

The complaint

Mr H complains that Scottish Widows Ltd (“SW”) refused to refund contributions he’d made to his employer pension, after he’d ceased working for that employer.

What happened

Mr H began working for his employer in around October 2023. This employer operated a Group Personal Pension Scheme (GPP), which Mr H was enrolled in. Both he (£146 per month net) and his employer (£183 per month) began making payments into the plan.

In around April 2024, Mr H stopped working for this employer. He contacted SW, to opt out of the pension, and receive a refund of the premiums he’d paid. He advised SW that he was unaware a plan had been set up for him.

SW said they were unable to do this, so Mr H raised a complaint with them. Responding, SW explained as follows:

- Mr H was no longer within the ‘opt-out’ period of this plan, and so a refund of contributions wasn’t possible anymore. SW briefly explained the relevance of Auto enrolment legislation introduced in 2012.
- It was the responsibility of Mr H’s employer to confirm to them if Mr H was eligible to be opted out of the scheme and receive a refund of contributions. They wouldn’t have been able to accept instructions directly from Mr H in any event.
- Further, it was the responsibility of Mr H’s employer to have provided an auto-enrolment communication at the outset – confirming a policy was being set up for Mr H, and advising what he needed to do if he didn’t want to be part of the scheme (opt out).
- Finally, they set out Mr H’s options moving forward, which includes increasing contributions (personally, or through a new employer), transfer to another scheme, or claim the pension in full after reaching his 55th birthday.

Unhappy with this response, Mr H brought his complaint to our Service. He said that the pension plan was mis-sold to him through his employer, and he should never have been sold a *“full time pension with no full time job from [his employer]”*.

One of our Investigators considered Mr H’s complaint, but didn’t think SW had done anything wrong. He explained SW’s role was to provide the group pension scheme, and it was Mr H’s employer that was responsible for enrolling Mr H in it. Further, as SW wasn’t administering the pension scheme, it would have been for Mr H’s employer to notify them if Mr H wished to opt out. And the relevant regulations required any such notification to be made to SW within 30 days of Mr H joining the scheme.

Unhappy with this, Mr H asked for an Ombudsman to consider his complaint afresh, and so it’s been passed to me to undertake a further review, and issue a Decision accordingly.

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.

I think it's important to begin by explaining what my role (and that of this Service) is here. I (we) are empowered to settle disputes that have arisen between consumers and regulated financial businesses, in respect of activities that are regulated by the Financial Conduct Authority. Which means I can look at the actions of a regulated financial business, and decide if I believe they've done, in simple terms, something wrong. But it is only the actions of the regulated financial business – here, Scottish Widows – that I can consider.

Here, Mr H was enrolled into his employer's workplace GPP scheme when he joined their employment in around October 2023. Auto-enrolment was a requirement placed on employers to enrol qualifying employees into employer pension schemes.

Mr H's employer had set up a group personal pension scheme through Scottish Widows for this purpose, and Mr H was duly enrolled by his employer, as they were required to do. It's important to highlight this, because Mr H has suggested in communications that his employer 'sold' him a pension that wasn't suitable for him. This is not what happened – they automatically enrolled him in their pension scheme.

Which brings me on to the process that would (or should) have happened after Mr H was auto-enrolled on to this pension scheme. There are clearly defined rules which set out the auto-enrolment process, and importantly for this complaint, the rules for how an employee can 'opt-out' of the pension scheme. They can be found on The Pension Regulator's website, using this link: <https://www.thepensionsregulator.gov.uk/en/business-advisers/automatic-enrolment-guide-for-business-advisers/opting-out>.

After Mr H left his employment after about six months, he asked to have his contributions returned. I appreciate the frustration Mr H must have felt that his request was denied, especially after he'd only been enrolled in the scheme for about six months. However, I don't think SW have done anything wrong here by refusing his request. I'll explain why.

The rules (mentioned above) clearly set out the circumstances when an employee can opt out of a scheme such as this. And importantly, those rules set out clearly defined timescales within which any opt-out request must be made ("the opt out period").

The opt out period started when Mr H became an active member of the scheme (the date the administrative steps for achieving active membership were completed, or when he was given written enrolment information).

I haven't seen any documentation from Mr H's employer (and nor do I need to), but I have seen copies of enrolment documentation sent to Mr H by SW, dated 9 November 2023. This documentation clearly sets out that Mr H had joined his employer's GPP, and (amongst other things) confirmed the amounts that both he and his employer would pay into the plan.

That letter contained a 'declaration', which (amongst other things) said:

"you authorise your employer to deduct from your salary any payments due, and forward these to us, so we can invest them in this pension plan that's held in your name"

The letter also stated, somewhat confusingly under the heading 'What happens to your pension if you die (as it's clearly not relevant to the issue of a plan holder's death)':

"The key features document explains your right to change your mind. If you do decide to cancel, please contact us within 30 days".

And the key features document, at page seven, said as follows:

"Can I change my mind? – You can change your mind and cancel your plan within 30 days of receiving notification that your policy has started. If you have been automatically enrolled, however, and you want to opt out, please complete our opt out form..."

If I do want to cancel, what should I do? – To cancel you should contact us either in writing or by telephone...

What are the consequences of not cancelling? – If you don't cancel within 30 days your plan will continue and we'll collect the agreed payments"

So, in terms of the information SW provided to Mr H, and on the basis their letter was addressed to his correct address, I'm satisfied that he'd have most likely received this letter and attachments, and so should reasonably have been aware (a) that he had been enrolled, and (b) what he had to do if he didn't want to be. Put another way, I'm satisfied that SW did all they needed to do to provide details of the policy that had been set up in his name.

There are limited exceptions to the above. An employer has up to two years to opt out and receive a refund of their premiums if they were members of a defined benefit scheme, but this was not the type of scheme that Mr H belonged to. He belonged to a defined contribution scheme, where the time limit for refunds is set at one month from enrolment.

Conclusion

Put simply, Mr H effectively had one month, from enrolment, to be able to opt out of the scheme, and receive a refund of his premiums. The rules that SW are required to follow – they have no discretion regarding this – make that clear.

Had Mr H notified his employer (or SW, for that matter) within that initial opt out period that he wanted to cease being a member of the scheme, then his employer would have been responsible for contacting SW, and the correct opt out documents completed, and ensuring he was removed from the scheme. But no request was made by Mr H in that period, and so that process would not have started.

So, given the above, I don't think SW has done anything wrong here. They have followed the relevant rules in refusing to allow Mr H to seek a return of the premiums he paid into his GPP scheme. I won't be asking them to do anything further.

Finally, in correspondence, mention has been made that Mr H may wish to consider cashing in his pension – this is an option available to him when he reaches his 55th birthday. SW's letters to Mr H have confirmed that too.

Were he to do this – and I make no comment or recommendation here on whether he should, or indeed could do this – it could allow him to receive the full value of the policy in one go (subject to relevant tax treatment). This could, in effect, achieve the outcome of having his contributions repaid, but with the potential added benefit of receiving the funds paid in by his employer too, plus potential fund growth (or loss, in fairness).

At the time of writing this Decision, Mr H is less than two months short of his 55th birthday, and so this may be an achievable option for Mr H. However, it would be for Mr H to further explore this option, and nothing I've said in the above paragraphs should be taken in any way as a recommendation for him to do that, or an instruction or recommendation to SW in that regard either.

My final decision

For the reasons set out above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 7 March 2025.

Mark Evans
Ombudsman