

The complaint

Mr M's representative complained that Scottish Widows Limited (SW) failed to pay Mr M enough to reflect the various errors that had occurred when it came to arranging and paying Mr M's pension benefits.

What happened

In late 2024 Mr M explored with the assistance of a financial adviser the options available in respect of his pension plan held with SW. This plan had a selected retirement date at the end of January 2025 and included a guaranteed annuity rate (GAR).

Mr M's representative provided us with a letter of authority dated November 2023, and it has been the representative and the financial adviser who were in contact with SW primarily throughout the relevant timeframe.

Mr M's financial adviser requested a number of quotes when it came to Mr M taking pension benefits. At the start of December 2024 Mr M's representative submitted a complaint to SW about an apparent significant drop in value that was being shown on the banking application. This complaint was upheld, SW apologised and explained why this had happened. A payment of £250 to represent the distress and inconvenience involved was made.

At the start of January 2025 Mr M's representative submitted a complaint to SW about the December pension contribution payment of £78 not being taken and applied. SW upheld this complaint and apologised. They explained what they said had happened and confirmed when the payment would be taken. A payment of £150 to represent the distress and inconvenience involved was made.

On 23 January 2025 Mr M's financial adviser submitted the annuity acceptance form to SW.

On the same date Mr M's representative submitted a further complaint to SW. This related to information that was being shown about the nominated beneficiary position on the plan. This information was contrary to what had been previously provided in an update in June 2024. This complaint was upheld, and an apology was provided; in addition to an explanation as to why SW said the information was shown in the way it was and the position. A payment of £500 to represent the distress and inconvenience involved was made.

Mr M was paid his tax-free lump sum benefit from his pension plan of around £26,449. This was more than he had expected to receive.

On 6 February 2025 Mr M's financial adviser contacted SW as Mr M had been paid over £1,000 more than he had expected (as part of his tax-free cash payment).

On 17 February 2025 the financial adviser contacted SW as he hadn't heard anything about the query. SW told Mr M's representative they would be in touch with him within 48 hours.

On the same day, 17 February 2025 Mr M's representative submitted a further complaint about delays he said that had occurred when it came to the pension being set up. He also

told SW that if they didn't reply to the financial adviser within 48 hours, he wanted this treated as a new complaint. SW didn't get in touch with Mr M's financial adviser within 48 hours.

On 24 February 2025 Mr M's representative spoke with SW. SW let him know they were in the process of finishing setting up the annuity. The representative told SW he wanted further payments to reflect distress and inconvenience as a lump sum and on a daily basis thereafter. He was unhappy that SW had not replied within 48 hours and that SW had not acted on the letter of authority when it came to contact.

Several days later SW confirmed the annuity had been set up with the start date of 31 January 2025. It was being paid monthly in arrears. It had originally been set up for a date several days earlier which would have resulted in a higher tax-free sum and higher annuity. SW concluded it was fair for Mr M to retain these higher sums even when the correct start date was implemented. This means he got to keep the additional tax-free sum he had been paid (over £1,000) and the higher annuity rate. For the rest of his life Mr M will receive just under £400 extra a year than he was entitled to, based on the annuity quote he had accepted with the relevant start date.

SW upheld the complaints primarily raised on 17 and 24 February 2025, although they have explained that the first annuity payment was not delayed and was set up in line with the terms. They identified three main strands to the complaint and paid £100 for each complaint to represent Mr M's distress and inconvenience. This meant a total of £300 was to be paid to Mr M. These related to complaints that SW had tried to contact Mr M, which was not in-line with the letter of authority setting out contact ought to be with Mr M's representative. The pension was wrongly set up originally to an earlier date, and the service provided had not been good.

Mr M's representative did not accept the £300 was enough and said SW ought to pay £600. This submission is also made to this Service.

SW did not agree. They say they have adequately compensated Mr M in respect of what has happened. He has received £1,200 to reflect what went wrong in total during the relevant period. As well as receiving the higher amounts of tax-free cash and ongoing annual annuity payment, which are more than he was otherwise entitled to.

Mr M's representative has referred to the impact of numerous errors, including those necessitating correspondence in respect of when Mr M came to take his pension benefits.

Investigator's view

An Investigator at this Service rejected the complaint. They acknowledged Mr M experienced a number of problems during what ought to have been a relatively straightforward process, however they concluded that SW had acted reasonably when it came to recognising mistakes, apologising and paying compensation. They considered the total sum involved was in line with our published guidance when it comes to awards for distress and inconvenience.

SW accepted the Investigator's view.

Mr M's representative

Mr M's representative did not accept the view. He doesn't think the sums paid are appropriately linked to the severity of the complaints made. He says he understands our published guidance but doesn't think we have understood the ongoing and increasing

frustration and distress involved. He also told us he didn't like the wording of SW's reply to the last complaint.

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.

In reaching my thinking I've considered all relevant laws, regulations, regulatory rules, guidance, standards and codes of practice, as well as what I believe represented good industry practise at the time. Where the evidence is unclear or conflicting, I've made my decision based on the balance of probabilities, that is, by weighing up the available evidence to determine what I believe is more likely to have happened in the circumstances.

Given the relatively informal role of the Financial Ombudsman Service I have not commented on every aspect of the complaint but focused on what I considered to be the key issues involved. I have considered everything provided and said with care and I would like to reassure the parties that in reaching my thinking I have taken everything provided and said into account.

I am not upholding this complaint made on Mr M's behalf. SW have done enough when it comes to addressing what went wrong here.

It appears to me the main thrust of the complaint were the last matters complained about to SW, as Mr M's representative doesn't think £300 was enough, he thinks it ought to have been £600. I do not agree.

I acknowledge that when Mr M came to take his pension benefits things did not proceed as smoothly as they ought to have done. I can also see that various other things also went wrong during this timeframe, such as the December pension contribution not being taken on time and Mr M's representative not being contacted when he ought to have been. I have considered everything that took place in this time, and everything that has been provided. SW do not need to do anything further here to address what went wrong.

Ultimately when things go wrong my starting point is to identify whether Mr M has experienced a financial loss and to put him in the position he ought to be in, had things proceeded as they ought to have done. I haven't seen anything that leads me to conclude or identify Mr M experienced any consequential financial loss such that I need to consider redress might be required.

Indeed if he was put into the position he ought to have been in had the process of taking his pension benefits been completed in line with his acceptance I accept he would not have received the additional tax-free sum of over £1,000 that his representative complained about him receiving, nor would be receiving an additional sum of just under £400 a year for the rest of his life.

Mr M received and will receive these sums due to SW honouring the sums and higher annuity rate available on the date when Mr M's annuity ought not to have been set up.

It then falls to me to consider whether and how Mr M was impacted practically or emotionally and whether payments made by SW said to represent his distress and inconvenience were sufficient.

I have not seen any detail about a personal impact upon Mr M and Mr M has apparently been represented by his representative when it comes to SW since 2023. Taking this into

account and having carefully considered the communications and what happened during the relevant time, I am not persuaded Mr M experienced significant personal impact, including distress here. I do accept that even with representation he is likely to have experienced some frustration, uncertainty and inconvenience. SW acknowledged and compensated Mr M sufficiently on this.

I consider that in each instance SW identified and responded to complaints made in a timely and appropriate way; including providing explanations and apologies when they ought to have been provided. SW also ensured any errors such as not taking the December contribution and initially (and internally) setting up the annuity several days earlier than it ought to have been, were rectified effectively and in ways that made sure Mr M experienced no financial disadvantage.

I appreciate there were a number of errors, and this might reasonably have led to some cumulative impact, and I have taken this into account when considering what SW offered and paid. Each error individually was quickly and effectively resolved however, with no ongoing adverse consequences for Mr M.

I do not consider for example SW's failure to meet their agreement to respond to Mr M's financial adviser within 48 hours on 17 February 2025 ought properly be described as significant. I don't accept the submission that £100 was not enough for SW to pay for this failure in the circumstances. The query leading to the contact was still dealt with promptly and in Mr M's favour.

It is sufficiently clear to me that SW have appropriately considered impact when it comes to awards made as I appreciate SW offered a higher sum when the wrong information appeared in respect of the beneficiaries for the plan and when looking at how this was rectified.

For these reasons I consider SW's offers of compensation to have been in line with our approach to such awards. Indeed I tend to think that it might reasonably be suggested SW's awards in respect of what went wrong here, might be considered at the higher end of such awards, when looking at the impact, or likely impact on Mr M, individually, cumulatively and in totality.

I say this because I consider some of the errors to have been relatively limited, particularly when it comes to impact and the time taken to resolve them, with no loss or loss of expectation having been involved. However I don't need to consider this any further. SW made their awards and have apparently paid them. My role is to consider Mr M's complaint made by his representative complaint that SW's were not enough. But for the reasons set out, I don't agree, I consider the awards were at the very least, sufficient.

My understanding is that SW have already made all the payments of compensation offered to Mr M. I have seen that the last offer of £300 was made on 3 March 2025 and ought to now be in his account. If it has not already been paid, it will need to be.

For completeness I have seen Mr M's representative told our Investigator he was dissatisfied with the language used in SW's communications to him about the £300 award. These communications fall into the category of being about complaint handling and are outside of what I am considering. I did not see anything inappropriate in the communications, and nothing I would reasonably describe as callous, but as I've explained this is not a matter I am required to decide.

My final decision

For the reasons given I don't uphold Mr M's complaint against Scottish Widows Limited. Whilst there were errors, SW offered enough to address in particular the inconvenience involved. If SW have not paid the £300 offered on 3 March 2025 to Mr M, they will need to do so.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 29 September 2025.

Louise Wilson
Ombudsman