

The complaint

Mr T complains that SCOTTISH WIDOWS LIMITED trading as Clerical Medical have provided him with incorrect fund values in his annual statements. He explains that it has failed to demonstrate to him in a clear, fair or not misleading way, why it reduced the value of his pension fund.

What happened

Mr T has a pension with SCOTTISH WIDOWS LIMITED trading as Clerical Medical. For simplicity in this decision, I will simply refer to Clerical Medical, which Mr T knows it as.

In Mr T's annual statement, dated 5 October 2023, he was told that the value of his pension was £212,093. Over the course of the previous 12 months it showed that employer contributions of £420 a month had been received, and a loyalty bonus of £1,573.22 had been paid on 17 November 2022. The statement showed that the pension was invested across the following two funds with the units shown as:

- Adv Pen = 25,077.29 units (at a unit price of 466.60)
- UK Growth Pen = 8,263.07 units (at a unit price of 1,150.70)

Mr T explains that, in December 2023, he instructed Clerical Medical to accept a transfer into his pension of £42,200 and to increase his monthly contributions from £420 per month to £5,000 a month. Clerical Medical gave Mr T a valuation on 19 December 2023 of £224,396.82.

On 3 January 2024 Clerical Medical sent Mr T a letter giving his pension fund value around £284,634. And then he received further correspondence, dated 19 January 2024, valuing his pension fund at £326,327. Then, by 5 March 2024 his pension was valued as £284,634. Mr T complained to Clerical Medical, and wanted clarification about these confusing valuations.

In February 2024 Mr T complained again to Clerical Medical for the following reasons:

- The single contribution he had made was not distributed to the funds that he had selected.
- He alleged that Clerical Medical had attempted to take a payment around £60,000 via direct debit following Mr T's request to raise his contributions to £5,000 a month.
- Fund switches were applied to his account without his authority.
- That Clerical Medical took an unreasonable time to apply third party authority for his wife to act as his representative.

Clerical Medical responded to that complaint on 25 March 2024. It upheld Mr T's complaint on all points. It apologised for the issues.

In July 2024, Clerical Medical responded regarding the confusing pension values. It explained that it considered that the valuation of £284,634 (of 3 January 2024) had been incorrect. By way of explanation it simply said, "*the letter was system generated in error and*

the figure given was incorrect". Clerical Medical confirmed to Mr T that the valuation it had sent him on 19 December (of £224,396.82) was correct.

Clerical Medical additionally explained that it had mistakenly applied the £41,220 contribution to the plan twice in error and then taken that back off. Which caused the inflated valuation around £326,000. Further to that, the three monthly contributions of £5,000 (for January, February, and March had not been applied. So were then applied on 18 March 2024.

In Mr T's annual statement, dated 5 October 2024, he was told that the value of his pension was £343,233. In that year Mr T had contributed £420 a month from October 2023 to December 2023, then a single payment of £41,220 on 22 December 2023, followed by £15,000 in March 2023 (making up the missed January and February contributions plus the March contribution) and £5,000 a month thereafter.

But in that statement, it also provided the value of the pension on the same date in the previous year. It told Mr T that the value of his pension on 5 October 2023 was around £208,805. Which was lower than the previously quoted valuation from his 2023 statement. No accompanying explanation was provided by Clerical Medical in this statement or the run up to providing it. Mr T complained to Clerical Medical, on 29 October 2024, that it had made a further mistake. He was of the opinion that the value of his pension in the October 2023 statement was correct as it had not, at that stage, been subject to any of the 'corrections' that Clerical Medical implemented following its errors.

Clerical Medical responded to Mr T's complaint on 22 November 2024. It said it was upholding Mr T's complaint. It identified failings on its part, which it said led to incorrect values being provided in the 2023 annual statement. As well as delays in applying the third party authority which Mr T had requested. It explained the discrepancy in the 2023 and 2024 annual statements as follows:

"In your 2023 statement the value of your policy was incorrectly shown as £212,093.72 on 5 October 2023 which ... colleagues have advised me was a digital error. I have confirmed on our systems that the value in your 2024 statement of £208,805.15 on 5 October 2023 is correct."

It apologised and arranged a payment of £200 to Mr T for the inconvenience it had caused.

Mr T didn't accept this explanation and referred his complaint to our service. Mr T remained unconvinced that his fund value on 5 October 2023 was incorrect in the earlier statement and was worried that meant Clerical Medical were still undervaluing his pension by £3,288 as of that date.

We asked Clerical Medical to provide us with its account. It responded by explaining that the valuation in the October 2024 statement had been correct. It said the difference in the valuation in the October 2023 statement was due to '*an internal error*'. It suggested that the error in 2023 was due to it showing more units in the two funds than Mr T's pension actually held. It recognised the time taken to address Mr T's concerns and offered a further £150 in compensation, in addition to the £200 it had already paid for this issue.

Mr T rejected this offer because he still wanted an explanation of how the mistake happened and he wanted reassurance that the value he was now being given for his pension was the correct one. In February 2025 our investigator asked Clerical Medical to provide a copy of its calculation that confirmed the correct fund value. Clerical Medical did not provide this information. Instead, it told us its servicing team "*could not find any historical value matching the incorrect valuation on the 2023 annual statement*". It concluded it was a one off error.

Our investigator was unable to resolve Mr T's complaint so the case was referred for an ombudsman's decision.

Whilst awaiting a decision from an ombudsman, Clerical Medical proactively wrote to Mr T on 27 May 2025 in order to offer further clarification. It told him, "*after thorough investigation we identified that due to a re-instatement of your plan which had been keyed with an incorrect date this affected the units that were being purchased in 2023, our team have corrected this error and the units from 2023 have automatically been applied as they should have at the time.*" It also provided Mr T with a unit allocation history from November 2000 until May 2025.

This case was assigned to me to give an ombudsman's decision and I issued a provisional decision to let both parties know what I thought a fair outcome would be.

What I said in my provisional decision

"I can see that Mr T's experience with Clerical Medical's service was subject to a number of errors that led to his bringing his complaint to our service. Clerical Medical has acknowledged its mistakes. But, as I will explain, I am less persuaded that it has provided a very clear explanation about what has gone wrong. Which is important in this case, because understanding what went wrong is, I believe, essential in determining that it is now valuing Mr T's pension correctly. I will explain why I, like Mr T, am not persuaded that it is.

I will start by explaining that it is my understanding that neither Mr T nor Clerical Medical are querying the pension valuations in the statements prior to 2023. Mr T suspects that it was issues that arose in the amount of 'corrections' that Clerical Medical did that has left him worse off. And I have some sympathy with those concerns. So I will start by considering what the statements showed in the run up to the issue with the disputed October 2023 valuation.

Clerical Medical's valuation of 5 October 2021

In the statement for this year, monthly contributions of £420 a month were made. At the end of the statement period it showed Mr T's pension as holding the following investments:

- Adventurous Pen = 23,610.92 units (with a unit price of 443.50)*
- UK Growth Pen = 7,696.10 units (with a unit price of 1,099.70)*

This gave a total number of units across both funds as 31,307.02.

Clerical Medical's valuation of 5 October 2022

The statement for the period of October 2021 to September 2022, showed that the same contribution levels increased the holdings in the pension as follows:

- Adventurous Pen = 24,343.79 units (with a unit price of 437.30)*
- UK Growth Pen = 7,980.15 units (with a unit price of 1,020.10)*

This showed an increase in the combined number of units to 32,323.94, which was an increase of 1,017 units over the course of the year.

Clerical Medical have provided a unit allocation history for Mr T's pension that shows the following unit allocations in this period:

2021/22	Adventurous Pen	UK Growth
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Oct	45.537	18.424
Nov	43.891	18.015
Dec	44.016	18.03
Jan	43.776	17.558
Feb	44.539	17.855
Mar	45.719	18.575
Apr	44.714	18.039
May	45.623	18.379
Jun	48.289	19.572
Jul	46.974	19.424
Aug	44.448	18.744
Sep	46.098	19.72
Total	543.624	222.335

This shows combined accumulated units were around 766. This is not the same as the increase in accumulated units on that year's statement. But I note that, in addition to the payments into the plan, the pension benefitted from another payment under the heading 'other payments into your plan'. This showed the payment of a loyalty bonus on 17 November. This would likely have purchased additional units on the date in question and for some reason has not been included in Clerical Medical's unit accumulation history. So I think that this might account for the fact that the total increase in units was more than the contributions appeared to purchase by themselves.

Clerical Medical's valuation of 5 October 2023

The statement for the period of October 2021 to September 2022, showed that the same contribution levels increased the holdings in the pension as follows:

- *Adventurous Pen = 25,077.29 units (with a unit price of 466.60)*
- *UK Growth Pen = 8,263.07 units (with a unit price of 1,150.70)*

This showed an increase in the combined number of units to 33,340.36, which was an increase of 1,016 units over the course of the year. The pensions value on 5 October 2022 was shown as being £212,093.72.

As referred to previously, Clerical Medical have provided a unit allocation history. This shows the following unit allocation throughout the period of 6 October 2022 until 5 October 2023 as follows:

2022/23	Adventurous Pen	UK Growth
Oct	48.613	20.582
Nov	45.874	19.019
Dec	46.813	18.956
Jan	44.204	17.642
Feb	43.023	17.139
Mar	45.585	18.498
Apr	43.732	17.302
May	44.357	17.675
Jun	43.998	17.973
Jul	44.530	18.409

Aug	44.704	18.257
Sep	42.921	17.458
Total	538.354	218.91

This shows combined accumulated units around 757. Which is a total that is broadly similar to the number of additional units purchased in the previous statement year. As in other years, in addition to the accumulation of fund units from the monthly contributions, a loyalty bonus (in this case of £1,573.22) was paid into the plan in November 2022. Which would have had the effect of increasing the combined number of units.

Mr T has made the point that he had seen the combined number of units in his pension increase each year by around 1,000 during the period that he was contributing £420 a month. He therefore considered that the number of units given in the statement of 5 October 2023 was, roughly speaking, what he had expected.

Given that the number of units that had been accumulated from his contributions in this statement year ended up being roughly the same as the previous year, I think his expectation was reasonable.

Clerical Medical's revised valuation of the pension on 5 October 2024

In its statement, dated 5 October 2024, Clerical Medical indicated that the value of the pension on 5 October 2023 was instead around £208,000.

When asked about this discrepancy by Mr T, it initially explained that this was due to a 'system error' which meant that the statement showed that Mr T had more units at the time than should have been the case. Its system now shows that the combined number of fund units Mr T's pension held on 5 October 2023 was 32,844.79. Which, it said, comprised of 24,724.44 units of the 'Adventurous Pen' fund and 8,120.36 units of its 'UK Growth' Fund.

Assuming, as I have, that the 2022 statement was correct, this would be an increase in combined accumulated units (over the period from 6 October 2022 to 5 October 2023) of only 520.85 that year. Which I note is actually lower than the number of units that Clerical Medical's accumulation history document from May 2025 showed. And, as I noted above, does not even appear to include the units purchased via the loyalty bonus. So, like Mr T has stated, I am also of the opinion that this must be incorrect.

What is Clerical Medical's mistake?

Clerical Medical are the custodians of Mr T's pension fund. He has made regular monthly contributions into his plan since 2020. He has entrusted Clerical Medical with the responsibility of investing his contributions into his chosen funds. It had a responsibility to provide him with clear and accurate information. And it has failed to do that.

Its mistakes have meant that it has embarked on a series of corrections which ultimately resulted in it revising down the value of his pension on 5 October 2023. Mr T has, not unreasonably, requested a clear explanation that he can understand and accept. But Clerical Medical's explanation didn't enable Mr T to understand what 'error' it said happened and why and how it was being corrected.

On referral to our service, we asked Clerical Medical for its calculations so that we could determine whether what it did was fair. But it has failed to provide its calculations. I am also of the opinion that it has failed to provide a reasonable explanation for why the October 2023 statement valuation was actually incorrect at the time. It has, over time, explained this as:

- *A digital error in its response to Mr T in November 2023.*
- *Being unable to identify exactly where the error took place so concluded it was a one-off error, in its response to our service in March 2025.*
- *It was due to a re-instatement of the plan which was keyed with an incorrect date affecting the units that could be purchased, in its explanation to Mr T in May 2025*
- *Explained, to our service in December 2025, that the re-instatement of the plan meant restarting from a paid up status, where the re-starting of premiums was done from the incorrect date.*

The difficulty in this case is in actually getting to the bottom of what Clerical Medical did wrong. Having seen the contribution history, I cannot see that Mr T's pension was paid up prior to 5 October 2023. The contributions appear to have been continuous since 2020 in fact. I therefore assume that Clerical Medical is referring to its error in December 2023 when it failed to correctly take his contributions. This created a gap of two months where contributions ceased as a consequence of its mistake.

This issue occurred after the statement valuation given on 5 October 2023. So any correction as a result of that gap and re-instatement, could not, reasonably have impacted the value of Mr T's pension up until that point. Overall, given the evidence that I've seen, I am inclined to agree with Mr T in this case. The number of accumulated units in the 2023 annual statement appears more likely to be correct than the lower figure Mr T is now being asked to accept. It appears to represent a broadly correct increase over the previous year as I've indicated above. I remain unconvinced that Clerical Medical's reduction of around 500 units is adequately explained and doesn't seem fair and reasonable given the unit accumulation history it's provided.

I am also of the opinion that our service has given more than enough time for Clerical Medical to provide us with its calculations and persuasive evidence to show us that the error was in the calculation of the valuation in the 5 October 2023 statement."

And when moving on to consider a fair and reasonable way for Clerical Medical to put things right for Mr T I said,

"It is not the role of our service to go through Mr T's pension contributions and unit accumulation since 2020 in order to ensure that Clerical Medical is accurately reporting its true value. I am, however, open to receive and consider compelling evidence and clear calculations to demonstrate what Clerical Medical has done to correct Mr T's pension, and why. In the absence of that, and on a balance of probability, I am not persuaded that the corrections to Mr T's pension on 5 October 2023 were fair or correct.

Changes of that nature should have been clearly communicated to Mr T so that he could understand the changes that were being made. Given the fund redistribution that Clerical Medical did after it had incorrectly invested Mr T's contributions after December 2023, as well as the correction when it stopped and restarted his contributions, I think that a further error, for some reason changed the valuation of 5 October 2023.

Unless Clerical Medical can provide irrefutable evidence that its new valuation of Mr T's pension of 5 October 2023 is correct, I will be directing it to restore the units that were removed from Mr T's pension for the date 5 October 2023. Which should include the growth on that until the date of my final decision (or, if both parties accept my provisional decision, the date that we notify Clerical Medical that this complaint is settled in line with this provisional decision)."

Responses to my provisional decision

Mr T's response to my provisional decision provided no further arguments or evidence that had a bearing on my provisional decision. However, he considered that my provisional decision raised questions for him about how Clerical Medical were applying the loyalty bonus to add units to his pension. He said he would additionally like Clerical Medical to explain how the loyalty bonus worked.

Clerical Medical did not offer any further comment or evidence following my provisional decision.

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.

It was explained to both parties, in my provisional decision correspondence, that my final decision was likely to be along the same lines as the provisional decision that I copied into this decision above. It explained that the decision could be different depending on any extra information that we receive from Mr T or Clerical Medical. Given that no further information or explanation has been provided, it follows that my final decision is the same as my provisional decision.

To summarise, Clerical Medical have made repeated errors with the accurate recording of Mr T's accumulated pension fund. It has dealt with a number of those issues in previous complaints which Mr T had accepted. In the earlier instances, I think it was easier to understand how the mistakes happened and why the reported fund value had been incorrect. I think that Mr T was very reasonable in accepting those explanations. This complaint, therefore, focusses only on the issue of the undervaluing of Mr T's pension on 5 October 2023.

Clerical Medical have failed to adequately satisfy Mr T, or me, that it was fair and reasonable for it to decrease the valuation of Mr T's pension on 5 October 2023. It was invited, in my provisional decision, to provide a clear and compelling explanation why the later, lower, figure is the one that Mr T must accept as being accurate. It has not done so.

In the absence of any clear explanation from Clerical Medical, I am left to determine, on a balance of probability, whether the lower value is likely to be correct. As I set out in my provisional decision, I have considered the contribution history that it provided. As I explained in my provisional decision, it is not my role to go through all of Mr T's contributions and calculate the true fund value. This is not what I have set out to do. I have simply tried to determine whether the information provided supports Clerical Medical's position. And for the reason as that I set out in my provisional decision and include above, I am not persuaded that it does.

The number of fund units that it purports to have added to Mr T's pension over the period from 6 October 2022 to 5 October 2023 is less than the number of units that its contribution history appears to show. And its contribution history fails to account for the number of units being added via the loyalty bonus.

Considering the evidence on a balance of probability, I think that Clerical Medical's reduced valuation for the fund on 5 October 2023 is, more likely than not, incorrect. Whilst it has not provided a single clear explanation for the discrepancy, it strikes me as likely that it is a residual issue from the corrections that it ended up making after it stopped taking contributions and had to restart them. This was entirely Clerical Medical's error. And it took place after 5 October 2023 so should not have had any impact on the fund value of that date.

I am therefore upholding Mr T's complaint for exactly the same reasoning that I shared in my provisional decision and copied above.

Putting things right

SCOTTISH WIDOWS LIMITED trading as Clerical Medical should restore the units that were removed from Mr T's pension for the date 5 October 2023. Which should include the growth on that until the date of my final decision.

SCOTTISH WIDOWS LIMITED trading as Clerical Medical may consider that it's unable to restore Mr T's pension in that way. For example, where the funds in question are unavailable for the acquisition of additional units or where a payment into the pension isn't possible because it has protection or allowance implications. In this case, it would be fair and reasonable for SCOTTISH WIDOWS LIMITED trading as Clerical Medical to calculate Mr T's loss as the reduction in his pension value on 5 October 2024 (£3,288) plus the investment returns that that would have experienced had it been invested in line with his pension portfolio to the date of my final decision. Where this amount cannot be paid into his pension Clerical Medical can pay the compensation direct to Mr T as a lump sum after making a notional reduction to allow for future income tax that would otherwise have been paid.

If Mr T has remaining tax-free cash entitlement, 25% of the loss would be tax-free and 75% would have been taxed according to his likely income tax rate in retirement – presumed to be 20%. So making a notional reduction of 15% overall from the loss adequately reflects this.

Mr T has been requesting a clear explanation for over a year about what mistake had happened and how and why Clerical Medical had applied its corrections to his policy. I think that its responses have made this situation worse for Mr T. It has failed to provide any clear explanation that so far makes sense. It has not provided evidence of its calculations. This has come on the back of errors that I detailed above. Those additional errors have more or less been resolved. But this outstanding issue has undermined Mr T's confidence and left him uncertain whether the value of his pension is even now being accurately reported. For the distress and inconvenience that he's been caused I think that Clerical Medical should pay Mr T a further £300 in compensation. I am taking into consideration the fact that it has already paid £200 for this issue and for the way that it processed Mr T's third party authority request.

SCOTTISH WIDOWS LIMITED trading as Clerical Medical must pay the compensation within 28 days of the date on which we tell it Mr T accepts my final decision. If it pays later than this it must also pay interest on the compensation from the deadline date for settlement to the date of payment at 8% a year simple.

If SCOTTISH WIDOWS LIMITED trading as Clerical Medical considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mr T how much it's taken off. It should also give Mr T a tax deduction certificate if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.

Mr T has additionally asked that Clerical Medical explain to him how it applies the loyalty bonus to his policy. I consider that this issue is separate to the issue that was originally referred to our service so this decision is not considering that. I would nonetheless encourage SCOTTISH WIDOWS LIMITED trading as Clerical Medical to assist Mr T to understand this, with reference to the terms of his policy.

My final decision

For the above reasons, I uphold Mr T's complaint and direct SCOTTISH WIDOWS LIMITED trading as Clerical Medical to put things right as set out under '*putting things right*' above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 6 February 2026.

Gary Lane
Ombudsman