

The complaint

Mr S complains that Scottish Widows Limited (SWL) caused avoidable delays to the transfer of the two pensions he held with it to his new Self-Invested Personal Pension (SIPP) provider. He also complains that SWL provided him with poor customer service throughout the transfer process.

What happened

Mr S held two pension policies with SWL – policy A (ending 94) and policy B (ending 64). In 2023, he wanted to transfer the funds in these policies to his new SIPP provider.

Mr S's Independent Financial Adviser (IFA) said that he sent the transfer discharge forms to SWL for policy A on 18 September 2023. He said it confirmed it'd received the request. He said he sent the transfer discharge forms to SWL for policy B on 12 October 2023. And that he'd then called it on 25 October 2023 for an update. He said SWL had confirmed that it'd received all the information it needed for both pensions and could process the transfer payment within 10 working days.

Mr S's IFA said he called SWL again on 1 November 2023 for an update. He said he was told the funds would be received in the next five working days.

I understand that over the next two weeks, SWL requested additional documentation for policy B, only to then tell Mr S's IFA that this wasn't actually needed.

SWL said it wrote to Mr S about policy B on 20 November 2023 to say that he needed to contact Money Helper to get a summary document. It said Money Helper would issue a unique reference number that Mr S could then provide to SWL to progress the transfer.

SWL wrote to Mr S on 28 November 2023 to tell him that he needed to contact Money Helper before he could transfer his pension.

Mr S's IFA said he called SWL on 6 December 2023 for a further update. It told him about the Money Helper letter it'd sent to Mr S about policy B. But it couldn't provide him with information about policy A apart from saying it'd written to Mr S on 28 November 2023 and that it needed a reply to that request as soon as possible. I understand that SWL apologised at this point for the conflicting information it'd previously provided.

Mr S complained to SWL about the transfer delays and the poor service he'd received on 6 December 2023. He said he hadn't yet received the letters SWL said it'd sent on 20 and 28 November 2023.

SWL issued its final response to the complaint on 13 December 2023. It upheld the complaint. It said it would send Mr S a cheque for £150 for the distress and the inconvenience he'd experienced. It also apologised for the poor service he'd received.

SWL said that it'd misinformed the IFA/SIPP provider about the stage and timeline of the

transfer out process. It also said it'd delayed sending Mr S the letter requiring him to contact Money Helper by 34 calendar days. As such, it felt there'd been a delay of 34 calendar days in transferring the policy. It asked Mr S to contact it once his transfer had completed so it could assess whether or not he'd been financially disadvantaged by the delay.

Mr S wrote to SWL on 20 December 2023 to tell it he'd now received its 28 November 2023 letter. He said he'd contacted Money Helper as instructed and confirmed he wanted to proceed with the transfer as quickly as possible.

Mr S raised a further complaint with SWL. He said although he'd received its complaint response, he was still suffering stress and angst given the ongoing delays. He also didn't agree that SWL had only caused 34 days of delay, as the delay continued.

I understand that £195,396.80 from policy B was received into the SIPP bank account on 19 January 2024. And that Mr S's IFA instructed the investment of £191,929.87 the same day.

Mr S's IFA called SWL on 19 January 2024 for an update on policy A. SWL confirmed that Mr S would receive the transfer value of £71,985.19 and an interest payment of £311.54, that is a total of £72,296.73.

Mr S said he received a letter dated 17 January 2024 from SWL on 22 January 2024. The letter asked him and his SIPP provider to complete further paperwork if he still wanted to transfer.

I understand that Mr S's SIPP bank account received £72,296.73 on 23 January 2024 in respect of policy A. And that his IFA instructed the investment of £72,296.73 the same day.

SWL wrote to Mr S to formally confirm that the transfers had completed. Mr S's IFA said he received the letters on 24 January 2024.

SWL issued a second final response letter on 7 February 2024. It acknowledged the additional inconvenience Mr S had experienced. And said it would pay him a further £150 compensation. It also said it would ask his IFA/SIPP provider to help it assess his financial losses and put them right.

On 29 February 2024, Mr S's IFA/SIPP provider wrote to him to tell him it had informed SWL that the financial loss caused by SWL's delays was £7,017.18. I understand that SWL received this on 1 March 2024.

As this redress hadn't been paid, Mr S's IFA/SIPP provider called SWL for an update on 10 May 2024. SWL said it would escalate the complaint.

Mr S brought his complaint to this service in May 2024. He didn't think that the £300 compensation SWL had provided so far for the distress and inconvenience its wholly inadequate service had caused was fair. He felt £1,000 was more reasonable for all the hassle, time, letters and phone calls he'd had to make when trying to resolve matters. He also wanted it to pay him the £7,017.18 he'd lost. Mr S said that evidence of the financial loss he'd suffered due to the delays had been provided to SWL on 29 February 2024. But it still hadn't reimbursed him for his loss.

On 4 July 2024, SWL wrote to Mr S's IFA/ SIPP provider and to Mr S to confirm it'd paid £7,017.18 to Mr S's SIPP.

Mr S wrote to this service on 10 July 2024. He said that the level of loss he'd incurred had been sent to SWL on 29 February 2024, so it'd taken it 19 weeks to pay the compensation.

He felt that if it'd paid it in a timely manner, the £7,017.18 could've been invested and that he'd therefore suffered a further loss.

Our investigator asked SWL for further information, including the date it'd asked Mr S's IFA/SIPP provider to carry out the loss calculation. She also asked it to evidence how it'd arrived at the date of 18 November 2023 for the date the transfers should've gone ahead.

Our investigator asked SWL if it consented to this service considering the delayed payment of the loss that had been calculated as part of this complaint, or whether it required a new complaint to be set up.

Although our investigator chased SWL for a response, it didn't reply. She therefore had to reach her assessment based on the limited information available to her.

Our investigator said that SWL had acknowledged it'd caused delays, and that it'd failed to ask Mr S to obtain to a Money Helper reference when it should've done. She said it felt the transfers ought to have completed by 18 November 2023, rather than 16 January 2024. She noted that SWL hadn't provided any evidence about why it felt the transfers ought to have completed by this date. Nor had it provided any evidence or details of its standard transfer process and timescales.

Our investigator acknowledged that SWL had said it received transfer forms for both policies on 12 October 2023. But in the absence of evidence from SWL to support that claim, she was more persuaded by the evidence from Mr S which she felt suggested that SWL had received the transfer form for policy A on 18 September 2023 and policy B on 12 October 2023. She felt that if, as SWL had said, a transfer request submitted on 12 October 2023 ought to have completed by 18 November 2023, then it would be fair to say that a transfer request submitted on 18 September 2023 ought to have completed by 25 October 2023, applying the same timescales.

Our investigator felt that SWL had failed to consider any further financial loss Mr S might've suffered because of the additional delays she felt it'd caused. To put things right in respect of the financial loss, she felt it should take the following steps.

For policy A, she felt the transfer ought to have completed by 25 October 2023. But she noted that the current loss calculation had only been carried out between 18 November 2023 and 29 February 2024. She therefore asked SWL to contact Mr S's IFA/SIPP provider to ask it to carry out a loss calculation for policy A between 25 October 2023 and 18 November 2023. But she said if SWL could provide evidence that both policy transfers had been requested on 12 October 2023 it could disregard this recommendation.

Our investigator also felt that as SWL had received the loss calculation information on 1 March 2024, it ought to have paid the financial redress no later than 8 March 2024. She therefore asked SWL to ask Mr S's IFA/SIPP provider to carry out a further loss assessment on the delays in paying the £7,017.18 between 8 March 2024 and 4 July 2024.

Our investigator considered the poor customer service Mr S had received throughout the transfer process. She acknowledged he'd been given incorrect information, and asked to provide information when it wasn't needed, on more than one occasion. She also noted other service failures. She felt these showed that SWL had provided unclear and conflicting information and failed to manage Mr S's expectations. And that it'd also failed to keep Mr S updated. However, she felt that the £300 compensation SWL had already paid Mr S in respect of the poor service was reasonable under the circumstances.

After our investigator had issued her view, SWL emailed this service to say that it would

action her recommendation for the delayed £7,017.18 redress.

SWL provided this service with evidence which showed that the transfer request for policy B was signed by Mr S on 29 September 2023, authorised by his IFA on 11 October 2023 and then received by SWL on 13 October 2023. But it didn't provide any evidence showing when it'd received the transfer request for policy A.

SWL also told our investigator that it'd written to Mr S's IFA/SIPP provider on 16 September 2024, asking it to help it with the calculations our investigator had requested. It specifically asked for assistance with calculating the loss of investment return on the £7,017.18 it'd already paid into Ms S's new SIPP from 8 March 2024 until 4 July 2024. It also asked for a calculation of the further investment loss from 25 October 2023 and 18 November 2023 for both policy A and policy B.

Our investigator told SWL that while it seemed to agree that the transfer for policy B ought to have been completed by 18 November 2023, we still hadn't received a copy of the transfer request for policy A. As we understood from Mr S that this had been requested on 18 September 2023, we felt this ought to have completed by 25 October 2023.

Our investigator said that in its letter to the IFA/SIPP provider, SWL had asked it to carry out an additional loss calculation for both policies between 25 October and 18 November 2023. She therefore felt SWL had accepted her proposed transfer dates for policy A. She asked it to confirm its position for policy A. She also noted that SWL's letter to the IFA/SIPP provider appeared to request a loss calculation that wasn't necessary for policy B – that is, the investment loss calculation from 25 October 2023 to 18 November 2023.

Although our investigator chased SWL for a response, it didn't reply. Therefore the complaint has come to me for a review.

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'm going to uphold it. I agree with our investigator, and for the same reasons, that SWL should take the steps she has already outlined. I'll explain the reasons for my decision.

I first considered when SWL received the transfer request for policy A.

When did SWL receive the transfer request for policy A?

Based on the documentary evidence provided, I'm satisfied that SWL received the transfer request for policy B on 13 October 2023. And I agree with our investigator that the transfer should've completed by 18 November 2023.

As no documentary evidence has been provided for when SWL received the transfer request for policy A, I've had to consider the testimony of both parties.

Mr S's IFA said that he sent the transfer discharge forms to SWL for policy A on 18 September 2023, and that it confirmed receipt. SWL said that it received both requests on 12 October 2023, but it hasn't provided the evidence our investigator requested to show this.

Having carefully considered what both parties have said, I'm more persuaded that Mr S's transfer request for policy A was submitted on 18 September 2023. I therefore agree with

our investigator that, applying the same timescales as those SWL has proposed for the policy B transfer, the policy A transfer ought to have completed by 25 October 2023.

I therefore agree with our investigator that as the current loss calculation for policy A only covers the period between 18 November 2023 and 29 February 2024, SWL must further consider a loss calculation for policy A between 25 October 2023 and 18 November 2023.

I next considered when SWL should've paid the financial redress it'd offered to pay Mr S.

When should SWL have paid the financial redress it'd offered to pay?

The evidence shows that Mr S's IFA/SIPP provider sent SWL the loss calculations it'd requested on 29 February 2024. SWL said that it received them on 1 March 2024.

I'm satisfied that it shouldn't have taken SWL more than a week to process the loss calculations and to send the redress required to Mr S's SIPP provider.

As such, I agree with our investigator that SWL should pay Mr S further financial redress for any investment loss on the £7,017.18 it should've paid into his SIPP by 8 March 2024, between 8 March 2024 and 4 July 2024.

I finally considered the compensation SWL has already paid Mr S in respect of the distress and inconvenience caused.

Distress and inconvenience

From what I've seen, it's clear that Mr S has received poor customer service from SWL for an extended period of time. SWL has provided unclear and conflicting information. And has also failed to communicate well with Mr S, including not keeping him updated.

I don't doubt that this led to stress and worry for Mr S. But I agree with our investigator that the £300 compensation SWL has already paid Mr S is reasonable under the circumstances. I say this because it's in line with what I would otherwise have recommended.

Putting things right

My aim in awarding fair compensation is to put Mr S back into the position he would likely have been in, had it not been for the avoidable delays Scottish Widows Limited caused.

What Scottish Widows Limited must do

To compensate Mr S fairly Scottish Widows Limited must:

For Policy A

I'm satisfied that the transfer for policy A ought to have completed by 25 October 2023. As the existing loss calculation was only carried out between 18 November 2023 and 29 February 2024, SWL must also assess the financial redress required for the period from 25 October 2023 to 18 November 2023.

For Policy A and Policy B

I consider that SWL should've compensated Mr S for the £7,017.18 financial loss it was notified of on 1 March 2024 by 8 March 2024. I therefore require SWL to assess the further financial loss on the £7,017.18 it paid on 4 July 2024 between 8 March 2024 and 4 July 2024.

If there is a loss, the compensation amount should if possible be paid into Mr S's pension plan. The payment should allow for the effect of charges and any available tax relief. The compensation shouldn't be paid into the pension plan if it would conflict with any existing protection or allowance.

If a payment into the pension isn't possible or has protection or allowance implications, it should be paid directly to Mr S as a lump sum after making a notional reduction to allow for future income tax that would otherwise have been paid.

If Mr S has remaining tax-free cash entitlement, 25% of the loss would be tax-free and 75% would have been taxed according to his likely income tax rate in retirement – presumed to be 20%. So making a notional reduction of 15% overall from the loss adequately reflects this.

If payment of compensation is not made within 28 days of Scottish Widows Limited receiving Mr S's acceptance of my final decision, interest must be added to the compensation at the rate of 8% per year simple from the date of my final decision to the date of payment.

Income tax may be payable on any interest paid. If Scottish Widows Limited deducts income tax from the interest, it should tell Mr S how much has been taken off. Scottish Widows Limited should give Mr S a tax deduction certificate in respect of interest if he asks for one, so he can reclaim the tax on interest from HMRC if appropriate.

My final decision

For the reasons set out above, I uphold Mr S's complaint. Scottish Widows Limited must take the action detailed in "Putting things right" above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 8 January 2025.

Jo Occleshaw
Ombudsman