

The complaint

Mr K is unhappy that Scottish Widows Limited trading as Clerical Medical ('Clerical Medical') provided him with incorrect information about the value of his pension. He said the mistake was only identified as he was nearing the end of the process to take his retirement benefits, causing him substantial distress and inconvenience.

What happened

Mr K held a personal pension with Clerical Medical, which started in 1986. This was later made 'paid up' in July 1989 as he was joining his employer's pension scheme. No further contributions or changes were made to this plan until 2023 when Mr K updated his retirement date, first to age 67 in July 2023 and then back down to 63 in October 2023.

In October 2024 Mr K contacted Clerical Medical to enquire about taking his pension benefits. At this time, he was informed that his plan was valued at £12,391, though this value was not guaranteed. Mr K then requested quotations for an annuity based on several options. These were provided to him on 5 November 2024, all using the plan value of £12,391.

Mr K returned his annuity application on 18 November 2024. The next day his request was referred to Clerical Medical's Service Team as a manual calculation needed to be made due to a change in his retirement date in 2023. Clerical Medical also wrote to Mr K at this time letting him know that manual calculations were required.

On 28 November 2024 the manual calculations were completed, and this showed the actual value of Mr K's plan as £7,545.52.

Clerical Medical spoke with Mr K on 4 December 2024 confirming the revised value and explaining that a system error had been made resulting in the wrong plan value being provided. During the call Mr K decided that due to the revised plan value he would like to take his benefits as a lump sum under the 'small pot' option instead of purchasing an annuity.

Mr K also asked for this to be logged as a complaint.

The next day, 5 December 2024, Clerical Medical issued its final response to Mr K. It agreed that it had made a mistake and gave him an incorrect fund value on multiple occasions in November. So, it upheld his complaint and paid Mr K £350 compensation for the trouble and upset its mistake caused him.

Dissatisfied with this response Mr K brought his complaint to this service for an independent assessment. One of our investigators looked into things and concluded that the compensation Clerical Medical paid to Mr K was fair and reasonable in the circumstances of his complaint.

Mr K didn't agree, so his complaint has been passed to me for 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.

Having done so, I have reached the same conclusions as the investigator and for the same reasons. There is little I can add to what has already been explained.

When considering what is fair and reasonable, I have taken into account relevant law and regulations; regulator's rules, guidance and codes of practice; and what I consider to have been good industry practice at the time.

In order to uphold a complaint, I would need to find the business responsible for something having gone wrong and that the complainant has lost out as a result. I would then ask the business to put things right by placing the complainant, as far as is possible, in the position they would have been if the problem hadn't occurred.

It's clear to me that Mr K has strong feelings about this complaint. He has provided detailed arguments to support his case which I can confirm I've read and carefully considered. However, I trust Mr K will not take the fact that my findings focus on what I consider to be the central issues, as a discourtesy. The purpose of my decision isn't to address every point raised, but instead to set out my conclusions and reasons for reaching them.

It is not in dispute that Clerical Medical made a mistake following updates to Mr K's retirement date in 2023. As a result, Mr K's pension was incorrectly valued at around £12,400 when he enquired about his options in retirement. But Clerical Medical let Mr K know of its mistake when it was discovered and quickly provided him the right plan value and new retirement options. Since Mr K was never entitled to the higher fund value, and I can't see that Clerical Medical's mistake caused an unreasonable delay in him accessing his funds, I am unable to conclude that he has suffered a financial loss as a result of Clerical Medical's mistake.

Nevertheless, when I'm considering a complaint like Mr K's I think about whether it's fair to award compensation for any distress and inconvenience a business's actions may have caused. 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. So, when thinking about compensation, I need to decide that the impact of Clerical Medical's actions was greater than just a minor inconvenience or upset. It's clear to me that this was the case here. For approximately six weeks Mr K thought he was entitled to a larger pension and made plans accordingly. And finding out after he had selected how he wanted to take his pension benefits was also undoubtedly upsetting.

But I can't agree that Clerical Medical's mistake also caused Mr K to undertake unnecessary review of his pension options in retirement. No matter the fund value quoted, I would expect a consumer to carefully consider the most appropriate way to access their pension in retirement. And, all the risk warnings and forms he had to complete are standard to meet Clerical Medical's regulatory obligations and would have been part of his retirement journey irrespective of any mistake in fund value. Furthermore, as our investigator explained, I am only able to consider the distress and inconvenience caused to Mr K, so I cannot ask Clerical Medical to pay additional compensation to make up for what Mr K's partner experienced.

Clerical Medical admitted its mistake quickly and took prompt action to put things right, including paying Mr K £350 for the trouble and upset its actions caused him. I appreciate that Mr K doesn't consider this sufficient. But when making awards for non-financial loss our aim is to reflect the impact of a business's actions on an individual consumer. These awards are typically modest and as previously explained, are not designed to punish a business for their mistakes. In this case, I've taken into consideration the loss of expectation Mr K suffered for approximately six weeks as result of the mistake, along with the amount of time and effort it took him to sort out the mistake. And having done so, I am not persuaded by the evidence available that a larger award is warranted here. I consider the £350 compensation for Mr K's distress and inconvenience is fair and reasonable.

So, for all these reasons, whilst I know Mr K will be disappointed with this outcome, I don't consider Clerical Medical needs to take any further action.

My final decision

For the reasons given above, I consider the £350 compensation already paid to Mr K by Scottish Widows Limited trading as Clerical Medical, is fair and reasonable in the circumstances. Therefore, I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 30 June 2025.

Jennifer Wood
Ombudsman