswered. She has referred to the response she sent to SFASL’s 24 June email, on the same date, in which she asked – *“Can you let me have details of exactly how my policy was corrected and how the financial disadvantage has been corrected?”*. She also said our service should be able to address her assertion that it was bad practice for SFASL to have dismissed her complaint out of hand.

X shared SFASL’s reply (dated 25 June 2024) to her 24 June response, in which it said – *“As advised, we should have applied a loyalty bonus to your policy from 2019 but we didn’t start applying it until 2021. The missing loyalty bonuses were therefore applied and backdated so that the value of your policy was the same as it would have been had the bonuses not been missed”*. It also repeated its apology for the 6 June letter.

The matter was referred to 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.

Having done so, I have reached broadly the same conclusion expressed by the investigator. I do not uphold X's complaint.

In terms of her dissatisfaction with SFASL's handling of her complaint, I can determine complaints about regulated activities and ancillary activities connected to the conduct of regulated activities. X's complaint about the loyalty bonus error and correction issue, which is connected to her SFASL pension, falls into this category – given that it relates to SFASL's regulated administration of the pension. However, complaint handling, in isolation, is not a regulated activity, and it is also not an ancillary activity connected to the conduct of a regulated activity.

Sometimes a complaint to a firm and its alleged mishandling of it might form a part of the substantive case. If so, addressing the firm's complaint handling might then be a necessary part of determining the overall complaint.

In X's case, there is some overlap between her complaint and the loyalty bonus error/correction she sought clarification of. However, as I find below and as the investigator noted, her enquiry was addressed in the complaint process once its nature became clear. She restated the enquiry on 24 June and, on 25 June, SFASL addressed it again. Therefore, I do not find evidence to conclude that its complaint handling has hindered treatment of the substantive complaint issue.

In light of the above finding, and if X is dissatisfied with SFASL's complaint handling, on its own and isolated from the underlying complaint matter, I do not have jurisdiction to address it.

Based on the copy shared with us, X's initial complaint did not

specify the December 2023 notice or the loyalty bonus error and correction matter. I quoted, above, her relatively brief complaint statement, which referred to neither of these aspects of the complaint. Therefore, I understand why SFASL's initial complaint response and its Pensions Team's communication with X did not address her specific enquiry.

SFASL has clearly explained and apologised for this. Given that it was led by the initial complaint statement, which did not specify the key elements of the enquiry, I am not persuaded that it did anything wrong in its initial complaint response and Pensions Team communication.

When the enquiry was clarified, SFASL addressed it directly. I have quoted, above, the two explanations it gave (on 24 and 25 June). They were sufficiently informative, in terms of summarily explaining what the error was, how it had been corrected and how SFASL had addressed financial detriment in the course of its correction.

It seems likely that what X might have really sought went beyond an explanation of the error, its correction and treatment of financial detriment. Based on her submissions, I consider it possible (if not probable) that she wished to *verify*, to her satisfaction, the finer details of SFASL's error and correction.

This is in no way a criticism of X. The pension belongs to her, and she is fully entitled to seek such verification.

As the investigator noted in her view, it would have been helpful if the December 2023 notice had provided more details on the loyalty bonus error/correction. It is noteworthy that SFASL has apologised, distinctly, for this (as quoted above).

Such information might have given a level of assurance to X at the outset, in contrast to the period of around six months – between the notice and SFASL's 24 and 25 June 2024

explanations – over which she appears to have pursued, without success, clarification. I note the webform enquiries she submitted, but I have not seen evidence of them or that SFASL received them, so I cannot reasonably hold it responsible for failing to respond. However, it is possible to see why, by June 2024 and given the passage of around six months during which the matter remained a mystery to her, she would want to verify the finer details of the error and correction.

With regards to SFASL's explanations, X has told us –

“I had asked for details of exactly how my policy was corrected, and how the financial disadvantage has been corrected. Any retrospective application of the bonus will, by necessity, involve a degree of guesswork or estimation, to make sure that once the bonus is applied, the value of the growth during the period when the bonus was not applied is generated based on that new figure.”

This suggests the likely enquiry into the finer details that I mentioned above. However, this could have continued to be addressed between the parties. X says SFASL failed to do so and referred her to our service, the suggestion being that it withdrew from the matter. On balance, I have not seen evidence to show that it disengaged from its correspondence with X in this way.

SFASL's response of 25 June ended with a reminder that X could refer to our service if she remained dissatisfied with the 'complaint' outcome. However, as I said above, the underlying issue about the loyalty bonus error and correction was/is a separate matter to the complaint process. The response does not depict SFASL as disengaging from addressing the underlying issue. If, as it appears from the above quote, X had further and more specific enquiries to make about the issue and if she put them to SFASL after the 25 June response I have not seen evidence to say it would not have addressed them.

Overall, I find three distinct aspects to X's case – clarification of the December 2023 notice, detailed verification (or analysis) of the loyalty bonus error and correction, and the complaint process. On balance, I am satisfied that SFASL's explanations met the first, that it would have continued to engage with X to achieve the second, and that it would be willing to do so presently if required by X. I trust SFASL recognises X's right to transparency over the effects of the loyalty bonus error in her pension and the details on how that has been redressed. With regards to the complaint process, my view is as stated above.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask X to accept or reject my decision before 28 February 2025.

Roy Kuku
Ombudsman