

The complaint

Mr S complains that SCOTTISH WIDOWS LIMITED trading as Clerical Medical (Clerical Medical) delayed the transfer of his pension plan preventing him from accessing his benefits and caused losses. He wants £20,000 in compensation for the losses and the distress and inconvenience this caused.

What happened

Mr S had a s32 Buy Out Plan (the plan) with Clerical Medical. This arose from a transfer from an occupational pension scheme. The plan was subject to special (and complex) rules around the amount of tax-free cash (TFC) that could be paid, which was more than the typical 25% of fund value and also provided for a Guaranteed Minimum Pension (GMP).

As Mr S's 60th birthday approached in December 2024 Clerical Medical asked him to confirm what he wanted to do. Mr S engaged an IFA, and various enquiries were raised and information provided about the plan. The IFA recommended that Mr S transfer to a new provider (called Transact), who requested the transfer from Clerical Medical on 31 January 2025. There was some confusion over the basis of the transfer and the documentation required to complete it. Further paperwork was signed by Mr S on 14 March 2025, and Clerical Medical doesn't dispute it was responsible for delays in processing the transfer. Mr S raised a complaint about the delays on 9 April 2025, as he was particularly concerned about falls in investment markets following President Trump's "Liberation Day" tariff announcement on 2 April 2025.

The transfer was completed on 11 April 2025 and £116,083.63 was paid to Transact. Mr S wanted to take his TFC but Transact required information from Clerical Medical about the protected amount and Mr S asked that this be confirmed on 15 April 2025. Clerical Medical says it emailed details to Transact on 25 April 2025 and again on 6 May 2025. But there appears to have been some problem here as Transact contacted Clerical Medical five times between 30 April and 28 May 2025 requesting this information. Clerical Medical emailed this again on 6 June 2025 and Mr S's TFC was paid to him on 26 June 2025.

Clerical Medical upheld Mr S's complaint accepting it had caused delays in transferring his plan. It said without the errors, the transfer would have completed on 28 February 2025, when it should have received all necessary information back from Mr S. It said the fund value that day was £533.17 more than on the date of the actual transfer and it would send that amount to Transact. It said it would ask Transact for information about Mr S's investments in the new plan and calculate whether there were any investment losses and would pay further compensation if there were. And it said it would ask for details about Mr S TFC payment to consider whether there were any losses here. And it paid Mr S £300 for the distress and inconvenience he'd been caused.

Mr S didn't accept this he said the compensation was inadequate considering the level of distress and inconvenience and the financial impact caused over many months, when all the details about the plan were available on 12 December 2024. He said Clerical Medical should pay him £20,000 in compensation.

Mr S referred his complaint to our service and our investigator looked into it, but she didn't uphold it.

Our investigator said Clerical Medical accepted it had caused delays and the revised timeline it had presented for the transfer to be completed was reasonable. She said the expectation was that Mr S should be returned to the position he should have been in but for the errors made and the redress set out by Clerical Medical did this, pending the information it needed from Transact. She said she thought the compensation offered to Mr S for the distress and inconvenience caused of £300 was fair and in keeping with what our service would award, if this hadn't already been offered. She said the awards our service made for distress and inconvenience weren't intended to be punitive and no evidence had been presented that Mr S had been dependent on income or funds from the pension.

Mr S didn't agree. He said the transfer should have taken three to four weeks to arrange and Clerical Medical had constantly changed the goalposts, causing confusion. He said he'd retired in December 2024 and had required funds from his pension, whilst Clerical Medical had continued to argue with his IFA, he'd been left "*helplessly assuming*" his pension was down 15-20% in value as the markets fell after President Trump's tariff announcement.

As Mr S doesn't agree it has come to me to decide.

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 upholding the complaint.

Clerical Medical clearly did delay Mr S's transfer, but I think it has fairly agreed to put things right and it has paid what I think is fair compensation for the distress and inconvenience caused. I'll explain why I think that. And whilst I'm not upholding the complaint I'll also explain how I think it should be fairly resolved.

Mr S's transfer wasn't straightforward because his Clerical Medical plan contained the GMP and a protected tax-free cash amount. That placed additional requirements on Clerical Medical and required Mr S to take financial advice under the legislation in place, unless he wanted to take his benefits in the prescribed format, which he didn't. Therefore, Mr S's IFA would need to obtain full policy details from Clerical Medical, provide him with the advice and confirm this to Clerical Medical as part of the required process. The evidence shows that exchanges between the IFA and Clerical Medical about the plan, and the options available, were ongoing through to 21 January 2025, with the transfer request submitted electronically by Transact on 31 January 2025. This didn't include providing Scottish Widows' own discharge forms, which it had already provided, and it required completing by both Mr S and Transact.

Thereafter there was confusion about what Mr S wanted to achieve, and this dragged on into April 2025. But in accepting Mr S's complaint Clerical Medical says having received the transfer request it should have confirmed what it needed within 5 working days. And then based on what did actually happen, everything would have been received by 28 February 2025 and the plan value on that day used for the transfer. I think that timeline is fair and typically the transfer would have been paid a day or two later.

When a business has made an error that has caused delays and possible financial losses we expect it to put the consumer back into the position they would have been but for the errors. In accepting his complaint, Clerical Medical has offered to do that. It has calculated

the value of Mr S's plan on 28 February 2025, and as this was higher than the actual transfer value it paid later, it has already paid the difference to Transact to add to the new plan. It has also said it will consider whether the delay in transferring has caused investment losses and asked Transact to confirm what investments had been made. Transact had said the funds had been held in cash pending the payment of the TFC, which was also delayed due to confusion around the protected amount. And the shortfall in the transfer Clerical Medical had calculated of £533.17 wasn't sent to Transact until 24 June 2025.

To avoid any uncertainty about how the complaint should be resolved I asked Transact to confirm the details of what happened then to allow the correct compensation to be calculated for Mr S.

Transact replied promptly and said it paid the TFC of £42,181.11 on 27 June 2025, so within three days of it receiving the balancing payment from Clerical Medical, which I think was a reasonable timeframe. I contacted both Mr S and Clerical Medical and proposed what I've set out below as being a fair way to resolve the complaint. I also explained that the compensatory awards our service can make aren't designed to be punitive on the business. And whilst I understand how frustrating what happened was for Mr S, it wouldn't be reasonable for me to award the £20,000 in compensation he'd suggested. I said that the £300 Clerical Medical had already paid was fair and in keeping with awards our service would make in similar circumstances. I said that there was a guide on our website to the typical amounts of compensation we would award.

Mr S said he was "*completely disillusioned*" that our awards weren't punitive for the business and this "*defied logic*" as it would allow poor practices to continue. Clerical Medical said it agreed with my proposed resolution, and once my final decision was issued it would resolve the complaint. I do appreciate Mr S's disappointment here, but what is set out below does put him back into the financial position he would have been in but for the delays and errors and is fair.

Clerical Medical has said it will put Mr S back into the position he should have been in, and whilst I'm not upholding this complaint because this has already been offered, I've set out what I would expect that to look like for Mr S, which is as follows,

- Based on what did happen, had there been no delays Transact would have paid Mr S's TFC by 5 March 2025.
- So, Clerical Medical should calculate the fund value and protected TFC on that day. If this is less than the actual TFC Mr S was paid, this should also be addressed with interest added from 5 March 2025 to the date of settlement if appropriate.
- Transact also confirmed that with the TFC paid, Mr S then invested as he'd originally intended in the Vanguard Lifestrategy 80% Equity Fund with £70,039.78 invested on 1 July 2025, so two working days after the payment of the TFC. So, had there been no delays it's likely Mr S would have been invested by 7 March 2025. I think it's reasonable then that Clerical Medical compares the current value of Mr S's plan with Transact to what it would have been worth had the investment been made on 7 March 2025 instead. If that calculation shows a loss, then Mr S should be compensated. Either by paying a further sum into his pension, or if that isn't possible by paying him a lump sum notionally adjusted for tax at his marginal income tax rate, which Mr S should confirm.
- In each case it's fair that Clerical Medical should provide Mr S with a simple calculation of how it worked out the figures.

- I think Mr S has been caused inconvenience by what has happened, but I feel the £300 compensation Clerical Medical has already paid is fair in the circumstances of the complaint and is in keeping with what I would have awarded if this hadn't been offered and I was to uphold this complaint.

These are the steps I would set out for Clerical Medical to undertake if it hadn't already agreed to do so. I think this does put Mr S back into the position he should have been in but for the errors.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 4 March 2026.

Nigel Bracken
Ombudsman