

The complaint

Mrs C complains that Scottish Widows Limited trading as Clerical Medical (Clerical Medical) failed to provide the information she requested in a timely manner. She's also concerned that its actions may have led to a shortfall in the pension she held with it.

What happened

Mrs C had a Section 32 Buy-out Bond with Clerical Medical which started in 1989. The pension had a Guaranteed Minimum Pension (GMP) attached to it. This meant that – if Mrs C didn't transfer her pension to another provider - Clerical Medical might have to top up the value of her pot on her retirement to ensure it could pay the minimum amount of pension it had guaranteed.

Until May 2020, Mrs C was invested in the With-Profits Fund. The Annual Management Charge (AMC) on her pension was 1%. In May 2020, Mrs C deferred her pension date, and her pension funds were switched into the Cash Fund until she took her benefits.

Mrs C decided to take her benefits from the pension in 2023. She didn't transfer the benefits to another provider. At the time she took her benefits, her pension's fund value was £51,963.23.

Clerical Medical wrote to Mrs C on 25 August 2023 to confirm it'd paid her £12,990.81 in Tax-Free Cash (TFC). It also provided information about the annuity it would pay her.

Mrs C contacted Clerical Medical on 21 September 2023 about the performance and value of her pension. She said her pension had been worth £66,503.59 on 11 June 2021. But it had fallen to only £51,948.11 in 2023. She wanted to know what had caused the decrease in value.

Clerical Medical issued its final response to the complaint on 28 September 2023. It didn't think it'd done anything wrong. It said that as the pension had a GMP of £2,755.44 each year, it had to provide a top up to the pension if its funds didn't cover the cost of that GMP. It said that the cost of providing the GMP could fluctuate, meaning that over time, different amounts would need to be added to top up the pension to cover the cost of the GMP. It said where this top-up was required, it was included in the annual statement.

Clerical Medical said that the Cash Equivalent Transfer Value (CETV) included in the annual statements was the amount it would need to pay if Mrs C chose to transfer her pension to another provider. And noted that this would be to replace the GMP, which would be lost if the pension was transferred elsewhere. Clerical Medical said the CETV had reduced between 2021 and 2023 because market conditions and other factors had affected the cost of providing the GMP. It said the underlying pension fund value was different from the CETV. It provided the underlying value of Mrs C's pension as follows:

2021 - £50,571.91

2022 - £50,571.91

2023 - £51,554.91

Mrs C's representative had further discussions with Clerical Medical in November 2023 and January 2024 about her pension. This led to further complaint points being raised as both Mrs C and her representative felt that the complaint response was too generic and didn't address her concerns.

On 10 January 2024, Clerical Medical issued a further final response letter. It didn't think its 28 September 2023 had been a generic letter. It said it was specific to Mrs C's policy.

On 29 January 2024, Mrs C's representative spoke to Clerical Medical. It explained how the pension worked and the factors that would've affected the change in value. And noted that while Mrs C's representative had asked for a rolling balance, showing the aggregate value and investment allocation, it'd agreed instead to provide investment returns net of AMC/charges for the investment period from 24 July 1989 to 29 May 2020, as a percentage each year.

Clerical Medical wrote to Mrs C's representative on 28 February 2024. It provided information about the guaranteed minimum growth rate on the With-Profits fund (4% each year), the total annual fund charges (1%), bid offer spread, allocation rate, and confirmed that there was no loyalty bonus or separate policy fee. But it said it'd referred the question about the net fund return on the With-Profits fund to another team. It said this was historic information that wasn't available on its system.

On 28 February 2024, Clerical Medical issued a further final response letter. It acknowledged it hadn't addressed the specific request for additional information in its 10 January 2024 response. It said it'd arranged to pay Mrs C £150 compensation due to this oversight.

Clerical Medical said it hadn't provided a rolling balance as Mrs C's representative had agreed during his 29 January 2024 call with it that it could provide an average yearly percentage return, net of the AMC, instead.

Clerical Medical included a full listing of the premiums received into the pension, the allocation rate applied, and the amount invested. It provided some detail about how With-Profits funds worked. It said that between the start of the pension and 29 May 2020, the average annual return of the With-Profits fund's assets had been 5.6%, net of the AMC. But it also said that the performance figures quoted were indicative, not exact, as they didn't consider the exact date of the investments, nor the exact date the pension was surrendered. Clerical Medical also included a table showing the charges which had applied to the pension.

Clerical Medical explained why the pension's CETV had gone down from 2021 to 2023. And why this hadn't reduced the pension's fund value during the same period.

On 1 March 2024, Clerical Medical wrote to Mrs C to confirm that from 1989 to 2020 her With-Profits fund had a guaranteed growth rate of 4%.

Mrs C's representative contacted Clerical Medical again on 11 November 2024. He said the actual annual investment return between 1989 and 2020 was 4.5%. As Clerical Medical had stated it was 5.6%, he felt that if the investment had achieved expectations, Mrs C's 25% TFC lump sum would've been significantly higher as the pension value would have been around £60K. He also asked what the AMC covered.

Clerical Medical wrote to Mrs C's representative on 27 January 2025 to say it was still waiting on further information before it could respond. It apologised for the delay.

Mrs C raised a further complaint with Clerical Medical through her MP on 6 March 2023. She still felt she'd suffered a loss of around 20%. She felt Clerical Medical's regulator required it to be open and transparent about the fees it charged. And that, counter to this, it had a policy in place to refuse to disclose numeric fee data.

Clerical Medical responded to this complaint on 13 March 2025. It offered to pay Mrs C a further £300 compensation for its delayed response to her representative's 11 November 2024 questions. But it said there'd been no underpayment from the pension. It said that the implied annual return based on the pension value on 29 May 2020 was 4.9%, again weighted by the actual payment dates. As such, Mrs C had received a payout greater than that implied by investment returns net of AMC, given the guarantee on the pension, which was a minimum of 4% regular bonus each year.

Clerical Medical provided a more detailed explanation for why the amount of money it might need to add to the fund value had decreased between 2021 and 2023. It said this meant that between 2021 and 2022, the top-up amount required decreased from £15,931.68 to £7,621.11. And in 2023, no top-up was required. It said that the CETV quoted on Mrs C's statements had reduced between 2021 and 2023 because of this reduction to the required top up amount. But said this had no material impact on the value of the GMP due to her when she claimed her benefits.

Clerical Medical also emailed Mrs C's representative on 13 March 2025 to confirm there'd been no underpayment on the pension. It explained that the AMC covered the costs associated with managing the policy.

Unhappy, Mrs C brought her complaint to this service in September 2025. She felt that Clerical Medical had failed to address her questions about the fees she'd been charged. She also wanted confirmation about the transfer value reduction. Mrs C said that Clerical Medical had taken too long to respond to her outstanding questions. She said this had been emotionally draining and mentally exhausting

Clerical Medical said that while it understood that Mrs C wanted to know the actual £ amount of charges on her pension, that wasn't something it could provide. It said it'd therefore given her as much information as possible to allow her and her representative to review the pension and the associated charges. It also said that the calculations used to establish the monetary value for the AMC would be highly complex. And that any attempt to manually calculate this value would likely be inaccurate, due to potential rounding errors and assumptions which would need to be made. Alongside the compensation it'd already paid, it felt it had taken reasonable steps to put things right.

Our investigator felt that Clerical Medical had correctly valued Mrs C's pension. And that it hadn't made an error which led to a shortfall in the pension benefits she'd received. He also felt that Clerical Medical had reasonably explained how it valued the policy and how the GMP worked. He also felt that the £450 total compensation Clerical Medical had paid Mrs C for the delayed provision of the information she'd requested was reasonable.

Mrs C still felt that Clerical Medical had failed to provide her with the information she wanted about the fees she'd paid. She felt that if the fees had been excessive, they would've lowered the fund value and the 25% TFC lump sum. She also felt that the £450 total compensation paid wasn't sufficient. She felt Clerical Medical had taken too long to provide the information requested. She said this had been the most stressful time of her life. Mrs C's representative felt that Clerical Medical was required to disclose fee values as £ amounts when requested.

Our investigator said that the only annual charge applicable to Mrs C's pension was the 1%

AMC. He explained that this type of charge didn't get deducted from the money invested. Instead, the unit price of the fund would be adjusted for all investors in the fund each day, to represent 1% over the entire year. As such, Clerical Medical didn't take a charge directly from the pension. He also explained how complicated such a calculation would be. And said he didn't consider Clerical Medical had acted unreasonably by failing to provide further information on this.

Mrs C still felt she was entitled to see the £ amount of the charges Clerical Medical had taken. She felt it was responsible for having adopted and maintained such a complex charging structure, but she shouldn't be disadvantaged by that decision. She wanted this service to ensure that Clerical Medical revealed all fees.

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 Mrs C. I'm satisfied that she has received the correct benefits from her pension. And that the total compensation Clerical Medical has already paid her for the delayed provision of information is reasonable. And while I acknowledge that Mrs C still wants Clerical Medical to present the fees charged as £ amounts, I'm persuaded that the information it has already provided is sufficient in this case. I'll explain the reasons for my decision.

I first considered whether Clerical Medical has paid Mrs C the correct TFC lump sum.

Is there any evidence that Clerical Medical paid Mrs C an incorrect TFC?

Mrs C's initial concern and the reason for her first complaint to Clerical Medical was that her 2023 annual statement seemed to show that her pension's value had significantly reduced from 2021 to 2023. She wanted to know what had caused the decrease. Her later complaints expanded on this point as she felt that if the fees had been excessive, they would've lowered the fund value and the TFC. She felt that if her fund value should've been higher, her TFC lump sum would've been bigger.

Clerical Medical has explained that the values Mrs C was questioning were CETVs. And that the underlying pension fund value was different from the CETV. It noted that the underlying value of Mrs C's pension hadn't changed much between 2021 and 2023. And explained why the CETVs had reduced over the same period.

Clerical Medical has also explained that the amount Mrs C would receive as TFC was only influenced by her pension's fund value, not the CETV.

Mrs C's representative said that while Clerical Medical had said the return on the With-Profits fund was 5.6% between 1989 and 2020, Mrs C's fund hadn't achieved this. He therefore felt that Clerical Medical must've done something wrong. And that this had led to Mrs C receiving a lower TFC lump sum than she should've received. He felt her pension value would've been around £60K if it'd been correctly valued.

Clerical Medical said in response that the implied annual return Mrs C had received was 4.9% net of the AMC, when weighted by her actual payment dates. And that this therefore exceeded the annual guarantee of a minimum return of 4% each year.

While I understand why Mrs C and her representative wanted to understand more about her pension, I've not been provided with any evidence that Clerical Medical has failed to value Mrs C's pension correctly. Nor have I been provided with any evidence that Clerical Medical has failed to charge the correct 1% AMC. I therefore can't reasonably say that she has suffered a financial loss.

I say this because I can see that the £12,990.81 TFC lump sum Clerical Medical paid her was exactly 25% of her pension's fund value of £51,963.23 on her retirement date, as I would expect. And because the evidence shows that Mrs C's pension has grown by more than the 4% annual guaranteed rate over time.

I went on to consider whether Clerical Medical should be required to provide the additional fee information Mrs C has asked it for.

Should Clerical Medical provide further fee information to Mrs C?

Mrs C's representative felt that Clerical Medical was required to disclose fee values in £ amounts when requested. Mrs C felt that Clerical Medical had failed to address her questions about the fees she'd been charged. She felt this showed that it wasn't committed to being open and transparent.

Clerical Medical acknowledged what Mrs C still wanted. But said it couldn't provide accurate £ amounts of charges on her pension. It explained why. And said it'd provided as much information as possible.

Our investigator told Mrs C that Clerical Medical had only applied the 1% AMC to her pension. He explained that this wasn't a direct deduction from her pension value. And noted that he didn't believe Clerical Medical had acted unreasonably when it'd failed to provide the complex additional information requested.

Mrs C still wanted more information about the fees. She said that if the fees had been excessive, they would've lowered the fund value and the 25% TFC lump sum.

I've carefully considered what both parties have told this service. Having done so, I agree with our investigator that Clerical Medical isn't acting unreasonably by failing to provide the complex information requested. I'm therefore not going to ask it to provide further fee information. I acknowledge that Mrs C won't be happy with this decision. I'll explain how I've reached my conclusion on this point.

I'm satisfied that Clerical Medical has taken reasonable steps to explain the fees it charged on Mrs C's pension and how they were taken. While I acknowledge that Mrs C believes Clerical Medical is required to provide a £ amount of the charges deducted from her pension, the evidence shows that it hasn't deducted money directly from her pension. Instead, it has applied the AMC to all With-Profits fundholders, as described earlier in my decision. I can also see that the information provided is in line with what Mrs C's representative agreed to accept during the 29 January 2024 call with Clerical Medical.

In any event, even if I were to require Clerical Medical to calculate the information requested, I'm not persuaded that Mrs C would be in a materially better position to understand if her pension had been valued correctly than she already is in. I say this because the fees deducted don't provide a complete picture of how a pension has developed over time. To see the whole picture, Mrs C would also need confirmation of each annual return. I can see that Clerical Medical has effectively already provided her with the net investment return (after the AMC has been deducted). Therefore I'm satisfied that the information already provided is more fit for purpose than the outstanding information Mrs C still wants Clerical Medical to

provide.

I'm therefore not going to require Clerical Medical to take any further steps here.

I finally considered whether the total compensation of £450 which I understand Clerical Medical has already paid Mrs C was reasonable under the circumstances of the complaint.

Distress and inconvenience

Mrs C said that Clerical Medical took too long to respond to her outstanding questions. She felt it had ignored information requests from her representative. And that it'd only bothered to reply once her MP had got involved. She said it had been emotionally draining, mentally exhausting and stressful. She felt that the £450 total compensation paid wasn't sufficient.

The evidence clearly shows that on more than one occasion, Clerical Medical took too long to provide the information Mrs C had asked it for. But I can see that it did take steps to respond before Mrs C's MP stepped in.

The first time Clerical Medical acknowledged it'd taken too long, it apologised and paid Mrs C £150 for its delayed response. And the second time it acknowledged it'd still not provided all the information requested, it apologised and paid £300 compensation. I think this was a reasonable step to take given the longer delay and the additional stress and inconvenience this caused Mrs C.

I appreciate that Mrs C has asked me to take into account the length of time Clerical Medical has taken to respond to her requests. As our investigator noted, our awards for distress and inconvenience are often modest when compared to the strength of feeling the situation has caused. And, while I don't doubt the impact this complaint has had on Mrs C, I agree with him that the £450 compensation Clerical Medical has already paid is reasonable. And in line with what I would've otherwise recommended.

I don't require Clerical Medical 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 Mrs C to accept or reject my decision before 6 January 2026.

Jo Occleshaw
Ombudsman