

## **The complaint**

The estate of Mr E complains that Scottish Widows Limited paid the proceeds of his Lifetime Cover policy to his sister and not to the Estate. Miss E representing the estate had paid for the funeral and expected this policy to help meet the costs as she says it was intended to do so.

## **What happened**

The late Mr E held a Lifetime Cover policy with Scottish Widows, at the time he set it up in trust and named his sister as the beneficiary. Mr E had said he wanted to take out the policy to help meet the costs of his death such as funeral costs etc.

Mr E sadly passed away in 2022, and Miss E (Mr E's daughter) arranged and met the costs of the funeral. Scottish Widows became aware upon Mr E's death that there was a dispute between his sister and Miss E about who should receive the payment. It's policy in these situations was to ask for the Grant of Probate, so it wrote to Miss E to ask for this and it chased a number of times but never received a response. It says in line with its policies, when the beneficiary requested payment again in 2024, it made a decision to pay out the policy to the default beneficiary. Miss E raised a complaint as she was unhappy with this decision but Scottish Widows didn't uphold it. It did however pay Miss E £50 for an error in its handling of the complaint.

Our investigator looked into matters but didn't think the complaint should be upheld. She said she didn't think Scottish Widows had acted unfairly in paying out to the named beneficiary on the policy.

Miss E didn't agree and asked for a final decision but did not give any further details as to why.

## **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.

And having done so I agree with the findings reached by our investigator and for broadly the same reasons.

I appreciate it must seem very unfair to Miss E that she has met the costs of the funeral and this plan was taken out by Mr E for that purpose – and yet she has not received the money. But for me to uphold this complaint I'd need to conclude that Scottish Widows had made an error and I don't think they have. It paid the policy out to the named beneficiary of the plan as the late Mr E had instructed.

I understand from what Miss E has told us, she took it upon herself to act as Mr E's power of attorney to save his sister the trouble as well as sorting out his affairs in death including the funeral costs. Yet his sister has received the benefits of this policy but not put it towards meeting the costs of arranging the funeral. I'm sorry this has happened to Miss E but this is a

family dispute and a decision taken by the legal beneficiary of the policy, not Scottish Widows.

I think it acted reasonably in trying to consider the dispute and asking for more information – before, with no response over a number of years, paying out to the named beneficiary. It wouldn't have been right to hold the money indefinitely. I appreciate Miss E has explained she thinks had she been on better terms with her father at the time he'd have named her as the beneficiary. But I don't think Scottish Widows could or should reasonably have taken this testimony over the recorded wishes of Mr E at the time.

Ultimately, I'm sorry to hear of the situation Miss E has found herself in, I understand it must be frustrating and upsetting but I don't think this is Scottish Widows responsibility. The money not going towards the funeral costs doesn't mean it has done anything wrong. It is a result of the named beneficiary choosing not to apply those funds that way and I don't think it was for Scottish Widows to try and resolve this dispute.

### **My final decision**

I do not uphold this complaint and make no award.

Under the rules of the Financial Ombudsman Service, I'm required to ask the estate of Mr E to accept or reject my decision before 13 January 2026.

Simon Hollingshead  
**Ombudsman**