

The complaint

Mr B and Miss B complain on behalf of the estate of Mrs B about the way SCOTTISH WIDOWS LIMITED (SWL) handled a request to be paid the sum assured on a life cover policy. They believe SWL has failed to pay the proceeds due from the policy.

What happened

In January 1985, Mrs B took out a flexible savings plan with TSB Life. Monthly premiums were set to be paid until December 1996, and a sum assured was payable on death.

Sadly, Mrs B passed away in January 2024. Whilst administering the estate for their mother, Mr B and Miss B, found details of a policy Mrs B had held. They contacted TSB and were eventually referred to SWL (who are part of the Lloyds banking group) as the firm responsible for administering the policy.

In March 2024, Mr B provided SWL with details of the policy and asked to be paid the sum assured. SWL responded to say it had no records of the policy. After a couple of months of attempts to establish what had happened to the policy, Mr B said he had been passed around various departments causing him frustration. Miss B then took over the correspondence with SWL and tried to resolve the issue. But after again providing details of the policy, she was also unable to get any resolution. So, in May 2024, they raised a complaint

In June 2024, SWL responded and apologised for the level of service it had provided. It paid Miss B compensation of £150 for the inconvenience suffered. It said the policy had been surrendered more than 10 years ago, and it has limited information about it.

Miss B queried the suggestion the policy had been surrendered and asked for a further investigation to be completed.

A second response was issued by SWL in August 2024. It again apologised for the service provided and paid a further £250 in compensation. It said inaccurate information had been provided in its first responses as it was misleading to say it had a record of the policy being surrendered over 10 years ago. It said as this was a TSB policy, and TSB hadn't been part of the group since 2013, it isn't a policy it holds any records of. It said it had exhausted all search records available to find the policy, but no details could be found. It suggested this may be because the policy could have been cancelled, surrendered or made paid up, but it can't categorically state what happened to the policy. It suggested Miss B contacts TSB again to see if they have a record of the policy.

Miss B contacted TSB (as suggested by SWL), but as it also couldn't help her further locate the policy, the complaint was referred to this service for an independent review.

One of our investigators looked into the complaint. She acknowledged the compensation that had already been paid by SWL, but she didn't think it needed to do anything further. In summary she said:

- SWL had completed thorough searches on its systems and couldn't find any further

records of the policy, so there isn't anything further it could do to establish what actually happened with this policy.

- Bank statements aren't available to show Mrs B made payments into the policy. Without evidence of premiums being paid, or for how long, it's unclear whether this policy ever commenced, or the proceeds had already been paid out to Mrs B.
- Overall, it is most likely that the policy, was either not taken up and was cancelled at inception with no value; or it was surrendered during the term, or the premiums were paid for the full term, and a value was paid to Mrs B in late 1996 / early 1997.

Mr B and Miss B responded. In summary they said

- Mrs B didn't receive a payment as the policy only paid out on death.
- They think it likely with all mergers and take overs, the record for the policy got lost - which isn't their fault.
- While they don't have further evidence to provide, there is also no evidence to confirm what has been assumed about the policy either already paying out. The policy document was still with them, so they don't accept the assumption it was paid out without this documentation.
- Mrs B was meticulous with paperwork, and they are sure if she hadn't gone ahead with the policy, then she wouldn't have kept the document.
- They feel SWL have been given the benefit of the doubt rather than them.

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.

Firstly, I'd like to acknowledge that the complaint process has been difficult for Mr B and Miss B to undertake in light of the circumstances. There is very limited information available, and I recognise their frustration at not being able to obtain all of the information they required to understand what happened to Mrs B's policy. And I very much recognise Mr B and Miss B's strength of feeling about this matter.

Mr B and Miss B have been able to provide a copy of the policy schedule. So, we do know the basis of the policy Mrs B initially applied for in 1985. What is less clear is what happened to the policy afterwards. In this situation I need to reach a decision on the balance of probabilities. But to be clear my considerations aren't to decide what happened to the policy, but rather whether SWL has acted in a fair and reasonable way when responding to the requests made by the estate for details of the policy.

I think I can make the following observations from the information that has been submitted by the parties:

- A savings policy was applied for by Mrs B that was intended to have regular premiums paid into it and also had a death benefit.
- While the policy was intended to pay out on death, it was possible for a pay out to be received by Mrs B at an earlier date.
- Extensive searches haven't uncovered a policy that was still live when Mrs B passed away.
- There is no evidence of the amount of premiums that were paid by Mrs B, or that they were maintained until the scheduled last premium date in December 1996.
- It has been over 40 years since the policy was applied for, and nearly 30 years from when the last scheduled premium was due.

Businesses aren't required to keep records indefinitely. They're not generally required to retain documentation beyond six years and if the investments have been

surrendered it's unlikely to have any information. In the circumstances I haven't found SWL at fault for not having more information or not being able to provide a more definitive answer as to what's happened to the policy in question. In the circumstances, and on balance I'm satisfied it has conducted a reasonable search.

The only evidence I have seen that the policy was active is the original policy schedule - that is more than 40 years ago. I cannot discount the possibility that Mrs B stopped paying the premiums or encashed the policy before her death.

I've looked carefully at the terms and conditions that applied to the policy. These indicate that it is possible to surrender the benefits of the investment. So whilst the schedule noted the sum assured would be paid out on death, those benefits could be surrendered earlier.

Having considered the evidence available, and what is most likely to have happened, I'm not persuaded I can reach a reasonable conclusion that this policy remained active at the time of Mrs B's death, or that SWL is required to meet the request for the sum assured to be paid out now. On balance I think it more likely that the bond was surrendered by Mrs B at an earlier date.

I acknowledge Mr B and Miss B feel that this service has given SWL the benefit of the doubt in light of the lack of evidence. But it simply comes down to the fact that I have insufficient evidence to reasonably conclude, on this occasion, it is at fault.

Based on the available evidence, I'm unable to uphold this complaint. On balance I'm satisfied SWL has made appropriate enquiries, and a reasonable search based on the information it received from Mr B and Miss B. I've not found it is deliberately withholding information or funds due to the estate.

I note compensation has been paid to the executors by SWL due to the inconvenience caused to them. But I have no power (under our rules) to award any further compensation for the impact of SWL's handling of their queries. Mr B and Miss B bring this complaint as representatives of the estate (not in a personal capacity), which means I can't award compensation to them personally.

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 the estate of Mrs B to accept or reject my decision before 11 July 2025.

Daniel Little
Ombudsman