

The complaint

Mrs M and Mrs S as trustees of the D Trust complained about Scottish Widows Limited (Scottish Widows). They have said that Scottish Widows has provided the wrong information which has delayed the encashment of the investment held in the trust.

What happened

Mrs M and Mrs S requested to encash the investment since 16 February 2023. Scottish Widows asked for various pieces of documentation, which Mrs M and Mrs S provided. As no real progress had been made with the encashment Mrs S complained to Scottish Widows in June 2024 who issued their final response letter on 2 September 2024 rejecting the complaint. Mrs S was unhappy with the response and asked our service to investigate.

Our investigator reviewed the complaint and concluded that the complaint should be upheld. He recommended that Scottish Widows pay Mrs S £200 compensation and ensure that the beneficiaries of the trust were not disadvantaged by the delay.

Mrs S, Mrs M and Scottish Widows both accepted the outcome of the complaint on 23 September 2024 and agreed to settle the complaint as set out in our investigator's view.

Mrs S contacted our service again in October 2024 explaining that she was having trouble in receiving the settlement. Our investigator made further enquiries with Scottish Widows about the delay but did not receive a response. On 28 October 2024 Scottish Widows was informed that the complaint would be passed to an ombudsman for a decision.

No response has been received from Scottish Widows or any further evidence.

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.

All parties of the complaint have agreed that there was a delay in encashing the investment and have agreed with the suggested outcome our investigator reached. As such I do not feel it necessary to go into detail of how and why the delay occurred. But for completeness I agree that Scottish Widows unreasonably delayed the encashment of the investment held in trust. For the same reasons as our investigator, I think Scottish Widows ought to put things right as he set out in his assessment.

The outstanding issue, as I see it, on this complaint is that Scottish Widows has not paid the agreed settlement to Mrs M and Mrs S.

The evidence I have seen suggests that Scottish Widows were in possession of the necessary documents to allow the surrender of the investment on 18 March 2024 and should have started the process of surrendering the investment on this date.

Neither party to the complaint has contested this point and in the absence of any new evidence I'm satisfied that this was the earliest date Scottish Widows could have started the encashment procedure.

Since the settlement was agreed I can see that Mrs S has been contacted again by Scottish Widows requesting documentation.

Our investigator contacted Scottish Widows requesting clarification about what outstanding documents were required and confirmed that the photo identification had been sent but he did not receive a response.

I can see that our investigator has tried to liaise with Scottish Widows to find a resolution to the complaint and clarify a way forward so that the funds may be released. Scottish Widows were informed the case would be passed to an ombudsman for a decision, but they have not responded.

No further evidence has been received from Scottish Widows nor any communication about what the delay in settling the complaint may be. I am not persuaded That Scottish Widows has demonstrated why it's fair and reasonable for it to have not settled this complaint yet.

Given the additional delay since our investigator's assessment, I've thought about whether the proposed compensation remains fair. I think Scottish Widows should continue to add interest on the amount the trustees have been deprived of, in order to compensate for continuing to not have access to the money. I consider paying compensation as set out below, including the proposed £200 for distress and inconvenience, represents a fair and reasonable outcome.

Putting things right

To put things right Scottish Widows should:

- Pay £200 to Mrs S for the distress and inconvenience experienced.
- Calculate the surrender value of the investment held in trust on 18 March 2024. Compare that to the value of the investment when it encashes it. If the value was higher in 2024, Scottish Widows should pay the trustees the difference.
- The trustees have been deprived of this money since March 2024, so Scottish Widows should add 8% simple interest on the 18 March 2024 surrender value, from that date until the date it settles the complaint.
- If further documentation from Mrs M or Mrs S is required Scottish Widows should provide clear guidance on what is required and provide a dedicated contact within the business to allow a quick facilitation of the surrender.

My final decision

My decision is that I uphold this complaint and I direct Scottish Widows Limited to settle the complaint as outlined above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs M and Mrs S as trustees of the D Trust to accept or reject my decision before 17 March 2025.

Rob Croucher
Ombudsman