

## The complaint

Ms S complains that Scottish Widows Limited (Scottish Widows) has obstructed and delayed the payment of pension death benefits from a late relative's Personal Pension Plan, causing distress and incurring additional expenses. She wants the benefits paid as set out in the Will and compensation for the inconvenience and expenses.

## What happened

Ms S says her relative (who I'll call X) passed away in October 2023 and had both a PPP (the plan) and an ISA with Scottish Widows. Ms S is an executor of X's estate and beneficiary of their Will. She says Scottish Widows promptly paid out the ISA value but delayed the payment of the pension benefits without explanation and claimed it hadn't received documents Ms S had sent it by email. She says rather than following the terms of the Will, which left 45% of the estate after a charitable donation to Ms S, Scottish Widows looked to identify next of kin and financial dependents. Ms S says as no progress was being made, she complained to Scottish Widows in November 2024. She said it should pay the benefits immediately and cover additional costs incurred due to the delay. This was acknowledged, but on 27 December 2027 Scottish Widows said it needed another four weeks to consider the complaint.

Ms S decided to refer her complaint to our service. She said the delay had caused other problems such as Council Tax now being incurred on X's property as well Ms S also raised a subject access request (SAR) with Scottish Widows.

On 13 January 2024 Scottish Widows wrote to X (fortunately Ms S received this letter) setting out the payment of the plan death benefits in equal shares of around £33,000 to the three people named in the Will. It enclosed documents to be completed and returned as several options were available for each beneficiary to choose from. Scottish Widows said that *"The value of the payments will not form part of (X's) estate"*. Ms S contested this decision, saying there was no legitimate reason for it to have been made as it *"expressly goes against the deceased wishes"*. She said it should explain how it came to the decision and why it was allowed to do so. She said it was moot that the plan wasn't part of the estate as X's intentions were clear. Ms S said she intended to charge Scottish Widows for her further time costs in resolving the issue.

Scottish Widows issued a final response to Ms S's complaint on 31 January 2025, upholding it in part due to poor service and it sent Ms S a cheque for £300 in compensation for this. It said after being notified in January 2024 of X's death, it issued various documents for completion and return without response. It said Ms S had emailed a copy of the Will on 4 August 2024, but unfortunately due to a fault this wasn't scanned on to the system as it should have been. It said it had failed to respond to a chase from Ms S on 3 September 2024 and had made a further error in writing to X on 13 January 2025. It said whilst Ms S felt the payment of benefits wasn't in accordance with X's wishes, the Trustees could make their own decision, and this could only be changed if ordered by the Court. It said once the benefits had been settled it would consider paying interest for the delays it had caused.

On 3 March 2025 Scottish Widows sent a reminder to Ms S to return the forms sent on 13 January 2025 so the benefits to be paid. It said it didn't need to process the SAR, because the requirement to do so only applied to living persons. Ms S said Scottish Widows was seeking to bully her into signing the forms.

Our investigator considered the complaint, and he asked Scottish Widows about its timeframes to process death benefit claims. He said our service could consider the complaint from Ms S personally as a beneficiary rather than her capacity as an executor. Our investigator said Scottish Widows had made service errors, but it couldn't settle the death benefit claim as documentation was still required from Ms S. He said the Will had been taken into consideration, but didn't bind Scottish Widows as the plan was held in Trust. As the Terms and Conditions gave it full discretion over naming beneficiaries. He said it was outside our services remit to comment on the beneficiaries chosen. And he said Ms S would need to refer concerns about the SARs to the Information Commissioners Office.

Our investigator said as Scottish Widows hadn't received the documents it needed back from Ms S until August 2024; despite issuing reminders, it hadn't caused delays before then. But it then caused delays and failed to update Ms S when she chased it in September 2024, and only after she called again on 7 October 2024, was it realised that no progress was being made. With the documents resent, the matter was put to the Trustees on 15 October 2024. But this wasn't confirmed to Ms S, who had to contact Scottish Widows on 5 November 2024 for an update. He said there was no set timeframe for the Trustees to nominate beneficiaries, but after 13 January 2025 any delays were due to Ms S not returning the documents. Our investigator said its service had been poor, but the £300 in compensation already paid was fair in the circumstances, and our service didn't usually make awards for someone's time, which was factored into any award for inconvenience.

Ms S didn't agree and made several points. She accepted our service couldn't overturn the Trustees decision, but said Scottish Widows had shown a "*consistent pattern of misrepresentation, delay, poor communication and a failure to act in line*" with X's wishes. And despite requests, it hadn't provided evidence it had complete discretion to make decisions on beneficiaries or that X had accepted this. She said she'd sent documents for the ISA and pension together, with the ISA encashment actioned promptly. She said the estates legal representative had confirmed she'd provided adequate information for the pension. And by insisting on different paperwork, Scottish Widows was misrepresenting the position in saying documents were outstanding. She said had the SAR been complied with the records would show she's sent documents by post, and she hadn't received any correspondence in the period to 4 August 2024 chasing missing paperwork, and her mobile phone records showed she had called Scottish Widows in June 2024.

Ms S said between 4 August 2024 and 13 January 2025, she'd made numerous calls for updates which were either refused or meaningless information was given, because Scottish Widows was internally debating a decision which directly contradicted X's wishes, which the SAR would have also revealed. She said it should show evidence the Trustees decision had been made in a reasonable timeframe. And that she hadn't returned documents after 13 January 2025 because it hadn't sent the information she'd requested, despite promises. She said given X's clear instructions, she had legal, ethical and moral obligations to meet them.

Ms S said the £300 compensation was inadequate as the delays had incurred additional costs to the estate, including monthly rent of £372.72, with utility and maintenance bills another £368.84 per month. And no interest had been accruing on the pension account. She said the SAR wasn't in respect of X's data, but her own and should have been actioned. And Scottish Widows had made it clear the complaint wouldn't be resolved unless the forms (issued on 13 January 2025) were signed, which was the complaint issue itself. Which was unethical and invalidated consent. She said it should provide full explanations, pay

meaningful compensation for the delays and errors made, apologise and resolve the complaint independently of the disputed paperwork.

As Ms S doesn't agree it has come to me to decide.

### **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 am not upholding the complaint.

I know my decision will disappoint Ms S and I understand how strongly she feels about what happened at an already distressing time. But I don't think Scottish Widows needs to do anything more than it has. It has apologised for the delays, errors and failures to keep Ms S updated, and I think it has paid reasonable compensation for this.

I've carefully considered all the points Ms S has made in bringing her complaint and in response to our investigators view. And the reason I can't uphold her complaint is because of the fundamental legal difference in ownership of the assets in X's estate and in the pension plan with Scottish Widows. That means that many of the entirely correct points Ms S has made about her own responsibilities as executor don't apply. I'll explain why I think that.

### **The legal position**

The pension plan was never part of X's estate. Generally, pensions are set up to be outside of a person's estate on death to avoid Inheritance tax (IHT). To do this the benefits held in Trust with death benefits paid at the discretion of the Trustees. To give the Trustees guidance about who the plan holder would like to benefit, a nomination of beneficiary form or similar can be completed. This names individuals, but it still doesn't commit the Trustee to make payment to them, which could cause IHT issues. In this case X had completed a nomination naming two people known to Ms S and not mentioned in X's Will. Based on information that Ms S provided to the Trustees, they decided (as they were free to) not to follow this nomination, but to split the value of the plan equally between the three named people in X's Will, even though this itself didn't provide for an equal split of the estate. To make such decisions the Trustees must consider the overall position and make enquiries about all potential beneficiaries and did so using external data providers, from the information that Ms S had provided, and from the terms of X's Will.

So, whilst I can't make any comment about whether the Trustees made the right decision, I have seen evidence that shows there was a process in place that would obviously take some time to complete. Given each death benefit claim will be different, with individual considerations, I don't think it is unreasonable for Scottish Widows to say there isn't a standard timeframe for the process to be completed once the matter was with the Trustees. And whilst I understand Ms S's request for average timeframes, the individual circumstances applying to each death claim is likely to make that fairly meaningless.

But there were delays in getting to the point that the Trustees could begin that process that Scottish Widows was responsible for. And it should have better kept Ms S informed.

Ms S has asked for confirmation of the legal position applying to the plan, and evidence that X agreed to this, which are fair questions. Scottish Widows has provided an extract from the Terms and Conditions of the plan as follows,

#### *"9. Benefit on Death*

## **9.1 Payment Event**

*If you die before the date of entry on pension for any Arrangement, a lump sum will become payable on the day after we receive at our main administrative office written notification of your death. It will be applied to the Scheme Administrator to provide benefits including an annuity payable to your surviving spouse and/or dependant if you have so chosen in accordance with the rules”*

## **9.2 Amount of Benefit**

*The lump sum which will become payable under the policy will be the value of the units allocated to the policy ...*

*Units in the unit linked funds will be valued at the appropriate bid prices for the date the lump sum becomes payable ...”*

A side note then says, with my emphasis in bold,

*Provision 9 deals with the benefit payable if you die before you have taken retirement benefits from all of the Arrangements that make up your policy.*

*The lump sum is payable in the first instance to the Scheme Administrator of the scheme under which the policy is held, and is paid out of the scheme in a form (normally a lump sum) allowed by the rules of the scheme.*

*If you have set up a trust to receive the death benefit, the Scheme Administrator will pay the benefit to your chosen trustees.*

***If you have not set up a trust, the Scheme Administrator will have total discretion as to who is to benefit. If you have nominated one or more persons to take a share of the benefit, the Scheme Administrator will bear your nominations in mind, but will not be bound to follow them.”***

This is a typical approach, largely due to the IHT considerations I've note above. In terms of X's agreement, on taking the plan out, X would have accepted the Terms and Conditions in place. And as I noted above, X nominated two people to receive the benefits (which the Trustees considered but decided against following), which I think further evidenced X was aware of, and accepted the Terms and Conditions applying to the plan.

The plan was never part of the estate and the treatment on death was set out in the Terms and Conditions, which must have been accepted by X. Scottish Widows has acted in line with the Terms and Conditions of the plan, and the Trustees were free to use their discretion. As Ms S is aware a Court may disagree with the Trustees interpretation, but that consideration is outside the scope of our service.

## **Alleged misrepresentation and delays before August 2024**

Scottish Widows has shown evidence that it wrote to Ms S on several occasions chasing documents regarding the pension benefits during this time. These letters were correctly addressed, and it would be unusual for multiple letters not to have been delivered, so it isn't clear what happened here. The first letter was dated 24 January 2024. This explained that the plan was in Trust which *“means that the plan will not form part of the estate and should*

*not be liable for*” IHT. And it provided a form to be completed to help it identify potential beneficiaries.

It isn't unreasonable that Scottish Widows required its own documents to be completed rather than relying on information or comments made by Ms S's legal advisers, who were presumably acting for the estate. And I think, might reasonably have been expected to know that a pension plan would not generally be part of the estate. And the responsibilities on the Trustees (particularly given the nomination made by X discussed above) were different to the estates and the executors.

### **Additional expenses due to delays**

Ms S has said the issues and delays have resulted in additional direct costs for the estate plus her own time, and I understand the frustration she feels this has caused. But it isn't clear to me how delays around an asset that was never part of the estate delayed the executors in concluding other matters or directly resulted in the costs she refers to. So, I don't think it is reasonable to say Scottish Widows is responsible for such expenses.

The Grant of Probate was obtained on 18 June 2024; this confirms the value of the estate and empowers the executors to distribute the assets. The 18 June 2024 was also the date Scottish Widows called Ms S leaving a message for her to call back. When she did, it asked her to provide the outstanding documentation. So, I think it would have been apparent then that the pension wasn't part of the estate. And any outstanding issues around the plan weren't something that prevented the executors from administering the estate as necessary.

### **Delays and interest of the pension fund value**

In its final response to Ms S's complaint Scottish Widows said it would consider applying interest to the plan value to reflect any delays it caused. I think that's fair. From the evidence I don't think it's reasonable to say it caused delays before 4 August 2024. It did subsequently and but for that the Trustees would have been able to consider the position sooner. I'd expect Scottish Widows to complete a timeline setting out all delays it caused. Once the information was with the Trustees, as I've already set out, there was a process for them to follow in coming to their decision and then communicating that to the selected beneficiaries. This took from 15 October 2024 to 13 January 2025, and whilst that is a lengthy period, I can't say that it was unreasonable in the circumstances.

Whilst Ms S has linked resolution of her complaint to the completion of the outstanding paperwork necessary for the benefits to be paid out, I don't think it's fair to say that Scottish Widows is responsible for delays since then. There are individual options for each beneficiary to choose from, and it can't make that decision for them. And as there is no evidence it hasn't followed the Terms and Conditions of the plan correctly it isn't reasonable for me to tell it to pay interest for delays outside of its control. But if it did cause any further delays, I'd expect it to also consider that.

Scottish Widows accepts it caused delays and has undertaken to pay interest. It has apologised and has already paid Ms S £300 in compensation for the inconvenience caused. I think that is reasonable and is in keeping with the level of compensation our service would award in similar circumstances. So, I don't think Scottish Widows needs to do any more than it has already done, and I can't uphold this complaint.

### **My final decision**

My final decision is that I do not uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms S to accept or reject my decision before 27 August 2025.

Nigel Bracken  
**Ombudsman**