

The complaint

Mr A complains that Scottish Widows Limited (trading as Clerical Medical) delayed sending him information about changes they were making to their investment funds. He says he was unable to make an informed and timely choice about switching the funds he held in his investment bond.

What happened

Mr A held an investment bond with Clerical Medical for many years. His bond was invested in four separate funds - European, International Growth, North American and UK Growth.

Mr A received a letter from Clerical Medical on 4 September 2024 informing him of changes they would be making to some of the funds he was invested in. The European and North American funds would move to being invested in the International Growth fund on 21 October 2024. The letter advised Mr A that the changes would happen automatically and that he should read the letter to make sure the funds still met his investment needs after the changes.

Mr A promptly asked Clerical Medical for further information about whether the funds would have separate sector aims or not. He said that would help him decide whether to redirect his invested funds.

Mr A later complained to Clerical Medical that their response to him had been delayed and that the information they provided didn't answer his questions. He has complained, in summary, that:

- The fund switches took place on 21 October 2024 without him having the information he needed to make an informed choice about whether he wanted to stay invested in the new funds or move elsewhere.
- The fund factsheets were not provided to him until the end of December 2024. He says Clerical Medical now have three international funds with an identical regional breakdown and identical top 10 holdings, so he now only holds a large international fund.
- He would be unable to transfer funds directly from Clerical Medical to a new provider and would have to sell the funds first, which would incur a chargeable tax event.
- Clerical Medical's actions or non-actions have severely eroded his confidence in them.

Clerical Medical upheld Mr A's complaint in January 2025. They accepted that they took too long to respond to Mr A's request for information and that some of their communications were poor, confusing and incorrect. As a result, the information Mr A had requested was not available to him until more than two months after the fund changes took place.

Clerical Medical said that Mr A's bond had not been "up risked" because of the changes and that he had the opportunity to select alternative funds if he wished. They said that if he chose to switch funds, or move to another provider, within a month they would review whether he may have suffered financial loss. They also offered Mr A £300 for the distress and inconvenience caused to him.

Unhappy with Clerical Medical's response, Mr A brought his complaint to the ombudsman service at the end of January 2025. Our investigator looked into what had happened and thought the offer Clerical Medical had made was fair. He said:

- There were many different reasons why a firm such as Clerical Medical may want to make changes to their fund options. The changes made by Clerical Medical were a commercial business decision and he couldn't tell them to take any alternative action in that regard.
- It was perfectly reasonable for Mr A to request further information, and Clerical Medical had accepted that their response was delayed and that they provided a poor response to his questions.
- Clerical Medical's offer of £300 for the upset and frustration caused to Mr A was reasonable. They had also offered to put right any financial loss Mr A may have incurred due to the complaint.
- Mr A had discussed the possibility of transferring his assets to another provider, but that would entail making a bond sale and incurring a theoretical chargeable tax gain. That was entirely a matter for Mr A to decide, and our investigator would not consider Clerical Medical to be responsible for any chargeable tax gain Mr A would incur.

Mr A disagreed with our investigator and said that Clerical Medical had not provided a rationale for their fund changes, which would have been helpful in informing him as to whether he might wish to redirect his investments. He said the long delay in advising him of the totality of the fund changes was unwarranted.

Mr A later said (in April 2025) that he had decided what he intended to do with his Clerical Medical funds, but the current international financial volatility had caused him to reflect again on how to best determine the direction of funds.

In response, our investigator reminded Mr A that Clerical Medical's final response letter of 9 January 2025 asked him to contact them within one month of the date of that letter if he chose to select alternative funds. They would then ensure that he didn't incur any financial loss as a result of their earlier failings. If Mr A now decided to make any fund switches, Clerical Medical's loss calculations would be based on fund price data no later than 9 February 2025.

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.

I appreciate that Mr A is unhappy with the fund changes that Clerical Medical have made and how they have affected the balance of his portfolio. As our investigator has said, such changes are a commercial decision and it is not the role of our service to interfere in the decisions that a business makes. Clerical Medical did however have a responsibility to make sure that they provided clear and timely information to Mr A about the changes they were making and his options.

Clerical Medical notified Mr A of the planned fund changes in a letter dated August 2024, and which he received on 4 September 2024. The letter provided information on the changes and what they meant for Mr A's investment, referring him to Scottish Widows' website for further information. It explained that the changes were due to take place on 21 October 2024 and invited Mr A to look at the information provided and consider if the funds still met his investment needs. If they didn't, Mr A could switch to a fund or funds of his choice from within Clerical Medical's range. To make a change Mr A was asked to give instructions by 11 October 2024.

I think Clerical Medical provided clear information in that letter in good time before the changes were due to take place. However, it was not unreasonable for Mr A to request further information to enable him to make an informed choice and he did so as soon as he received the letter.

Clerical Medical's failing was in the long delay in providing the additional information that Mr A had requested. That delay meant Mr A didn't receive the information he had asked for until more than two months after the fund changes had taken place. I'm satisfied that the further information Clerical Medical eventually provided was sufficiently clear, noting that it was not their responsibility to give Mr A advice about which funds to invest in.

Clerical Medical have acknowledged that the delay was unacceptable and that it may have prevented Mr A from switching funds, either within Clerical Medical or to another provider. They said that if he chose to switch funds within a month, they would review whether he may have suffered financial loss. They also offered Mr A £300 for the distress and inconvenience caused to him. Based on everything I've seen, I think that offer was fair in the circumstances.

Clerical Medical made that offer in January 2025 and asked Mr A to contact them within one month if he chose to switch funds. Mr A chose not to accept the offer and brought his complaint to our service as he was entitled to. From what I've seen, he has not subsequently notified Clerical Medical that he would like to switch funds.

Mr A should not lose out as a result of coming to our service, but at the same time Clerical Medical's offer was not open ended. Mr A has now had a year in which he could have chosen to make fund changes, and it would not be fair to expect Clerical Medical to make up any potential losses he thinks he has incurred right up to the present date.

If Clerical Medical had done nothing wrong, then Mr A would have been able to make any fund switches by 20 October 2024 (before the planned fund changes he was notified of). Due to Clerical Medical's failing that was not possible, but he should still have been able to make any switches by 9 February 2025 (one month after Clerical Medical's final response). It may be that Mr A has suffered no financial loss, but if he has then Clerical Medical should only be responsible for compensating him for any loss that would have been incurred in the period between 20 October 2024 and 9 February 2025.

So, I think the following would be a fair and reasonable way of resolving this complaint:

- Mr A should inform Clerical Medical within one month of his acceptance of my decision of any fund changes that he wishes to make. Clerical Medical should promptly action those changes.
- Clerical Medical should calculate if Mr A has suffered any financial loss as a result of those changes not being made on 20 October 2024.

- If he has, Clerical Medical should compensate him for any loss that would have been incurred in the period between 20 October 2024 and 9 February 2025. Mr A should not be put in a better position as a result of any compensation than he would now have been in had the fund changes been made on 20 October 2024.
- Clerical Medical should also pay Mr A £300 for the distress and inconvenience this matter has caused to him, if they have not already done so.
- Mr A has also referred to a potential tax liability if he were to transfer his investment elsewhere. For the avoidance of doubt, I would not hold Clerical Medical responsible for that.

I appreciate that Mr A feels strongly about what has happened, but I think Clerical Medical's offer is fair and reasonable.

My final decision

Scottish Widows Limited have already made an offer to settle the complaint, and I think that offer was fair in all the circumstances.

So, my decision is that Scottish Widows Limited should pay redress as set out above, if they have not done so already.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 9 February 2026.

Matthew Young
Ombudsman