

## The complaint

Mr P complains about SCOTTISH WIDOWS LIMITED (SW). He's unhappy with how it dealt with a fund switch under his Personal Pension Plan (PPP).

## What happened

I issued a provisional decision on 30 September 2025. I've recapped the background below:

*"In July 2023, having decided to change where his PPP was invested, Mr P completed a fund switch form, confirming he wished to switch out of the four funds he was invested in ("the original funds") into four new ones ("the new funds").*

*SW received Mr P's switch form on 3 July 2023 and implemented his fund switch request on 5 July 2023. SW generated a fund switch confirmation letter for Mr P; however, a system issue meant it wasn't sent.*

*In March 2024, SW sent Mr P an apology for not issuing the 2023 confirmation letter and later provided Mr P with a copy of it.*

*Having received SW's letter, Mr P contacted SW, querying what happened to his PPP and asking for confirmation of his 2023 fund switch.*

*SW explained that a system error had caused the switch confirmation letter not to be sent when it should've been. However, it assured Mr P that his switch instructions had been correctly actioned in July 2023 and read out the names of the funds he'd asked for his PPP to be invested in.*

*In early May 2024, Mr P was sent an annual statement for his PPP. As this showed that Mr P's PPP remained invested in his original funds as well as the new funds, he contacted SW.*

*During a call, SW explained that when Mr P's switch request had been implemented, not all monies invested in his original funds had been moved to his newly selected funds. As a result, it said his PPP remained invested in the four original funds as well as the four new ones he'd chosen. Mr P asked for all the "wrong funds" to be moved to one of the funds he switched his investments to in 2023, and SW confirmed this would be done.*

*SW later sent Mr P confirmation of the fund changes it had made, but as it still showed that he was invested in his original funds, he contacted SW to complain. During a call, SW agreed to move monies in Mr P original funds to the new funds.*

*SW later sent Mr P confirmation of the fund changes it had made, showing that his PPP was invested in the new funds.*

*On 5 July 2024, SW called Mr P to discuss his complaint. It explained that as Mr P hadn't requested a change to where his future contributions were invested, contributions made after 2023 continued to be invested in the original funds. To put things right, SW agreed that Mr*

*P's fund selection and the redirection of his PPP contributions to the new funds would be backdated to 17 May 2024, when it should've made him aware of the redirection issue.*

*Prior to issuing its final response to Mr P's complaint, SW spoke with Mr P and offered £100 compensation for the distress and inconvenience caused by what happened. Mr P declined this, and SW later increased its offer to £150. But as Mr P felt the backdating of his fund and redirection of his contributions should've happened before 17 May 2024, he rejected SW's offer.*

*SW issued its final response to Mr P's complaint on 10 July 2024. In summary, it said its offer of £150 compensation remained. It explained that it couldn't backdate his funds and the redirection of his premiums to before 17 May 2024 as it was ultimately Mr P's responsibility to ensure his funds were being invested correctly as per his wishes.*

*As no agreement could be reached, Mr P referred his complaint to our Service. While Mr P was waiting for his complaint to be considered by our Service, SW contacted us and said it wished to make a new offer. Instead of £150, it offered Mr P £250 for distress and inconvenience caused. And it proposed to backdate his funds and the redirection of his contributions to the new funds to 5 July 2023 when its fund switch confirmation letter should've been sent.*

*Taking a "simplistic approach", it said it had determined whether Mr P had suffered a financial loss by comparing unit prices that applied to the fund switches of July 2024 with unit prices in July 2023. Having concluded that the earlier unit prices would've resulted in an additional £89.82 when Mr P's units were sold in July 2024, it proposed to round this up to £100 and send this to Mr P's new pension provider or pay it to him directly.*

*One of our Investigators shared SW's offer with Mr P, but he rejected it.*

*Our investigator considered the matter and upheld Mr P's complaint. In brief, she said:*

- If SW sent its 5 July 2023 fund switch confirmation letter, highlighting that Mr P's fund switch request wouldn't change where his future contributions were invested, it was likely that Mr P would've received it and contacted SW within five working days to discuss the matter, so by 12 July 2023. At this point, Mr P would have asked for his future contributions to be invested along with his other monies in the new funds.*
- SW's simplistic approach to determining Mr P's financial loss wasn't sufficient, noting that it also hadn't provide our Service with copies of its calculations.*
- SW should backdate Mr P's funds and the redirection of his contributions to 12 July 2023. So, it should obtain a notional transfer value of Mr P's PPP as if it had been invested in line with his instructions on 12 July 2023 and subtract the current value of his pension from this, paying any resulting loss into his pension or directly to him with notional adjustment for tax.*
- Compensation totalling £250 for trouble and upset caused was reasonable given that Mr P experienced."*

*SW accepted our Investigator's recommendation. But as Mr P asked for the matter to be reviewed by an Ombudsman, the matter was passed to me for a decision. Having considered Mr P's complaint, my provisional findings were as follows:*

*"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 intending to uphold Mr P's complaint. I'll explain why. But before I do, I should emphasise that while I've taken note of the arguments made by both parties, I've limited my response to the issue I consider to be central to this complaint. That's to say:*

- Whether, based on any avoidable errors it made, SW has taken appropriate steps to put matters right.*

*In 2023, Mr P's intention was to change where his PPP was invested. In making this change, Mr P expected that his PPP and any future contributions he made would automatically be invested in the new funds.*

*However, to achieve this, Mr P needed to complete two sections of SW's fund switch form; the first section was headed "Redirection of Future Regular Contributions" while the second was titled "Exchange Existing Holdings". Although Mr P correctly completed the second section of the form, he left the first one blank. In doing so, he instructed SW to switch his PPP out of the original funds into new ones but didn't ask for his future contributions to be redirected and invested in the new funds.*

*SW's fund switch form was clear about what Mr P needed to do to achieve what he wanted, so while it was unfortunate, I'm satisfied that SW wasn't responsible for Mr P's switch request not being applied as he'd originally hoped.*

*SW acknowledges that after implementing Mr P's switch request, it should've sent confirmation of the changes. I've seen the confirmation letter SW should've issued and note that it highlighted that Mr P hadn't asked SW to redirect his regular contributions to the new funds.*

*SW recognises that if it sent its confirmation letter when it should've – so, over eight months earlier than it did – Mr P "would likely have sent a revised instruction" so his future contributions were invested in the new funds. I agree. Our Investigator thought Mr P would've done this within, at most, five working days of receiving the confirmation letter, so by 12 July 2023. I think that's a reasonable assumption to make.*

*SW deprived Mr P of the opportunity to correct his switch instruction at the earliest possible stage and avoid suffering a financial loss. Because of this, any regular contributions Mr P made to his PPP between 12 July 2023 and 4 July 2024 – when he transferred– weren't invested in the new funds SW agrees they should've been in.*

*SW accepts responsibility for any financial loss Mr P has suffered due to his regular contributions not being invested where they should've been. And I think it's fair that it compensates Mr P for any losses he suffered as a result. SW proposed a "simplistic" method for calculating Mr P's financial loss; however, like our investigator, I'm not satisfied that it goes far enough and fairly compensates Mr P for what happened.*

*In situations like this where a business hasn't done something it should've and we've established what would have happened but for that omission, we'd expect the business to put things right by placing the consumer, as far as possible, in the position they would have been in had the omission not occurred.*

*In Mr P's case this means SW needs to establish what the value of Mr P's PPP would now be if his regular contributions and PPP funds had been invested in the new funds Mr P selected between 12 July 2023 and 4 July 2024. Below, I've set out how I think it should do this.*

## **Financial loss**

*My aim in awarding fair compensation is to put Mr P back into the position he would likely have been in, had it not been for SW's error. I think this would have meant that between 12 July 2023 and 4 July 2024, Mr P's regular contributions and PPP funds would have been invested in the new funds he selected in 2023.*

*To put matters right, I intend to direct SW to determine any loss Mr P has suffered by:*

- 1. Establishing what the PPP's notional transfer value would've been when he transferred to his new provider, Hargreaves Lansdown, in 2024 on the basis that, between 12 July 2023 and 4 July 2024, his regular contributions and PPP funds had been invested in the new funds he selected in 2023.*
- 2. Determine what the PPP's notional fund value would now be if Hargreaves Lansdown received the notional transfer value determined from "1" when he transferred on 4 July 2024, assuming he made the same contributions and invested in the same way he has since transferring.*
- 3. Subtract the PPP's current fund value from the notional fund value determined from "2". If the answer is negative, there's a gain and no redress is payable.*

*To achieve what I've set out above, SW will need to contact Hargreaves Lansdown for details of the funds Mr P has invested in (and any other information it requires) since transferring. Hargreaves Lansdown has confirmed with our Service that it's happy to provide SW with anything it requires to complete the required calculation.*

*The compensation amount should if possible be paid into Mr P's PPP. The payment should allow for the effect of charges and any available tax relief. The compensation shouldn't be paid into the PPP if it would conflict with any existing protection or allowance.*

*If a payment into the pension isn't possible or has protection or allowance implications, it should be paid directly to Mr P as a lump sum after making a notional reduction to allow for future income tax that would otherwise have been paid.*

*If Mr P has remaining tax-free cash entitlement, 25% of the loss would be tax-free and 75% would have been taxed according to their likely income tax rate in retirement – presumed to be 20%. So, making a notional reduction of 15% overall from the loss adequately reflects this.*

*If payment of compensation is not made within 28 days of SW receiving Mr P's acceptance of my final decision, interest must be added to the compensation at the rate of 8% per year simple from the date of my final decision to the date of payment.*

*Income tax may be payable on any interest paid. If SW deducts income tax from the interest, it should tell Mr P how much has been taken off. SW should give Mr P a tax deduction certificate in respect of interest if Mr P asks for one, so he can reclaim the tax on interest from HMRC if appropriate.*

## **Distress and inconvenience**

*Mr P had a reasonable expectation that as his pension provider, he could rely on SW to provide accurate information in a timely manner.*

*Unfortunately, despite falling short of this expectation when it issued its confirmation letter more than eight months late, SW let Mr P down further when it failed to share relevant information about the implications of his fund switch request and identify the issue with where his regular contributions were being invested.*

*On at least four occasions, Mr P was put in a position where he had to contact SW to try to resolve the matter, but he was given inaccurate information or false assurances that the issues he'd raised had been resolved.*

*If everything happened as I believe it should have, I think much of the frustration, concern, and inconvenience Mr P experienced could've been avoided.*

*In recognition of the poor service it provided, SW has offered Mr P £250. Considering the impact of what happened and the level of upset and concern this would have caused him, I'm satisfied that SW's offer is fair and in line with what I'd have been asking it to pay in this case. It is in keeping with the level of awards our Service would usually recommend for an error which required reasonable effort to sort out and resulted in distress and inconvenience as has been the case here. So, I intend to direct SW to pay £250 to Mr P if it hasn't already done so."*

I invited Mr P and SW to respond to my provisional decision. SW acknowledged the decision and said it would wait for confirmation of Mr P's acceptance of it before proceeding. Mr P didn't provide any comments.

### **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, my decision remains the same as before (and as set out above). That means I'm upholding Mr P's complaint for the reasons I've previously given.

### **Putting things right**

#### **Financial loss**

My aim in awarding fair compensation is to put Mr P back into the position he would likely have been in, had it not been for SW's error. I think this would have meant that between 12 July 2023 and 4 July 2024, Mr P's regular contributions and PPP funds would have been invested in the new funds he selected in 2023.

To put matters right, I intend to direct SW to determine any loss Mr P has suffered by:

4. Establishing what the PPP's notional transfer value would've been when he transferred to his new provider, Hargreaves Lansdown, in 2024 on the basis that, between 12 July 2023 and 4 July 2024, his regular contributions and PPP funds had been invested in the new funds he selected in 2023.
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To achieve what I've set out above, SW will need to contact Hargreaves Lansdown for details of the funds Mr P has invested in (and any other information it requires) since transferring. Hargreaves Lansdown has confirmed with our Service that it's happy to provide SW with anything it requires to complete the required calculation.

The compensation amount should if possible be paid into Mr P's PPP. The payment should allow for the effect of charges and any available tax relief. The compensation shouldn't be paid into the PPP if it would conflict with any existing protection or allowance.

If a payment into the pension isn't possible or has protection or allowance implications, it should be paid directly to Mr P as a lump sum after making a notional reduction to allow for future income tax that would otherwise have been paid.

If Mr P has remaining tax-free cash entitlement, 25% of the loss would be tax-free and 75% would have been taxed according to their likely income tax rate in retirement – presumed to be 20%. So, making a notional reduction of 15% overall from the loss adequately reflects this.

If payment of compensation is not made within 28 days of SW receiving Mr P's acceptance of my final decision, interest must be added to the compensation at the rate of 8% per year simple from the date of my final decision to the date of payment.

Income tax may be payable on any interest paid. If SW deducts income tax from the interest, it should tell Mr P how much has been taken off. SW should give Mr P a tax deduction certificate in respect of interest if Mr P asks for one, so he can reclaim the tax on interest from HMRC if appropriate.

### **Distress and inconvenience**

Mr P had a reasonable expectation that as his pension provider, he could rely on SW to provide accurate information in a timely manner.

Unfortunately, despite falling short of this expectation when it issued its confirmation letter more than eight months late, SW let Mr P down further when it failed to share relevant information about the implications of his fund switch request and identify the issue with where his regular contributions were being invested.

On at least four occasions, Mr P was put in a position where he had to contact SW to try to resolve the matter, but he was given inaccurate information or false assurances that the issues he'd raised had been resolved.

If everything happened as I believe it should have, I think much of the frustration, concern, and inconvenience Mr P experienced could've been avoided.

In recognition of the poor service it provided, SW has offered Mr P £250. Considering the impact of what happened and the level of upset and concern this would have caused him; I'm satisfied that SW's offer is fair and in line with what I'd have been asking it to pay in this case. It is in keeping with the level of awards our Service would usually recommend for an error which required reasonable effort to sort out and resulted in distress and inconvenience as has been the case here. So, I direct SW to pay £250 to Mr P if it hasn't already done so.

### **My final decision**

For the reasons I've set out, I uphold Mr P's complaint and direct SCOTTISH WIDOWS LIMITED to put things right as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 24 November 2025.

Chillel Bailey  
**Ombudsman**