

## The complaint

Mr P says when he switched two of his personal pensions from Scottish Friendly Assurance Society Limited, its administrative handling was poor and this caused him trouble and stress.

## What happened

The facts of this case are accepted by both parties.

Mr P had two personal pensions with Scottish Friendly, where he says he'd been a customer for 40 years. His main policy was worth around £248,000 and his smaller policy about £11,000. He decided to switch providers in early 2024.

Scottish Friendly summarised what happened in the following chronology:

22/1/24 — Request to switch Mr P's two pensions was received via the Origo system.

26/1/24 — Authority to switch form was issued.

1/2/24 — Mr P returned completed authority form.

8/2/24 — The switch of his smaller policy was processed and paid out 9/2/24.

14/2/24 – The switch of his larger policy was processed and paid out on 19/2/24.

No update was provided to Mr P by Scottish Friendly following the execution of this transaction, which it says was in accordance with its procedure.

Mr P complained to Scottish Friendly in April 2024 about what had happened. He was concerned about not receiving final confirmation from it about the details of the switch of his pensions.

Scottish Friendly responded in June 2024. It provided Mr P with the details he'd been seeking but it didn't uphold his complaint. It said:

*"When the transfer of your policies was completed in February, we provided an update to Fidelity, and we would have expected them to confirm to you once the funds had been received."*

*"We are not required to send confirmation of the transfers directly to customers, however I can understand why you may have been expecting this information. I have therefore passed your feedback to the relevant team to consider whether this is something we can do in the future."*

Mr P brought his case to this Service and an Investigator considered his complaint. She concluded Scottish Friendly should've done more to keep him informed. And although she didn't think he'd suffered any financial detriment, she did recommend it pay him £100 for the trouble and stress he'd suffered.

Scottish Friendly rejected the Investigator's view. It said:

*“Mr P sought advice from an IFA when making his decision to transfer his policies to Fidelity Ltd and Fidelity Ltd initiated the transfer via Origo. Although we understand that some companies may send an update when a transfer has been completed, this is not part of our current process, as we are simply acting on a request which has been initiated by the other company, and it would therefore be their responsibility to confirm to the customer once this has been completed. In this instance the transfers were completed promptly providing a good level of service and when the funds were transferred Origo was updated to confirm this. One of the main purposes of using Origo is to reduce the amount of paperwork and correspondence. As Mr P would have been updated by the receiving scheme and IFA we believe this is sufficient and there has been no customer harm with us not contacting the customer as he would have been aware of the completion.”*

*“The transfers were completed in February 2024 and Mr P didn’t contact us until 2 months later asking for information. If he had contacted us sooner we would of course have provided it sooner. However, in not doing so there has been no loss to Mr P, no inconvenience as he was aware of the completion and no poor customer outcome.”*

*“As advised this has always been our process with transfers made via Origo and we have not received a FOS decision mentioning this before. I understand that you think this is a customer service failing however we have chosen this as our process for the reasons noted e.g. the receiving scheme confirms to customers when they have received the funds and the purposes of using Origo is due to this being a tracking system and to issue less paperwork and correspondence. We do collate and change processes based on feedback from customers particularly where we have provided a poor outcome or receive a lot of feedback about the same thing, but this is not something that has been flagged as being an issue.”*

As both parties couldn’t agree with the Investigator’s view, Mr P’s case has been passed to me to review afresh and provide a 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.

Where there’s conflicting information about the events complained about and gaps in what we know, my role is to weigh the evidence we do have and to decide, on the balance of probabilities, what’s most likely to have happened.

I’ve not provided a detailed response to all the points raised in this case. That’s deliberate; ours is an informal service for resolving disputes between financial businesses and their customers. While I’ve taken into account all submissions, I’ve concentrated my findings on what I think is relevant and at the heart of this complaint.

I’m upholding Mr P’s complaint. I’ll explain why.

The first thing I’ve considered is the extensive regulation around transactions like those performed by Scottish Friendly for Mr P. The FCA Handbook contains twelve Principles for businesses, which it says are fundamental obligations firms must adhere to (PRIN 2.1.1 R in the FCA Handbook). These include:

- Principle 2, which requires a firm to conduct its business with due skill, care and diligence.
- Principle 6, which requires a firm to pay due regard to the interests of its customers and treat them fairly.
- Principle 7, which requires a firm to pay due regard to the information needs of its

clients, and communicate information to them in a way which is clear, fair and not misleading.

So, the Principles are relevant and form part of the regulatory framework that existed at the relevant time. They must always be complied with by regulated firms. As such, I need to have regard to them in deciding Mr P's case.

I should start by acknowledging the switch of Mr P's pension was conducted efficiently and effectively by Scottish Friendly.

I also understand how Scottish Friendly arrived at its decision not to uphold Mr P's complaint. It was simply a matter of 'how we do things around here'. But I can see that there were individuals in the organisation who empathised with his position. For example, the individual investigating his case recorded:

*"Customer unhappy that he's received no correspondence from us in relation to his pension transfers, except the authority...that was issued, and therefore doesn't know the details of the transactions or whether they were correct. Customer has also noted that he can no longer view his policies online."*

*"Pensions [team] has confirmed its not standard practice to send confirmation of the transfer(s) to the customer, as we provide confirmation to the rec/scheme. On this basis, I'm unable to uphold the complaint. However, I do think this is something we could look at building into process in order to keep customers fully updated, and [X] is going to raise this with the Pensions Manager"*

Mr P told us:

*"...my pension was transferred by Scottish Friendly on the 8/2/24, & it wasn't until the 12/6/24, that I received an email from them actually informing me of the amount of the transfer & the breakdown between the 2 different pension accounts....& this was only because I put in a formal complaint to them on the 26/04/24...so they still took nearly 7 weeks to provide this information to me from the date of the complaint. At this point, I had no clear information from my new pension platform, of the amounts of pension received per pension account, just a total, & obviously no idea if the correct amounts had actually been sent by Scottish Friendly ( previously I had transferred a cash ISA from 1 provider to another, ...& although the old provider had calculated the figure correctly, someone miskeyed the figure for transfer & the wrong amount was sent, which I would not have known, without a closing statement from the old provider....so mistakes can happen).*

Scottish Friendly did eventually provide Mr P with the information he requested. This included for each of his policies the sum switched to the new provider, the date it was sent and the date it was received by his new provider.

Mr P had been a customer with Scottish Friendly and its predecessors for around 40 years. The switch of funds involved was substantial – around a quarter of a million pounds. I think these are further relevant considerations.

On balance, with regard to the narrow matter in question, I don't think Scottish Friendly communicated effectively with Mr P. And it didn't consider his interests fully.

### **Putting things right**

I'm upholding Mr P's complaint.

There is no financial loss in this case. But when I'm considering a complaint like Mr P's I think about whether it's fair to award compensation for distress and inconvenience. This isn't intended to fine or punish a business – which is the job of the regulator. But when something's gone wrong, recognition of the emotional and practical impact can make a real difference.

We're all inconvenienced at times in our day-to-day lives – and in our dealings with other people, businesses and organisations. When thinking about compensation, I need to decide that the impact of a firm's actions was greater than just a minor inconvenience or upset. It's clear to me that this was the case here.

Scottish Friendly Assurance Society Limited should pay Mr P £100 for the distress and inconvenience caused by its failure to send him proper information about the switch of his pensions to another provider.

### **My final decision**

For the reasons I've set out, I'm upholding Mr P's complaint. I now require Scottish Friendly Assurance Society Limited to put things right in the way I've directed.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 4 April 2025.

Kevin Williamson

**Ombudsman**