DRN-5783301

The complaint

Mrs A complains she's not received her annual statement from Scottish Friendly due to an issue with their IT system. Mrs A is supported by her husband in bringing this complaint. For ease, I will refer to all actions as being those of Mrs A.

What happened

Mrs A holds a Flexible Annuity policy with Scottish Friendly. Following issues with Scottish Friendly's IT system, Mrs A's annual statement dated October 2024 wasn't issued.

Unhappy with this, Mrs A contacted Scottish Friendly numerous times to discuss her concerns including a request to adjust the policy charge. During a particular conversation, Mrs A was told a manual statement would be issued on 21 February 2025. This information turned out to be incorrect, so Mrs A formalised her concerns by raising a complaint.

On 31 March 2025 Scottish Friendly issued its final response. It upheld Mrs A's complaint and explained the problem with the annual statement related to IT issues and that those problems persisted. Scottish Friendly apologised for Mrs A's experience and acknowledged she had received poor service. Whilst it was unable to adjust the policy charge, to reflect the distress and inconvenience this had all caused, Scottish Friendly explained they would compensate Mrs A £150, which was paid in to her account. They also explained as a workaround, Mrs A could email a specific inbox to request policy information as and when she required.

Mrs A was dissatisfied with the content of Scottish Friendly's final response letter. She wanted them to resolve the issue regarding her statements, so Mrs A referred her concerns to our service. Our investigator looked into Mrs A's complaint and thought Scottish Friendly had done enough to resolve what had happened. She explained that Scottish Friendly was actively working on fixing the issue, that they had provided a fair workaround in the meantime and that the compensation Scottish Friendly had already paid was reasonable. But Mrs A disagreed with our investigator's view and asked for the matter to be referred to an ombudsman.

Mrs A raised further points; Scottish Friendly had made changes to the investment fund which would cause a charge to be applied, and despite making contact via the inbox Scottish Friendly had provided, they had taken over a month to supply policy information rather than the 10 working days outlined.

The investigator explained Mrs A would need to speak to Scottish Friendly in the first instance concerning changes to Scottish Friendly's investment funds so that they had the opportunity to deal with the matter. The investigator, however, didn't comment on the time taken for Scottish Friendly to provide the policy information.

The complaint came to me to decide. I issued a provisional decision.

What I said in my provisional decision

‘This service exists to resolve individual disputes between customers and financial businesses. We aren’t the regulator of Scottish Friendly – that’s the Financial Conduct Authority (FCA). So – we don’t tell businesses to change their policies or processes. Scottish Friendly has explained that they continue to experience widespread IT issues. That of course, doesn’t resolve Mrs A’s problem with having annual statements issued automatically – and as I’ve explained, I can’t insist that Scottish Friendly change their processes.

So – here, it’s for Scottish Friendly to make its own commercial decisions as to the systems they use but we do say if a customer has, or hasn’t, been dealt with fairly and reasonably – based on the individual circumstances of their complaint.

I’m sorry to hear about the difficulties Mrs A experienced. I can appreciate that she was caused distress and inconvenience by what’s happened, and I realise it must be frustrating that the IT issues remain unresolved.

Scottish Friendly has already made a compensatory payment of £150 to address the shortfall in service Mrs A encountered. The issue here is whether they’ve acted fairly and reasonably in offering to put things right.

I’ve looked carefully at the complaint points Mrs A submitted to Scottish Friendly following October 2024. Its clear Mrs A doesn’t think the amount that Scottish Friendly paid adequately resolves the complaint; she would like the charges returned as she believes Scottish Friendly hasn’t fulfilled their obligations.

Our investigator has already explained that our service isn’t here to punish businesses and, when deciding what potential compensation to award our service must take two things into account: financial loss as a result of any business error and non-financial loss, including distress and inconvenience.

I’ve assessed whether the level of compensation Scottish Friendly paid appropriately recognises what happened. I appreciate Mrs A thinks she ought to be returned the charges applicable with the Annuity policy, but the fees applied are an intrinsic part of investing and not solely associated with the cost in producing an annual statement. So, it simply would not be fair to return this to Mrs A. Further, I haven’t seen any evidence that Mrs A lost out financially because of what happened. As such, I’m satisfied I don’t need to ask Scottish Friendly to compensate her for any financial loss here.

Turning to the non-financial loss, there isn’t a set formula that we use to calculate awards for particular errors. It’s my role to consider what impact Scottish Friendly’s actions have had on Mrs A and to decide, using standards set by our service, whether compensation would be appropriate in the circumstances. I think Scottish Friendly’s final response letter addressed the thrust of Mrs A’s concerns, but it’s clear there was a further period of delay caused by the Annuity team in not issuing the statement sooner.

I’ve considered whether Scottish Friendly’s compensation award which it has paid so far is reasonable. I don’t think it is. I find that Scottish Friendly’s subsequent handling of Mrs A’s request dated 4 June 2025 was unreasonably delayed. For the distress and inconvenience caused, I think Scottish Friendly should pay a further £50, in addition to the £150 they’ve already paid. This is in line with awards we give in similar cases, taking into account the length of time it took to respond, and the impact on Mrs A.’

What the parties said in response to my provisional decision

Scottish Friendly agreed with my response but Mrs A wanted the compensation to be further increased.

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.

I'd like to thank both parties for all the information that has been provided about this matter and for responding to my provisional decision. I've considered everything carefully but I'm not persuaded to change my mind by the comments made.

For the reasons already given, I've found the increased award of £50 to be broadly fair in recognition of the way Scottish Friendly delayed handling Mrs A's request in June 2025. This is also in line with our usual levels of compensation for distress and inconvenience. Therefore, taking everything into account, I see no reason to depart from my provisional conclusions.

Putting things right

To put things right for Mrs A, Scottish Friendly should pay £50 compensation for the impact caused by the service failing I have identified. This is in addition to the £150 already paid.

My final decision

I uphold this complaint and direct Scottish Friendly Assurance Society Limited to take the steps I've set out above to put things right for Mrs A.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs A to accept or reject my decision before 26 September 2025.

Farzana Miah
Ombudsman