

## **The complaint**

Mr N complains that the statements sent to him by Scottish Widows Limited do not always show on his annual statements, or on their online platform. He also believes that there is a payment that he's made missing from the statement. In addition, he also complains that the value of his pension fund (and number of units held in some of his funds) has dropped significantly without explanation.

## **What happened**

Mr N held a pension with Scottish Widows. In 2014, this pension received a transfer in from Mr N's employer's GPP as it was being wound up. In the subsequent years, regular contributions were paid into Mr N's Scottish Widows pension.

In late 2023, Mr N realised that some of his contributions were not showing correctly, and raised a complaint with Scottish Widows. In this complaint he also raised his dissatisfaction that he had to chase for the issue to be rectified. Scottish Widows responded to this complaint on 11 December 2023 confirming they had made an error in the way that Mr N's personal contributions were set up, and by way of apology for the poor service received they paid him £300.

In March 2024, Mr N was again concerned about missing contributions, and Scottish Widows' failure to respond to his emails. In their response to this second complaint, Scottish Widows confirmed that all contributions had been applied correctly, but to apologise for distress and inconvenience that had been caused in the recent past, they made a payment to Mr N of £75.

On 5 August 2024, Mr N remained concerned about a missing payment from December 2023, and again raised this with Scottish Widows. At that time he also complained that he had noticed a recent significant unexplained drop in value of his pension, and a reduction in the number of units held. A response was not received until 13 November 2024, after Mr N had chased Scottish Widows a number of times for a response.

In their response, Scottish Widows confirmed that the missing payment from December 2023 had been applied correctly, but that there was a "final contribution correction" on 3 July 2024. Due to the annual statement issued to Mr N covering the period from June 2023 to June 2024, Scottish Widows stated that the correction would not have appeared on the statement Mr N had received in July 2024. They also confirmed that due to system upgrades, Mr N may not be able to see up to date information online until the end of the year.

In relation to the decline in the value and units of his policy Mr N had identified, Scottish Widows explained that this was due to two transfers that had erroneously been made to Mr N's policy in February 2014. Mr N was not entitled to those transfers, which came to light when the correct owner of the funds instigated an investigation. They explained that this was the result of human error, and apologised for the distress and inconvenience caused to Mr N. They arranged a payment to be sent to Mr N of £500 to reflect the further inconvenience experienced.

Mr N was unhappy with this outcome, and submitted a complaint to this service. On 29 November 2024, our investigator provided her view. She agreed that Scottish Widows had made a errors, and upheld Mr N's complaint, however she thought that the combined total of £875 paid by Scottish Widows was fair, and did not ask them to do anything further. Mr N responded to our investigator's view. He asked for the compensation to be reconsidered, due to the impact that the errors had had on his retirement planning, which for ten years had been based on a fund value which was incorrect. He remained dissatisfied that he had not had a call or email to explain the situation.

Because Mr N did not accept the investigator's view, the complaint has been forwarded to me for a final 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.

There are two main elements to Mr N's complaint – the fact that the contributions made do not show on his pension statement, and the fact that the value of his fund reduced so significantly in June 2024.

I have considered firstly the missing contributions that are not showing on Mr N's statements. Scottish Widows have confirmed that although Mr N's statements do not show the contribution made in December 2023, it has been applied correctly. Due to an adjustment being made in July 2024, shortly after the statement was issued at the end of June 2024, the contribution was not shown on the statement issued. Although Scottish Widows have explained this error, they have also confirmed that due to upgrades to their systems, Mr N may not see all transactions showing correctly when he checks his account online. To resolve matters, I therefore request that Scottish Widows issue a statement to Mr N showing the December 2023 contribution correctly applied.

The second element of Mr N's complaint relates to the significant reduction in the value of his pension which he identified in July 2024. In their final response, Scottish Widows have provided an explanation for this. Following Mr N's previous employer's group personal pension scheme being wound up, a number of transfers were made to the trustees of the scheme, and subsequently to Scottish Widows. However, a number of these payments were not allocated to the relevant member's pension plans. When one of these relevant members was approaching retirement and tracing all his pensions, it came to light that one of the transfers had incorrectly been applied to Mr N's pension. A correction was therefore made on 3 July 2024, resulting in Mr N's pension reducing from £220,464 on 27 June 2024, to £54,783.87.

It is not in any dispute that an error was made by Scottish Widows when the funds were incorrectly applied to Mr N's pension. Scottish Widows have accepted this, and apologised for the error. It is also not in dispute that the funds did not belong to Mr N, and he had no entitlement to them. I have therefore not considered these factors further. However, what I must consider is whether the payment made to Mr N for the trouble and upset caused by the mistake, compensates him fairly for the distress and inconvenience caused. Having done so, I am satisfied that it does. I have considered the impact that the error would have had on Mr N, and his provision for retirement.

I understand how disappointing it would have been for Mr N to see such a large drop in the value of his pension and frustrating that he was not contacted by Scottish Widows to explain

what had happened in advance of discovering this himself. However, as Mr N was not entitled to the funds incorrectly transferred to him, it would not be fair of me to expect Scottish Widows to recompense him in respect of the fund value, or part thereof. The purpose of this service is to put an individual back in the position that they would have been in had the error not occurred, and it seems to me that Scottish Widows have done just that. If the error had not occurred, the erroneous fund value would never have been transferred to Mr N in 2014.

Mr N has undoubtedly been impacted at an emotional level, particularly as he has been making contributions to his pension for a number of years and based his retirement planning on the value of his pension which was incorrect. However, given that Mr N states that he had based his retirement planning on the value of the pension including the transfer value, I would have expected him to query the value of the pension at an earlier date if it had increased by such a significant and unexpected amount. Scottish Widows have confirmed that Mr N was not entitled to a transfer of any size in 2014. I have been provided with statements showing the transfers in on 17 February 2014 and the contribution statement issued to him in February 2022 also shows the transfer in. I have not been provided with any evidence that suggests that Mr N queried the transfer in, either at the time of the transfer in 2014, or in the years since then.

I acknowledge that Mr N states that his financial planning for retirement has been impacted by this error and can well imagine that Mr N is disappointed by this. However, it would not be fair or reasonable for me to instruct Scottish Widows to pay Mr N monies to which he was never entitled. Scottish Widows have already acknowledged and apologised for their errors and paid a total of £875 to Mr N. I'm satisfied that this amount is fair in the circumstances and in line with what this service would normally award in cases such as this so will not be asking Scottish Widows to increase this amount.

### **My final decision**

For the reasons stated above I uphold Mr N's complaint and request that Scottish Widows issue a statement to Mr N showing the December 2023 contribution correctly applied.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr N to accept or reject my decision before 18 July 2025.

Joanne Molloy  
**Ombudsman**