

The complaint

Mr A has complained to Scottish Widows Limited, trading as Clerical Medical, about the customer service it's provided. SW has refunded payments of £13,126.05 and £1,985.15 to Mr A's former employer, but he feels that this should have been paid to either him or his new pension provider, AJ Bell.

What happened

The investigator who considered this matter set out the background to the complaint in her assessment of the case. I'm broadly setting out the same background below, with some amendments for the purposes of this decision.

Mr A held a personal pension plan with Clerical Medical. In July 2023, he transferred these pension funds to AJ Bell.

In June 2023, Mr A's independent financial adviser (IFA) liaised with Clerical Medical as it required the level of employer contributions to be changed.

On 14 June 2023, the IFA asked Clerical Medical why it had taken a direct debit of over £13,000 from Mr A's employer.

The IFA emailed Clerical Medical again on 20 June 2023, to advise that Mr A's employer had confirmed that £13,126.05 had been taken via direct debit when only £4,934.26 should have been taken. Clerical Medical refunded the amount to Mr A's employer on 23 June 2023.

Clerical Medical then received an email from Mr A's employer to advise that it had received two refunds in error, so it was transferring back £13,126.05 to Clerical Medical. These funds were received on 4 October 2023, however they remained in a suspense account until Mr A's IFA spoke to Clerical Medical about this and the call handler raised a query about it on 18 January 2024.

The IFA chased for an update on the funds which were held in the suspense account on 31 January 2024 and 8 February 2024. They then raised a complaint on 22 February 2024, however this complaint was deleted by Clerical Medical in error.

Clerical Medical sent Mr A a letter on 20 May 2024, to advise that it had refunded £13,126.05 to Mr A's former employer.

The IFA continued to chase Clerical Medical for an update on the suspended funds on 2 April 2024, 21 May 2024, 4 July 2024, 12 August 2024, 10 October 2024 and 16 January 2025.

Clerical Medical then received a further payment of £1,985.15 from Mr A's former employer on 25 March 2025, however it returned this payment as the policy had been transferred away and Mr A was informed of this refund on 31 March 2025.

The IFA then called Clerical Medical for an update on 24 April 2025. A work item to review the matter was created following this call. The IFA chased again for an update on 13 May 2025 and on the same date Mr A also raised a formal complaint as he was unhappy with the lack of progress.

In error, Clerical Medical wrote to Mr A's former employer on 30 June 2025, requesting a refund of the earlier payments. Mr A was updated on this on 21 July 2025. However, the letter to the employer was returned to Clerical Medical on 2 September 2025.

Upon review, Clerical Medical confirmed on 22 July 2025 that it had acted correctly in refunding the payments to the former employer.

Mr A was updated on this on 28 July 2025, when Clerical Medical issued its final response letter. It awarded Mr A £200 in compensation for any distress and inconvenience caused, but said that it had acted correctly in refunding the payments.

Unhappy with this response, Mr A referred his complaint to our service.

On 16 September 2025, Clerical Medical sent an updated offer to our service, saying the following:

"As we did not deal with the complaint raised in February 2024 correctly, and I feel we did not provide clear facts why it was correct to return these payments to [Mr A's] previous employer, I do feel the offer of £200 was short of where it should have been. I feel now we have demonstrated that returning these payments to source was correct, an offer of an additional £300 is fair and reasonable."

Having reviewed the matter, the investigator concluded that the total compensation offered by Clerical Medical was appropriate, saying the following in summary:

- Whilst Clerical Medical took longer than would usually be expected to provide its final response on the complaint and Mr A was unhappy with how the complaint had been handled, as this aspect of the complaint solely related to complaint handling, our service would be unable to consider this.
- The handbook of the industry regulator, The Financial Conduct Authority (FCA), defined a complaint as, *"an expression of dissatisfaction, whether justified or not, from, or on behalf of, a person about the provision of, or failure to provide, a financial service"*. Complaint handling wasn't included in the list of "regulated activities" and therefore couldn't be classified as a "financial service". This meant that a complaint about how a complaint was handled wasn't within this service's jurisdiction.
- Clerical Medical returned the payments of £13,126.05 and £1,985.15 to Mr A's former employer on 20 May 2024 and 31 March 2025 respectively. Mr A considered that these payments shouldn't have been refunded to his ex-employer, but should instead have been paid to him or to his new pension provider, AJ Bell.
- Based on the available information, the £13,126.05 payment was taken by Clerical Medical via direct debit in error. This employer contribution payment should have only been £4,934.26 and the IFA's email dated 20 June 2023 supported this.
- The IFA had previously raised a complaint with Clerical Medical regarding the delays in changing the level of employer contribution and setting up a direct debit with it for this purpose

- Because of the error, Clerical Medical returned the funds to the ex-employer on 23 June 2023. However, Clerical Medical was later notified by the ex-employer in September 2023 that it had received two refunds and therefore it now needed to return one payment of £13,126.05 back to Clerical Medical.
- Clerical Medical received the funds back from the ex-employer in October 2023, however these funds were sitting in a suspense account. It was only when the IFA called in January 2024 that the call handler noticed this and a ticket was raised for review.
- Clerical Medical had made an error and took an incorrect payment from the ex-employer. When the error had been identified, Clerical Medical aimed to rectify the situation by refunding the payment, however two refunds were issued. So, Clerical Medical had overpaid the ex-employer and was then due a refund of £13,126.05.
- The available evidence didn't support the position that these funds were due to Mr A directly, however, and this was consistent with the fact that the payment was taken in error. So Clerical Medical didn't act incorrectly when returning the funds back to the ex-employer.
- Following this, Clerical Medical received a further payment from the ex-employer in March 2025 for £1,985.15. As the pension funds had been transferred away in July 2023 to AJ Bell, Clerical Medical returned this payment to the ex-employer. Again, given the available information and the fact that Mr A had transferred his pension funds, it hadn't acted in error when doing so.
- But Clerical Medical should have provided Mr A and/or his IFA with clarification as to what had happened much sooner than it did.
- It would have been frustrating for Mr A to be repeatedly told by Clerical Medical that the matter had been escalated whilst being unable to obtain an update from it. Clerical Medical could have been more proactive here.
- Further, it was the IFA who was mainly corresponding with Clerical Medical when the suspense fund query was initially raised, but it was disappointing to see that many of the IFA's emails chasing updates went unanswered by Clerical Medical.
- From what Mr A had said, it seemed that he'd experienced various errors with Clerical Medical over the years, so it was understandable that the events of this complaint and the poor service he experienced would have led to a further loss of expectation with Clerical Medical.
- Clerical Medical initially offered Mr A £200 in compensation for any distress and inconvenience caused by its poor service. It had now increased this offer by an additional £300, making the total compensation offer for the complaint £500.
- Taking into consideration what had happened, Clerical Medical's total offer of £500 was fair and in line with what our service would deem reasonable, given the circumstances and the impact on Mr A.
- It wasn't the role of this service role to punish businesses when they make a mistake and so our compensation awards weren't punitive in nature.

In response, Mr A said that he accepted the amount of £500 in settlement of the complaint, but wished to reiterate that he considered the compensation to not be reflective of the time, distress, frustration and lack of due process he experienced throughout the matter.

He added that, whilst he accepted the outcome, he did so with the view that the handling of this case by Clerical Medical had caused significant inconvenience which wasn't fully recognised in the award.

Mr A then wrote again to say that, given the cost of his time associated with bringing the complaint, he would accept £1,500 to settle it.

The investigator responded to say that, when approaching compensation, our service wouldn't usually make a specific award for someone's time. Rather, we would factor in the inconvenience someone may have experienced when dealing with a matter.

She reiterated her view that Clerical Medical's offer of £500 was fair and reasonable, and although she appreciated that Mr A was unhappy with how Clerical Medical had handled the complaint, she wasn't able to consider a complaint about complaint handling, as this fell outside of our service's jurisdiction.

Mr A disagreed that Clerical Medical's offer of £500 was fair and reasonable, saying that the award didn't adequately reflect the prolonged distress, frustration and repeated errors, along with the lack of clear communication he'd endured over an extended period. He added that, importantly, our service's own guidance recognised that compensation should fairly account not just for inconvenience, but also for the cumulative impact of poor service and the repeated failure to provide timely or accurate updates.

Mr A said that the matter had extended across multiple years, had involved repeated avoidable errors and caused ongoing uncertainty over significant pension funds. The scale and persistence of this failure went beyond inconvenience and so should warrant higher compensation.

The investigator put this to Clerical Medical, but it declined to increase the award it had offered.

As agreement couldn't be reached on the matter, it's been referred to me for 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.

And having done so, I've reached the same overall conclusion as the investigator, and for the same reasons.

I acknowledge what Mr A has said about the time he's expended on the complaint, but this would tend to be encompassed in the assessment of the overall impact the mistakes have caused, rather than treated separately.

In considering the kind of award which might be appropriate in this kind of situation, it's useful to refer to the guidance on our website.

This says that an award of over £300 and up to around £750 might be fair where the impact of a mistake has caused considerable distress, upset and worry – and/or significant inconvenience and disruption that has needed a lot of extra effort to sort out. Typically, the impact would last over many weeks or months, but it could also be fair to award in this range if a mistake has a serious short-term impact.

The guidance adds that an award of over £750 and up to around £1,500 could be fair where the impact of a business's mistake has caused substantial distress, upset and worry – even potentially a serious offence or humiliation. There may have been serious disruption to daily life over a sustained period, with the impact felt over many months, sometimes over a year. It could also be fair to award in this range if the business's actions resulted in a substantial short-term impact.

Overall, given the need to involve Mr A's IFA, along with the length of time and amount of effort it's required to resolve the matter, I think the former category is appropriate here. Whilst Mr A has undoubtedly been inconvenienced by the matter, and it took longer than should have been necessary to resolve, the refund wasn't due to be paid to him or his plan and there was no risk to his wider pension value. Nor can I reasonably conclude that the matter would reasonably have caused him serious disruption to his daily life over the period concerned.

Putting things right

Scottish Widows Limited, trading as Clerical Medical, should pay Mr A a total of £500.

My final decision

My final decision is that the total amount of £500 offered by Scottish Widows Limited, trading as Clerical Medical, is appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 18 November 2025.

Philip Miller
Ombudsman