

The complaint

Mr R complains that Scottish Widows Administration Services Limited (SWAS) failed to invest his pension transfers in line with his request. Instead, it first invested those transfers into the default fund. Mr R is a cautious investor and believes that the default fund exposes him to more risk than he is willing to take.

To put things right, Mr R would like his pension transfers to be invested in the fund of his choice, in line with his attitude to risk (ATR). He'd also like compensation for the stress and inconvenience caused.

I've explained below why I'm not upholding the complaint.

What happened

Mr R has a Retirement saver plan with SWAS. This was initially set up as a workplace pension by his previous employer. Mr R no longer works for that employer.

Communication delays:

On 26 April 2025, Mr R asked SWAS for forms for a full and partial pension transfer for two of his other pensions. He wanted to request a full transfer from one pension and a partial transfer from another.

SWAS sent Mr R a generic email with a link to the form he would need on 29 April 2025. But it didn't explain how he should apply for the transfers he wanted.

On 6 May 2025, Mr R asked SWAS whether the form it'd sent was correct for a partial transfer. He wrote to it again on 12 May 2025 to request two separate PDF forms with clear instructions.

On 14 May 2025, SWAS sent Mr R the same generic email it'd sent him on 29 April 2025. It failed to comply with his request. The same day, Mr R raised a complaint with SWAS. He was concerned about his investment options. He didn't agree that the terms and conditions of his plan confirmed that the default fund process was required.

On 23 May 2025, SWAS sent Mr R Cash Transfer In forms in two separate emails. SWAS said that the form was the same for a full or partial transfer. And that Mr R could let it know what type of transfer he was asking for in section 7, where the form asked: "*Is this a full or partial transfer*". SWAS explained where Mr R could find a copy of the form. And told him where to send the completed form.

On 24 May 2025, Mr R completed the Cash Transfer In form. He requested a full transfer into his Retirement saver plan of the pension funds he held with a provider I'll refer to as provider H. And a partial transfer of the funds he held with a provider I'll refer to as provider R.

Information on the documentation

Section 3 of the Cash Transfer In form covered “*Investment Strategy*” and stated the following:

If you are making regular payments when we receive a transfer, you need to decide how you would like this payment invested.

Please select 1 of the following:

In the same way as any regular payments

In the scheme default investment strategy

If you do not currently make regular payments into the plan, we will automatically invest any transfer payments into the scheme default investment strategy.

You can change your investment choices online at any time after the transfer is complete.

Mr R was no longer paying regular payments into the plan as he was no longer employed by the employer that had set up the plan. This meant that under the terms and conditions of the plan – and as outlined on the Cash Transfer In form - SWAS would automatically invest his transfer payments into the default investment strategy.

SWAS’s Transfer guide also explained the following:

OUT OF MARKET

When transferring the value of one plan to another it may remain “out of market” (uninvested) for a period of time.

Communications about the investment process

On 29 May 2025, SWAS contacted Mr R to tell him that it’d reviewed his application. It noted that he’d asked it to invest 50% of his transferred funds into each of his two existing cash funds, which I’ll refer to as Fund F and Fund L. SWAS told Mr R that as he’d left his former employer, it could only invest his funds in the default strategy. It then appeared to incorrectly offer him the option to request a change of default fund.

Mr R then wrote to SWAS to ask it to make Fund F his default fund. And to pay 100% of the transfers into that fund. SWAS said that once it’d received both transfers, it would proceed with the switch of those funds into Fund F.

Later, SWAS told Mr R that the request to invest the transferred funds into Fund F would be considered a fund switch. And that it would only complete that fund switch after it’d initially invested the transferred funds into the default fund.

SWAS sent an electronic request through the Origo system to provider H for a full transfer. It received £22,159.28 on 3 June 2025. It invested this in the default fund on 5 June 2025.

I understand that on 6 June 2025, SWAS moved the funds from provider H from the default fund to Fund F. And that it confirmed that it would process the provider R funds in the same way upon receipt.

SWAS also sent a request through Origo to provider R for a partial transfer. It received £26,898.34 on 11 June 2025.

SWAS’s final responses and what happened after them

On 12 June 2025, SWAS issued its final response to the complaint. It apologised for the incorrect information it'd provided. And for the delays it'd caused to the pension transfers. SWAS also acknowledged that its communications had been unclear. It paid Mr R £400 compensation for the distress and inconvenience it'd caused and agreed to complete a financial loss assessment.

SWAS didn't uphold Mr R's complaint about the terms and conditions of his plan. It noted his concern about the level of risk in the default strategy being higher than he'd like. But felt it hadn't done anything wrong when it'd initially invested his transfer payments into the default strategy. SWAS confirmed that Mr R could still switch his funds after the initial investment.

On 13 June 2025, SWAS wrote to Mr R to confirm that it'd invested his provider H transfer into Fund F. It invested his provider R transfer in the same way on 17 June 2025. Mr R felt that his funds had been out of the market for a long time. He asked SWAS to let him know if he'd lost any money whilst the two transfers sat in the default funds.

I understand that on 18 June 2025, Mr R contacted SWAS to ask for his funds to be switched into fund L, leaving £100 in the remaining funds. It said it processed this clear instruction.

SWAS felt that it'd acted within the terms and conditions of Mr R's plan when it'd initially invested the transferred funds into the default strategy. As such, it didn't think it needed to carry out a loss calculation. It noted that it'd received £22,159.28 from provider H. And that it'd then invested £23,133.35 into fund F. It also noted that it'd received £26,898.34 from provider R. And that it'd then invested £26,798.91 into Fund F.

Mr R raised further concerns with SWAS in July 2025. He felt that his plan's terms and conditions didn't make the process clear. He said that SWAS had moved all his funds to Fund L. But he didn't request this. Instead, he wanted it split between Fund F and Fund L. Mr R felt that SWAS kept making errors with his money.

SWAS issued a second final response on 1 August 2025. It still felt that it'd correctly initially invested the transfers in the default fund. It said this was in line with the terms and conditions for former employees in Mr R's plan. And that this had been agreed with his former employer.

SWAS also said it'd carried out the fund switch to Fund L in accordance with Mr R's most recent instruction on 18 June 2025. It said this instruction superseded his earlier preferences, which had indicated his desire to split his investments between Fund F and Fund L.

Mr R remained unhappy. So he brought his complaint to this service for a review. He wasn't happy that his transfers had to be paid into the default fund before he could then transfer into the fund of his choice. He said the default fund wasn't in line with his ATR.

Mr R felt that he'd provided SWAS with clear instructions in line with his ATR. And that its failure to act on his instructions could cause foreseeable harm and wasn't in line with consumer duty principles. He also noted that the terms and conditions he held were different from those SWAS referenced. He didn't understand why. To put things right, Mr R wanted to be able to transfer his funds into the fund of his choice, not the default fund. He also wanted SWAS to compensate him for the inconvenience caused.

Our investigator didn't think that SWAS needed to take any further steps to put things right. In respect of the delays, she felt it'd taken reasonable steps to put things right. She said it had acknowledged that there were shortcomings in the service it'd provided to Mr R. But she

felt that the £400 compensation it'd paid was reasonable given the loss calculation had concluded the delays hadn't led to a financial loss.

In respect of the investment process, our investigator acknowledged why Mr R wanted to be able to immediately invest his transferred funds into the fund of his choice. But felt that SWAS had acted in line with the terms and conditions of his plan. As such, she said that if he wanted to invest transfers in a fund other than the default fund, he would need to make a switch request after the initial investment in the default fund.

Mr R didn't agree with our investigator. He acknowledged what she'd said about the default fund being in the terms and conditions. But felt she hadn't considered whether those terms and conditions were fair and reasonable given his circumstances, guidance from the regulator or codes of good practice. He felt it was unreasonable to invest money into a fund, only to disinvest it. He felt it subjected clients to unwanted risk.

Our investigator acknowledged that SWAS's terms weren't ideal for Mr R. But said that it'd acted in line with his former employer's instructions. She said she couldn't recommend that SWAS acted outside of the agreement that was in place.

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 Mr R. I'll explain the reasons for my decision.

I first looked at the errors SWAS made within its communications with Mr R.

Lack of clarity in direct communication

The evidence shows that SWAS wasn't always clear with its communication. I say this because on 29 May 2025 - instead of explaining that Mr R's chosen investments couldn't be made until his transferred funds had first been invested in the default fund - SWAS appeared to incorrectly offer him the option to ask it for a change of default fund.

Mr R then asked SWAS to make Fund F his default fund. But it didn't clearly explain at this point that this wasn't possible under the terms and conditions.

SWAS acknowledged that it could've been clearer and more helpful on the calls between it and Mr R on 4 and 5 June 2025. It also accepted that it provided Mr R with incorrect information about having to wait for both pension providers to send the funds before it could invest them during the call on 4 June 2025.

I therefore agree with our investigator that SWAS's failure to communicate the terms and conditions of the plan led to a loss of expectation for Mr R for a brief period. It must've also led to frustration and inconvenience. I'll consider the impact on Mr R of these points when I consider compensation for distress and inconvenience later. But I'm pleased to see that SWAS has agreed that it should've more clearly explained to Mr R that he would only be able to switch out of the default fund after the initial investment.

I went on to consider the delays SWAS caused to the transfer process. It said that if it hadn't caused any delays, it could've submitted the Origo requests on 19 May 2025.

SWAS delays

Mr R first asked SWAS to clarify the forms he needed for the transfers he wanted to make on 6 May 2025. When it didn't respond, he asked it again on 12 May 2025. Instead of responding to the question he'd asked, SWAS sent him the same generic email it'd originally sent. It wasn't until 23 May 2025 that it provided Mr R with the confirmation he needed about the forms he should use. Following this, SWAS requested the funds through Origo four working days later on 29 May 2025.

I think it would've been reasonable to expect SWAS to have provided Mr R with a full response within five working days of his first request, so by 13 May 2025. If it had done so - and then requested the funds through Origo four working days later - it would've asked for the funds by 19 May 2025.

I'm therefore satisfied that SWAS has used the correct date for the loss calculation I'm pleased to see it carried out. This showed that Mr R hadn't lost out financially because of its delay.

While SWAS's delays caused no financial loss, I'll consider the impact of the delays on Mr R when I look at the distress and inconvenience caused.

I next considered whether SWAS correctly followed the terms and conditions of Mr R's plan for his transfers.

Did SWAS correctly follow the terms and conditions?

Section 8.1 of the plan's terms and conditions state the following in respect of "*The default investment option*":

If you select the default investment option or you are enrolled by your employer and have not given us any other instruction as to how to invest your plan, we will automatically direct payments to the default investment option.

The default investment option will be selected by us and, where appropriate, in consultation with your employer and their EBC. It will be designed to be appropriate to a group or groups of employees of your employer, rather than being tailored to any individual.

...

At all times you have control as to how your plan is invested within the range of permitted investments, so you can switch from the default investment option at any point. If you leave your employer, you will retain the same default investment option.

Mr R has left his employer. The plan's terms and conditions clearly state that for any member who is no longer actively contributing through an employer, transfer in payments must be invested into the plan's default fund. Therefore I'm satisfied that SWAS correctly followed the plan's terms and conditions when it initially invested Mr R's transferred funds into the default fund. I'm pleased to see that it then acted on his instructions to invest in his chosen fund after that. This is again in line with the plan's terms and conditions.

As I noted above, I can also see that section 3 of the Cash Transfer In form stated what would happen to the transferred funds if the person transferring those funds wasn't making regular payments into their SWAS plan. It said SWAS would automatically invest any transfer payment into the plan's default strategy. I'm therefore satisfied that the plan documentation SWAS provided Mr R was consistent on this point.

I went on to consider whether the terms and conditions were fair.

Are SWAS's terms and conditions fair?

Mr R felt that our investigator hadn't considered whether the terms of his plan were fair and reasonable given his circumstances and regulator guidance. He wanted to be able to transfer his funds into the fund of his choice, not the default fund.

SWAS said that it'd agreed the default option with Mr R's former employer. It said it didn't assess whether the default option was suitable for each plan member. But noted that Mr R could switch to other funds after the funds had been invested in the default option. It also said he could consider whether the plan remained suitable for him.

I acknowledge that in Mr R's case, the plan's terms and conditions lead to his funds initially being invested in a fund that doesn't match his ATR. SWAS must then disinvest those funds before they can be invested in line with his instructions. So I understand why Mr R feels that this process leads to unwanted risk between the initial investment of his transfer in and the investment in his chosen fund.

However, I'm satisfied that the plan's terms and conditions confirm that, for all members who are no longer actively contributing through an employer – as is the case for Mr R - transfer in payments must first be invested into the plan's default fund. I'm also satisfied that the plan's wider documentation makes this clear.

SWAS is entitled to run the plan in line with its terms and conditions. And Mr R's former employer was entitled to work with SWAS to set up its desired default fund. I therefore can't reasonably require SWAS to change its terms and conditions to support Mr R's preferences. And I'm satisfied that the terms and conditions are fair.

I finally considered the distress and inconvenience SWAS has caused.

Distress and inconvenience

SWAS has apologised for its unclear communications. And paid Mr R £400 compensation for the transfer delays and the incorrect information it provided. It also carried out a loss assessment which showed that the delays had caused no financial detriment.

I don't doubt that the delays caused Mr R frustration and concern. And the incorrect information would've also caused him a loss of expectation for the brief period over which he thought he could choose his own default fund.

But I'm satisfied that compensation of £400 is in line with what I would've required SWAS to provide if it hadn't already offered it. I say this because the total delay was ten calendar days. And SWAS has ensured that the delays didn't cause Mr R a financial loss.

I also say this because although some of the exchanges between Mr R and SWAS were unclear, the plan documentation showed that transfers in had to first be invested in the default fund.

Mr R told this service that he suffers from severe stress. This meant that having to change his fund after transfer led to significant stress and worry about potential market crashes. He also said it caused inconvenience.

While I don't doubt that this is the case, I explained earlier in my decision why I can't reasonably say that SWAS did anything wrong when it required Mr R's transferred in funds

to first be invested in the default fund. I therefore can't fairly ask SWAS to compensate Mr R for its correct application of the plan's terms and conditions.

I know Mr R will be disappointed by my decision. But I hope I've explained why I can't reasonably require SWAS to change the terms and conditions of the plan in the way that he'd like.

My final decision

For the reasons I've set out, I don't uphold Mr R's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 12 February 2026.

Jo Occleshaw
Ombudsman