

The complaint

Mrs W complains about the way SCOTTISH WIDOWS LIMITED (SWL) has dealt with withdrawals from an investment bond. She says errors have caused her financial losses and inconvenience due to the time spent trying to resolve the matter.

What happened

In 2003, an investment bond was taken out with Clerical Medical (Now SWL) made up of 100 segments. The bond was assigned to Mrs W in April 2013 (with all segments still invested). She took withdrawals from the bond over a number of years through the cancellation of segments. In April 2023, several segments were assigned to Mrs W's daughter, before a full assignment was completed in August 2023. Further withdrawals were made until the bond was fully surrendered in February 2024.

When the policy assignments were being completed in 2023, Mrs W raised complaints about how things were handled, and SWL paid her compensation on two occasions.

Mrs W continued to raise concerns about SWL's handling of the administration of the bond – and in May 2024 she referred a complaint to our service about the problems she had experienced with SWL.

In September 2024, SWL issued a complaint response to Mrs W. It set out the withdrawal history from the bond, and the payments made to Mrs W while she was the owner. It said:

- It should have paid £5,775.47 with the encashment made on 10 August 2022; however, it paid £5,880.74 on 31 August 2022.
- It also made a payment of £5,775.47 on 10 July 2024 to Mrs W. It said in total there has been overpayments of £5,880.74 paid to her. But due to the issues she encountered, it would not be requesting a refund of this overpayment.
- There were delays in making the payments requested in August 2021 and August 2022. So, it calculated the loss of interest occurred due to these delays, and paid £25.46 in interest to Mrs W.
- It apologised for any trouble and upset it had caused due to the failings in the level of service it provided. It paid Mrs W £300 in compensation to recognise this.

Mrs W responded - and asked it to clarify some further queries she had about the transactions carried out on the bond. Our investigator attempted to gain clarification on Mrs W's points from SWL, and issued an assessment setting out what we could look and the direction for SWL to provide information to Mrs W. As SWL didn't provide the information by the deadline set, the complaint was referred for a decision.

I issued a provisional decision in July 2025. I set out that I wouldn't be considering the issues raised by Mrs W about the assignment of segments of the bond to her daughter as this complaint has been brought outside of the time limits we must apply. And I also said any problems Mrs W's daughter has had after the bond was assigned would need to be brought separately by her daughter.

I focused my findings on the outstanding complaint points Mrs W brought that hadn't been resolved. These related to the queries raised about the transactions on the bond. Mrs W had sought information to allow her to be satisfied the correct payments have been received – including information about the overpayment SWL said it made.

I noted SWL had provided some of the transaction information requested - including:

- A breakdown of the 77 segments that were encashed while Mrs W was owner of the bond, with the date and value of each transaction.
- Confirmation that 6 segments were assigned to Mrs W's daughter in December 2022, and the remaining 18 segments were assigned in August 2024, making her daughter the owner of the investment.
- A payment was made to Mrs W in July 2024, which wasn't due to her from the investment and sees this as an overpayment. But SWL wasn't seeking to recover this overpayment.

But I found there was information outstanding that wasn't provided. I found it reasonable for Mrs W to have a clear, accurate statement record of the bond transactions, so she can be satisfied she has received everything she is entitled to under the bond.

I didn't find Mrs W had suffered a financial loss as a result of the situation. And by not seeking to recover the significant overpayment of nearly £6,000, in principle this supports it is treating Mrs W fairly. At this stage I didn't recommend any further compensation was needed to recognise the impact of SWL's failings when dealing with Mrs W's requests, as I thought the overpayment more than covers any compensation that I might award.

I directed SWL to provide:

- A full policy information statement in a simple format so that Mrs W can reconcile the transactions made while she was owner of the bond – to include all surrender requests and details of the segments cancelled (date, value of units, sum paid and balance after completed).
- The value of the bond immediately before it was fully assigned to Mrs W's daughter in August 2023.
- Confirmation of the circumstances around the overpayments (made on 10 July 2024 for £5,775.47 and the smaller one on 10 August 2022) that it says were made to Mrs W, so that she can understand why SWL considers them to be overpayments rather than funds she was entitled to from the investment.

SWL responded to accept the provisional decision. It provided the following information:

- A value breakdown for pre and post the surrender payment, made on 9 August 2022.
- The value of the policy immediately before the full assignment of the remaining segments on 25 June 2023.
- A transaction breakdown that sets out the value of the policy before and after each withdrawal was made, which confirms the date of the withdrawal and the number of units removed, with the monetary value that was taken from the policy at each transaction point. It confirmed the values of the withdrawals show differently from the amounts paid on each occasion. This is due to changes in the unit prices directly after each withdrawal being made. But this can be reconciled by the correct number of units removed on each occasion after each withdrawal.
- Confirmation of the circumstances around the overpayments highlighted. It has confirmed the smaller one on 10 August 2022 was recorded as such due to interest being paid on the original amount. However, on further checking of the unit prices at

that point, it now conceded this wasn't an overpayment, and the correct value was paid at that date.

- The larger overpayment made on 10 July 2024 for £5,775.47 occurred as a result of human error as it was judged that a payment in 2022 had not been made but the units removed from the bond. It was only after the payment had been made that the error was realised. However, it reiterated this amount will not be reclaimed by SWL.

The information was provided to Mrs W. She raised a query regarding the data provided, specifically in relation to a withdrawal transaction in August 2022. She asked for clarification about the payment as she thinks there is a discrepancy between the amount quoted and what was received. We asked SWL to provide further clarification on this to help Mrs W understand if she has received the correct payments from the bond. But it didn't respond to the request.

I considered the responses, including whether any further compensation was needed to recognise the impact of SWL's failings when dealing with Mrs W's requests. Although no further clarification was given to Mrs W to allow her to be satisfied there hadn't been an underpayment, I still wasn't minded to conclude she had suffered a financial loss. This was as even if there had been an underpayment in August 2022, I thought the overpayment made in July 2024 more than covers any potential loss.

But the parties were informed that I was minded to require SWL to pay Mrs W further compensation of £300 to reflect the impact of its continued failure to provide her with the clarification she requires.

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've reviewed the responses provided to my provisional decision.

I note that SWL has followed the direction I set out in my provisional decision. It has now provided a transaction breakdown that sets out the value of the bond before and after each withdrawal was made, which confirms the date of the withdrawal and the number of units removed, with the monetary value that was taken from the policy at each transaction point. It also provided further information to clarify the circumstances on the overpayment made in July 2024.

Taking into account the information that had already been provided to Mrs W during the complaints process, with this additional information, I'm now satisfied SWL has provided a level of information that will allow Mrs W to reconcile and understand the transactions carried out on the bond whilst she was the owner of the investment. But I note there is one transaction she has queried as she believes there may have been an underpayment.

This transaction relates to a withdrawal made in August 2022 where the amount received and the reduction in the value of the bond after the withdrawal differ by around £1,000. SWL has explained that the values of the withdrawals show differently from the amounts paid due to changes in the unit prices directly after each withdrawal being made. But I think it is reasonable for Mrs W to query this point. Unfortunately, despite a number of requests being made to SWL for further clarification it hasn't responded.

But I don't find this failing to provide clarification has caused Mrs W a loss. I say this because even if I were to accept that there had been an underpayment in August 2022 (for clarity this isn't a finding I am making), this is still significantly less than the overpayment that

was paid in July 2024. Due to the fact SWL has agreed not to seek recovery of the overpayment, overall, I can't say Mrs W has lost out.

I do appreciate this continued failure to respond to reasonable queries has escalated the practical and emotional impact on Mrs W. So I think it is fair and reasonable for SWL to make a further compensation payment to recognise this. I require SWL to pay Mrs W a further £300 in compensation for the distress and inconvenience it has caused her due to its handling of her queries about her bond.

My final decision

My final decision is that I uphold this complaint, and direct SCOTTISH WIDOWS LIMITED to pay Mrs W £300 in compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs W to accept or reject my decision before 5 February 2026.

Daniel Little
Ombudsman