

The complaint

Mrs C complains that Scottish Widows Limited (SW) unfairly changed the charging structure on her personal pension, leading to a financial loss. She also complains that she can no longer view her fund holdings, prices, or the unit transaction details relating to the monthly administration charges on the new online platform.

Mrs C has made a number of complaints to SW. But in this decision I'm only considering the specific complaints she referred to this service.

What happened

Mrs C has a personal pension plan with SW that was set up by one of her previous employers. I understand she stopped working for that employer in July 2020. And that her last contribution into the plan was made in July 2020. Mrs C said that since then, her pension has been fully invested in a cash fund.

SW sent Mrs C the Terms & Conditions (Ts & Cs) for her plan on 16 January 2020.

In November 2022, SW wrote to Mrs C to tell her that it planned to transfer her pension to a new system. But that the change wouldn't affect the charges on her plan. The letter stated:

Unit Adjustments

We currently deduct all our investment and administration charges through a single fund charge. Once the changes are made to your plan T&Cs, the investment (Annual Management Charge) and administration (Fund Based Charge) charges, outlined in the Changes to plan charges section below, will be deducted separately.

As part of these changes, we're creating new versions of the fund(s) your plan holds.

The new versions will invest in the same underlying investments but will have different unit prices from the current fund(s), which means your plan will hold a different number of units in the new fund versions. However, the value of your plan will be unaffected by this change.

...

Changes to plan charges

- *The method we use to take charges from your plan will change but the overall rates we're charging will remain the same.*
- *After we make the changes to your plan T&Cs, while the Total Annual Fund Charge (TAFC) for your plan will remain the same, you'll be able to see the different charges that make up the TAFC in more detail, as explained below:*
 - *Annual Management Charges (AMCs) - the cost of managing each investment fund, deducted daily through the calculation of unit prices.*

- *Fund Expenses (FEs) - any additional costs linked to operating each investment fund, for example: legal, auditor and custodian costs, deducted daily through the calculation of unit prices.*
- *Fund Based Charge (FBC) - the cost of operating your plan, calculated daily and deducted each month by selling units from your plan...*
- *The sum of these charges will equal the Total Annual Fund Charge (TAFC).*

<i>Annual Management Charge (AMC)</i>	<i>+ Fund Expenses (FE)</i>	<i>+ Fund Based Charge (FBC)</i>	<i>= Total Annual Fund Charge (TAFC)</i>
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SW then moved Mrs C's plan to the new platform on 17 February 2023. It said the change brought with it a change to its charging principles. While Mrs C's charges had previously consisted of two elements: the Annual Management Charge (AMC) and the Annual Management Charge Adjustment, under the new system all charges would be direct. The new system had an administration charge and a fund-based charge, both of which would be deducted from the pension pot. But the total of the new charges would be exactly the same as the total under the old system. For Mrs C, this was 0.2%.

SW said it issued Mrs C with updated Ts & Cs for her plan.

Mrs C's annual pension statement for 2024, sent to her on 2 May 2024, showed a pension value as at 27 March 2024 of £292,226.03.

In June 2024, Mrs C complained to SW as she felt she was being overcharged on the new platform.

SW issued its response to that complaint on 11 June 2024. It said the charges on the new platform were the same as on the old platform.

Mrs C partially transferred most of her pension funds to another provider on 17 June 2024.

SW issued a further complaint response on 27 June 2024 to confirm that Mrs C's fees were correct, and that it wasn't charging her more than it'd previously charged. It also confirmed that the values of her pension in June 2024 were correct. SW additionally provided Mrs C with transaction information from January 2022 to June 2024, as this was no longer visible on her account.

Mrs C said the information provided wasn't sufficient, so in August 2024 she asked SW for a Unit Transaction History Statement for her plan. She said she wanted this to include running unit totals next to every transaction.

I understand that SW sent Mrs C a further version of the Unit Movement History statement on 4 September 2024. As this still didn't contain all the information she wanted, she made another request on 11 September 2024.

On 16 September 2024, SW said that it couldn't provide the requested information. Mrs C then raised a complaint about this. SW then sent a full Unit Movement History statement to her on 24 September 2024. I understand that this covered the full history of transactions between 28 January 2022 and 15 August 2024.

A complaint manager from SW called Mrs C on 25 September 2024. Mrs C confirmed she wasn't happy with the charging structure of the new online platform. She said if her plan had remained on the old system, her pension would've been worth more. The complaint

manager said SW would investigate.

On 26 September 2024, SW sent a calculation it'd carried out which it felt confirmed that Mrs C hadn't suffered a financial detriment because of the migration. Mrs C then raised further complaint points about the calculation SW had performed and the lack of information on its online platform.

SW's actuarial team completed a calculation looking into Mrs C's concerns about financial detriment from the migration. I understand that SW discussed this with Mrs C on 16 October 2024. And that it issued its final response to the complaint on 17 October 2024.

SW didn't agree that it should compensate Mrs C because she felt its new online platform didn't display enough information about her plan. It said its online services weren't guaranteed. But said it aimed to improve its online services, and was working towards the re-introduction of the unit history functionality on its online portal.

SW didn't agree that it should've been able to issue a Unit Movement History on Mrs C's plan with unit running totals at the point that she'd first asked for this. It said this wasn't a standard output, noting that while it could provide such information for specific dates on request, it wasn't something it could produce automatically for a long period. It said it'd manually created a Unit Movement History with running totals which it'd sent to Mrs C on 24 September 2024 as a gesture of goodwill.

SW didn't agree with Mrs C that the change to the charging structure had caused her a financial detriment. It acknowledged that she felt there was a difference of roughly £900 on 27 March 2024. But said that its own calculations showed that the change had financially advantaged Mrs C by the end of the period considered. As its own calculations had shown a small disadvantage on 27 March 2024, SW had asked its actuarial team to further investigate. Having done so, that team concluded that although there were some differences between the hypothetical values under the old system and the actual values under the new system on certain dates, those differences didn't produce a consistent overall disadvantage.

SW said it would be happy to review any further calculations if Mrs C wanted to provide them. It also paid Mrs C £100 compensation and carried out a loss assessment for the complaint point this decision doesn't cover.

Unhappy, Mrs C brought her complaint to this service on 10 November 2024. She wanted SW to provide access to her Unit Movement History on the new online platform. She also wanted it to compensate her for the financial detriment she felt she'd suffered as a result of the introduction of the new platform.

SW told this service that its old platform showed the number of units purchased with each transaction, while the new platform didn't show the number of units purchased, only the monetary amount. But it said that a full unit history was available on request. It also said that although Mrs C couldn't see the charges directly coming off her plan online, she could view information about the fund-based charges on the fund factsheets which were available through her online account. And she could ask it for information about the administration fee component of her plan's charges, which also couldn't be viewed online.

Mrs C said that as her funds were held in cash, her pension value shouldn't have changed because of the move to the new system. She felt that she must've been overcharged.

SW said that the cash fund Mrs C was invested in did fluctuate in value over time. It said it didn't offer any fund which guaranteed not to fluctuate. It said her fund tracked currency exchange rates and other cash-related markets and the value therefore changed over time.

SW acknowledged that Mrs C did have a discount to her charges on the old system, and that this was no longer available following the migration. But it said that her new charges were equal to her discounted old charges. It said the old charging structure didn't have in-built advantages compared with the new charging structure.

Our investigator didn't think Mrs C had been financially disadvantaged by the changed charging structure. He said SW had the right to make changes to its systems as long as it didn't have an unfair negative impact on its customers. And he didn't think the changes to Mrs C's plan charging structure had had a financial detriment on her. But our investigator did think that the complaint should be upheld. He felt that she'd received poor service from SW when she'd asked it for unit transaction statements. He recommended SW paid Mrs C £100 compensation for the distress and inconvenience the delayed provision of the requested information had caused.

SW accepted our investigator's view.

Mrs C didn't agree with our investigator. She made the following points:

- She felt he'd overlooked some key evidence which she felt showed that the fund management charge on the new platform was significantly higher than on the old platform. These were her 2024 annual pension statement which showed a fund value of £292,226.03 as at 27 March 2024 on the new platform. And the Unit Transaction Statement for her plan on the old platform which showed a fund value of £293,131.70 as at 28 March 2024. Mrs C felt that these statements showed that she had a lower fund value on the new platform as at the end of March 2024.
- Mrs C said she understood that the charges on the new platform comprised a 0.1 % administration charge and a 0.1 % fund management charge. She felt that if both the old and new platform had the same charges, her fund value on the new platform should've been the same at end of March 2024 as it was on the old platform.

Our investigator said he had already considered the information Mrs C had referenced when coming to his view. He said his view wasn't that the value of the plan on the two platforms must be the same at the same time. Instead, it was that the charge on her plan hadn't changed. It was still 0.2% after the migration. Our investigator said that for him to change his view, he'd need to see actuarial evidence from Mrs C to support her claim that her charges had increased due to the platform change.

As agreement couldn't be reached, the complaint has come to me for a review.

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 agree with our investigator's findings. I've not seen sufficient evidence that Mrs C has suffered a financial loss because of the change to the method of taking charges from her plan. I know this will be disappointing. I'll explain the reasons for my decision.

I first considered whether Mrs C is now paying higher charges for her plan after the migration.

Is Mrs C being charged more than before the migration?

The crux of this complaint is whether Mrs C is now paying higher charges for her plan than

she was before migrating to the new system. The crux isn't whether her fund value would always be the same on any one day under both systems. I say this because due to the timing differences between the two charging structures, it's not surprising that the hypothetical value on the old charging system would differ on any one day from the actual value under the new charging system.

SW's November 2022 letter explained how the new charging structure would be applied. It said that the change wouldn't affect the charges on her plan.

I can see that the way the charges are applied under the new system is different from the way they were applied under the old system. Therefore, while I'm satisfied that Mrs C is still being charged a total annual charge of 0.2%, there will inevitably be times when her fund value under the new system will be different from what it would've been under the old system.

SW's actuarial team has investigated in detail whether the charging change has led to a financial detriment for Mrs C. While its calculations show that there have been times where her fund value was different under the new system than it would've been under the old – including on 27 March 2024, the date Mrs C has considered - they've also shown that on any specified day, Mrs C's fund value would've been either the same, slightly higher or slightly lower under the new system than it would've been under the old one.

The actuarial team noted the following in its conclusions:

However, considering the policy over a period of time highlights that there are fluctuations which arise due to the difference in charging structure.

On some days the CSP policy is better off whereas sometimes it is worse off.

This is due to the charges being calculated in a different way (daily as opposed to monthly and being taken on a different day of the month).

There is no clear detriment in this case, and the policy value is moving roughly in line with how it would have should it have remained on PAS.

Its calculations also noted that the reason for the potential differences was because small changes in the unit fund prices occurred on different days throughout the month. And because charges were taken on different days of the month.

I'm satisfied that this shows that while the correct charges have been applied, Mrs C's plan value has sometimes been different under the new system than it would've been under the old. But I'm not persuaded that this has led to a financial loss. I say this because there's no evidence that Mrs C has lost out because of the changes.

While I accept that on the face of it there have been days where Mrs C's fund would've been worth slightly more under the old system than it was actually worth under the new one, this is only because there's a difference in the way the charging structure is applied. There have also been days when Mrs C's fund was worth more under the new system than it would've been under the old one. And I've not been presented with any evidence that the change to the way charges are taken has led to a financial loss for Mrs C.

I also acknowledge that Mrs C still feels there's around £900 difference in value between the new and old systems as at 28 March 2024. However, the information in the actuaries' spreadsheet shows that the actual difference on that day was a little over £100, or 0.04% of the fund's value at that point.

SW has said it would be happy to review any further calculations if Mrs C wanted to provide them. But I understand that she has yet to submit any further calculations for review. I understand Mrs C can still submit further calculations for SW's review. I think this is a fair and reasonable under the circumstances.

Our investigator explained that this service can't fully check calculations. Instead, we check if the calculations provided appear reasonable. I consider that SW's calculations do appear reasonable, and that they've taken into account what I would've expected to see.

However, as our investigator noted, given SW's calculations appear to show that Mrs C hasn't suffered a financial loss as a result of the change to the charging structure, I agree that the burden of proof is with her to provide compelling evidence to show that the charges on her plan are now greater than the 0.2% she was paying under the old system. To do so, she'd ideally need to provide evidence from an actuary which demonstrated that her pension charges had increased because of the change.

Without such evidence, I can't fairly and reasonably say that the migration caused Mrs C a financial loss.

I next considered whether SW acted fairly when it took as long as it did to produce the Unit Movement History with running totals which it sent to Mrs C on 24 September 2024.

Should SW have sent Mrs C the information she'd requested sooner?

Mrs C noted that SW told her in its October 2024 final response letter that, as a gesture of goodwill, it'd provided her with the Unit Movement History with running totals that she'd requested. She felt this implied that SW didn't have to provide this information. She questioned how she, as a customer, could check if she had the correct number of fund units in her plan without access to such information. She also noted that SW had said that the migration would provide improved visibility for how charges worked under her plan. She didn't agree that this was the case, noting that the new system hadn't initially shown her total unit holdings nor the fund unit price. She said that the new system also failed to show any unit transaction details. Mrs C said that without this, she couldn't see what fees she'd been charged. She felt that under the Consumer Duty, financial institutions such as SW were required to provide clear information about their products.

SW said that under the Ts & Cs of the plan, its online services weren't guaranteed. While it'd stated in its November 2022 letter that after it'd made the changes to the plan's Ts & Cs, customers would be able to see the different charges that made up the total annual fund charge in more detail, I understand this has yet to happen. But SW has confirmed that it intends to introduce unit history functionality into its new online platform.

I can see how frustrating it's been for Mrs C to have lost online access to information she'd previously found valuable. But I can also see that under the Ts & Cs of the plan, online services weren't guaranteed, so SW had the right to change those services. However, I would then expect it to provide its customers with other methods of accessing the information they needed to manage their own plans.

As our investigator noted, the evidence shows that SW told Mrs C that she could contact it for any information she needed. I'm therefore satisfied that Mrs C did still have a compliant way to access the information she needed. The evidence also shows that she did contact SW when she couldn't access the information she needed online. SW did eventually provide the information requested. However, the evidence shows that it took it longer than I would've expected to provide Mrs C with the information she needed.

SW has explained that the information Mrs C requested was non-standard and that it couldn't produce it automatically. So I appreciate it wouldn't have been able to provide it instantaneously. However, I'm not persuaded that it should've taken from 26 August 2024, and further requests from Mrs C, until 24 September 2024 for SW to provide this information. I say this considering the circumstances at the time. Mrs C was in the middle of a series of complaints to SW on the basis of her understanding of the way the new charging structure was affecting her plan. I therefore consider that SW should've tried to provide the requested information as quickly as possible in order to help Mrs C with that understanding.

I agree with our investigator that given the complex and non-standard nature of the information request, it should've taken SW no more than two weeks to provide a full response. It actually took SW approximately four weeks from Mrs C's request. This led to her needing to contact SW a further three times before it provided the information.

I therefore agree with our investigator that Mrs C received poor service in respect of her information request. And that SW should pay her £100 compensation for the distress and inconvenience this poor service caused. I therefore uphold the complaint.

Putting things right

Scottish Widows Limited must pay Mrs C £100 compensation for the distress and inconvenience its poor service caused.

My final decision

For the reasons given above, I uphold this complaint. I require Scottish Widows Limited to pay Mrs C £100 compensation for the poor service noted.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs C to accept or reject my decision before 24 July 2025.

Jo Occleshaw
Ombudsman