

The complaint

Mr M complains that Scottish Widows Limited (SWL) failed to appropriately communicate with him when, at his previous employer's request, it reversed a pension contribution that employer had made in error. While he accepts that SWL didn't make the contribution error, he feels that it should've communicated with him before returning the contribution from his pension.

Mr M also wants SWL to provide him with a statement/supporting letter which explains that the reversed contribution shouldn't count towards his contribution allowance for this tax year.

What happened

In May 2025, SWL set up a new group personal pension for Mr M. This was linked to his then employer, which had made a payment of £4,125 into it. I understand that Mr M no longer works for the employer connected to this pension.

SWL sent Mr M a welcome pack on 9 May 2025. It also sent him an illustration of his employer's monthly payment of £4,125. I understand that Mr M saw the payment through his SWL online account as well as receiving the welcome pack confirming that payment.

On 23 May 2025, Mr M's then employer contacted SWL to explain that the pension had been set up in error. It said it'd duplicated Mr M's pension contribution in error. And asked for a full refund of the contribution. SWL said it then contacted Mr M's then employer to ask it to inform all affected individuals about the error and its subsequent request for a refund.

SWL said that Mr M's then employer replied on 4 June 2025 to confirm that it had drafted an email to notify the affected employees. And that it would send this out shortly.

SWL then completed the refund process on 6 June 2025. It wrote to Mr M on 10 June 2025 to acknowledge that he had left his employer but still had a pension account with it. The letter stated that he had a £0 balance in his pension.

On 17 June 2025, Mr M contacted SWL after becoming aware of his £0 balance. It told him about the refunded contribution and that it was his former employer's responsibility to notify him about what had happened. Mr M raised a complaint with SWL as he felt it should've informed him about the refund. He also asked it to provide him with a statement showing the reversal as he was concerned there would be implications for his pension tax reporting.

SWL then sent Mr M a further explanation about what had happened. This included a copy of the 4 June 2025 email his former employer had sent SWL to confirm that it planned to inform affected employees soon. SWL also explained that it wasn't possible for its systems to generate a statement to show that the payment had been reversed.

SWL issued its final response to the complaint on 18 June 2025. It didn't think it'd done anything wrong. It said it was Mr M's former employer who had set up the pension and then erroneously paid a contribution he wasn't due.

SWL included the notes Mr M's former employer had provided to explain what had happened in its response. It acknowledged that Mr M wasn't the only employee affected by the error. And said that it'd told Mr M's former employer to inform all affected employees so that everyone was aware of the situation. It said the employer had agreed to do that.

SWL acknowledged that the employer's communication hadn't reached Mr M. It apologised for this. But said that as the pension administrator, it didn't handle how or why contributions were made. It said it was the employer's responsibility to communicate any changes to contributions to Mr M's pension, not SWL's.

SWL suggested Mr M could contact his former employer regarding any tax implications, as the error originated with that employer.

SWL felt that its explanatory email and its final response letter provided the full explanation of what had happened if Mr M had any issues with his pension tax reporting. It also noted that the error had been corrected early in the tax year.

Unhappy, Mr M brought his complaint to this service. He said SWL had failed to contact him during the time it was reversing the contribution. And although SWL had said it was his former employer's responsibility to make him aware about what had happened, he hadn't received any such communication from that employer.

Mr M said he'd seen his pension money disappear from his account, which had caused him concern and led to him contacting SWL. He was also unhappy that SWL couldn't provide him with written confirmation of the exact amounts that had been reversed. He felt this was in direct breach of SWL's regulator's principles and The Consumer Duty. And was concerned about the tax implications this might have for him.

Mr M felt that SWL should've notified all affected pension holders about the contribution reversal. He acknowledged it was the pension administrator but felt that it had been the party that had issued the welcome documents and statements.

Our investigator didn't think that SWL had done anything wrong. He noted the error had been made by Mr M's former employer, not SWL. And felt SWL had acted reasonably when it'd relied on Mr M's previous employer's statement that it would let affected pension holders know what had happened. He also felt SWL had provided a full explanation of what had happened on 17 June 2025.

Our investigator acknowledged Mr M's concerns about potential pension tax implications. But said this remained a hypothetical situation until and unless there was a problem. He also felt that Mr M's former employer should contact HMRC to correct the pension contribution history given it was that employer that made the error. In any event, our investigator felt that SWL's final response letter reasonably constituted the support letter Mr M had asked for.

Mr M didn't agree with our investigator. He reconfirmed that his complaint centred around SWL's failure to communicate with him about what was happening, noting that this had led to him having to contact it to establish the facts. He felt that the letter SWL had sent him on 10 June 2025 would cause anyone extreme concern given it stated, without explanation, that his pension was now worthless. He still felt that SWL should be obliged to notify him about what was happening, given the sudden and complete withdrawal that had happened within his pension.

SWL agreed with our investigator. It repeated its point that the contribution hadn't been intended for Mr M. And that there'd been no financial loss.

As agreement couldn't be reached, the complaint has come to me for a review.

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'm not going to uphold it. I know this will be disappointing for Mr M. I'll explain the reasons for my decision.

There's agreement between both parties here that the error that led to this complaint was made by Mr M's former employer, not SWL. However, Mr M has asked this service to consider whether SWL's actions after the error was uncovered were fair and reasonable. In particular, Mr M considers that SWL, as pension administrator, shouldn't communicate a £0 pension balance to its pension holders without explanation. And that it should have an obligation to inform its pension holders about any contribution reversal, regardless of whether it was the party which made the error leading to that reversal.

I've gone on to consider whether SWL acted fairly here.

Did SWL take reasonable steps to ensure its pension holders would be made aware about what had happened in a timely manner?

I don't doubt that SWL's 10 June 2025 letter caused Mr M concern about his pension. And then subsequent inconvenience when he had to contact SWL to find out what was happening. I agree with Mr M that this letter was concerning, given it provided no explanation about why a previous balance of £4,125 in May 2025 had disappeared. However, I don't agree that SWL hadn't already taken reasonable steps to ensure Mr M would understand the 10 June 2025 letter before he received it.

I say this because the evidence shows that SWL didn't process the contribution reversal until after it'd received written assurance from Mr M's former employer that it would ensure its affected employees were notified about what had happened and what would be done to correct the situation. Had Mr M's former employer done what it told SWL it would do, he would've understood why the 10 June 2025 letter included a zero balance. I therefore can't fairly hold SWL responsible for the fact that he remained uninformed about what had happened until he called SWL on 17 June 2025. I'm pleased to see that when Mr M called SWL at that point, it quickly provided him with a full explanation of what had happened.

I acknowledge that Mr M still feels that SWL's regulator's rules and The Consumer Duty require SWL itself to notify him and the other affected pension holders about what was happening, despite it being the pension administrator, given it had been the party that had issued the welcome documents and statements. But given it was Mr M's previous employer who had made the error, and then committed to notifying all affected employees, I can't fairly agree.

I don't doubt that it would've been a horrible shock to see a pension value of £0 when the previous statement showed £4,125. But it wasn't SWL who made the initial error. And it was reasonable for SWL to rely on Mr M's previous employer to inform those affected as it said it would. I'm therefore satisfied that SWL took reasonable steps to ensure affected pension holders would be notified in a timely manner about what had happened.

I next considered whether SWL has done enough in respect of Mr M's request for written confirmation of the exact amounts that had been reversed, or whether it should take further steps here.

Should the information SWL has already provided to Mr M be sufficient for managing any potential pension tax implications?

I acknowledge that Mr M is concerned that he doesn't have a statement from SWL showing the £4,125 contribution going into his pension and then being reversed out of that pension. But I agree with our investigator that SWL's final response letter should provide the evidence Mr M might need. However, if this doesn't prove sufficient, I agree with SWL that Mr M should ask his former employer to contact HMRC to correct the pension contribution history.

I'm therefore not going to ask SWL to take any further steps to put things right. And I don't uphold the complaint.

My final decision

For the reasons explained above, I don't uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 21 November 2025.

Jo Occleshaw
Ombudsman