

The complaint

Mrs H complains that Scottish Widows Limited trading as Clerical Medical (Clerical Medical) failed to pay her annuity payments on time since August 2024. And that it failed to increase the payments in line with Retail Price Indexation (RPI) as it should. These issues have caused a significant financial impact for Mrs H, who relies on the annuity payments.

Mrs H also complains that Clerical Medical has yet to provide the tax information needed so that she can accurately complete her tax returns.

Mrs H is represented in her complaint. But I'll only refer to her in my decision.

What happened

Mrs H's husband had an annuity with Clerical Medical. After his death in 2021, Mrs H was then supposed to start receiving an annuity of £3,303.37 a month, which would increase in line with RPI in December each year. I understand there were initially issues in setting Mrs H's annuity up. But that this was resolved in April 2022, when payment continued as it should.

In August 2024, Clerical Medical completed a system update. This caused unexpected issues with annuity payments for some customers.

Mrs H didn't receive her annuity payment in August 2024. Her representative called Clerical Medical on 3 September 2024 to tell it what had happened. But Clerical Medical wouldn't speak to him. It didn't have a copy of the Power of Attorney on file, so it would have to be sent by post. Clerical Medical said it would accept a copy. Mrs H wrote to it to confirm that her representative could speak on her behalf.

I understand that Mrs H's representative sent the documents Clerical Medical had said to send to verify the Power of Attorney. But these weren't sufficient as it'd given him incorrect information. He raised a complaint.

On 9 September 2024, Mrs H received her August 2024 annuity payment. However, she didn't receive a payslip.

Mrs H's representative tried to speak to Clerical Medical throughout September 2024. Mrs H didn't receive her September 2024 annuity payment until 9 October 2024. And while Clerical Medical issued a payslip, the amounts didn't match up with what had been paid. Her representative told Clerical Medical about these issues and complained that the amounts hadn't increased in line with RPI as they should. I understand that the October 2024 payment was made on time.

On 8 November 2024, Clerical Medical emailed Mrs H's representative to tell him that it couldn't accept the documents provided for the Power of Attorney. Mrs H's representative felt that the email seemed suspicious.

Mrs H's representative had multiple further calls with Clerical Medical throughout November

2024. It explained its requirements for the Power of Attorney. Mrs H's representative had to repeatedly explain the nature of Mrs H's complaint. And that it had yet to be resolved.

Clerical Medical also failed to pay Mrs H her November 2024 annuity payment on time. It paid this on 5 December 2024. And while it issued a payslip, the amounts didn't match what it had paid. I understand that Mrs H received her standard monthly amount of £2,852.18 on 27 December 2024.

Mrs H's representative sent what Clerical Medical needed for Mrs H's Power of Attorney on 9 January 2025. I understand it took until 5 February 2025 for Clerical Medical to register the Power of Attorney documents. He made several more calls to it during January 2025 to chase its complaint response. Clerical Medical paid Mrs H £2,642.58 on 24 January 2025. This payment was lower than it should've been.

Mrs H's representative continued to chase Clerical Medical for a complaint response in February 2025. During a call on 4 February 2025, Clerical Medical's call handler was confused about the £2,642.58 payment as its system wasn't consistently showing the correct values. Clerical Medical paid Mrs H £3,303.27 on 11 February 2025. This was also incorrect.

On 13 February 2025, Clerical Medical called Mrs H's representative to explain the payments in January and February 2025. It said the January 2025 payment had been a release from a suspense where it had been for some time. But it wasn't sure what the February 2025 payment was for, despite relating it to the gross annuity amount.

As Clerical Medical still hadn't resolved the complaint, Mrs H's representative brought it to this service on 6 March 2025. He felt that Clerical Medical had failed to deal with the complaint. He said he'd made 47 phone calls with a combined duration of over 11.5 hours. And that the complaints manager looking at the complaint kept changing, meaning he had to start again.

Clerical Medical then made the annuity payments for January and February 2025 on 20 March 2025. I understand it made an incorrect overpayment when its system tried to correct itself.

Clerical Medical issued its final response to the complaint on 7 April 2025. It acknowledged it had failed to make annuity payments on time in August, September and November 2024. And that it hadn't made the payments for January and February 2025 until 20 March 2025. It said that it had now corrected the issue that had caused the delays.

Clerical Medical provided a table showing what should've been paid and compared this to under- and over-payments since the issues began. It calculated that it still owed Mrs H £966.35. It included this amount in the payment it made to Mrs H's bank account. It also explained that it'd overpaid Mrs H £2,659.08 in the tax year ending 2025. As a gesture of goodwill, it said it wouldn't try to reclaim this amount and would cover any further tax liability directly with HMRC.

Clerical Medical acknowledged that Mrs H's annuity should've increased in line with RPI each year. It apologised and said it hadn't applied such increases since the annuity had been paid to Mrs H. But it had now corrected this for all past payments and for all future ones. It said the increase would continue every December.

Clerical Medical said it'd paid 8% interest, with a 20% income tax deduction, for the unpaid annual increases from the start of Mrs H's annuity to February 2025. This amounted to a net interest amount of £1,069.37, which it included in the amount it paid to Mrs H's bank account. It said that it may be possible for Mrs H to reclaim some or all of the deduction from

HMRC.

Clerical Medical acknowledged that Mrs H's representative had spent a long time on the phone speaking to it. It offered to cover the cost of those calls, which it said was £180. It noted the detailed efforts he'd made to present the remaining issues. It also noted the impact its failure to provide correct and timely annuity payments had on Mrs H. It apologised for this. It said it would pay her £2,200 for the distress and inconvenience it had caused.

Clerical Medical noted that Mrs H's representative wanted it to apply the underpaid amounts to the individual tax years in which they were due. It said it would work directly with HMRC to correct Mrs H's records and put her in the position she should've been in had no error occurred. It also said that if this led to any further tax liability, Mrs H's representative should send it evidence of that so it could consider reimbursement. It also thanked the representative for providing a spreadsheet which highlighted those amounts which didn't match the payslips it'd provided. It said it would contact the relevant department to investigate and it would then arrange for the corrected payslips to be issued.

Mrs H's representative wrote to Clerical Medical on 10 April 2025. He said it was difficult for him to fully reconcile the figures provided until he had final payslips for all the missing and queried monthly receipts. He said that while he could broadly reconcile the figures, he had some queries where they didn't seem to tie up.

For the 2024/25 tax year, he said he had receipts for £49,269.03. However, the final response letter had shown net receipts of £42,827.98. While he understood where most of this difference came from, he said he had a receipt for £495.20 on 25 March 2025 which had been described as the difference between what had been paid and what was due. He couldn't see how this featured in the figures Clerical Medical had sent. He said this amount had the potential to cause confusion regarding tax, which he needed to resolve with HMRC. As such, he asked Clerical Medical to clarify how this amount fitted into its calculations.

Clerical Medical wrote to Mrs H's representative on 15 April 2025 to explain it was looking into his query. He asked for a further update on 24 April 2025. He also noted he'd yet to receive a payslip for the monthly amount received on 27 March 2025.

Clerical Medical wrote to Mrs H's representative on 2 May 2025. It apologised for the delayed reply. It explained that the queried £495.20 had been paid out as an underpayment before it'd revised its findings. It said it'd paid this amount separately, so wouldn't have issued a payslip. As such, the final response letter should've deducted the £495.20 from the underpayment amount of £966.35. Clerical Medical said it didn't require this additional amount to be paid back.

Clerical Medical apologised for not having provided the requested payslips yet. It said they would be produced and issued shortly for all the payments that were not disclosed accurately, and for the most recent payments since it'd started to fix the problem. It said it didn't have exact timescales for this.

On 4 June 2025, Mrs H's representative told this service that while Clerical Medical had made some significant progress towards resolving the issues, it still couldn't provide a timescale for final resolution. He said this had to include full and proper documentation for him to be able to sort out Mrs H's tax affairs. He felt it had taken Clerical Medical far too long to sort out the issues. The following week, he told this service that while Clerical Medical had sent him some of the documentation he needed, none of the documents made sense. He provided a detailed explanation of what was wrong with the documentation Clerical Medical had provided. And what he still needed.

On 11 June 2025, Mrs H's representative told this service that Clerical Medical had told him that all the payslips and P60 it'd sent to him were incorrect and that it was looking into why and how this happened. Clerical Medical said it would issue correct documents once it'd worked out what had gone wrong. But it couldn't say how soon this would be.

On 6 July 2025, Mrs H's representative told this service that Clerical Medical had still not provided historic payslips and P60s.

Our investigator felt that the complaint should be upheld. He acknowledged that Clerical Medical had taken reasonable steps to ensure that Mrs H hadn't lost out financially. And he felt that the compensation it'd offered for the distress and inconvenience it'd caused was fair. But he felt that it should issue correct payslips and P60s to Mrs H's representative so that he could sort out Mrs H's tax.

Clerical Medical agreed with our investigator and said it would continue to push for the relevant documents to be issued.

Mrs H's representative agreed with our investigator. But remained concerned that Clerical Medical would continue to fail to provide the missing payslips and P60s. He said it hadn't replied to any of his emails over the last four weeks. He said without the requested documentation, he couldn't deal with Mrs H's tax affairs. He felt this was potentially exposing her to HMRC penalties and interest.

On 26 August 2025, Mrs H's representative told this service that he'd just received several missing payslips and a P60 for the 2024/25 tax year from Clerical Medical. He said that although this resolved most of the remaining issues, it had raised a few remaining queries. He emailed Clerical Medical about these on the same date. Mrs H's representative said that the complaint wouldn't be fully resolved until Clerical Medical had replied in full to those queries.

Clerical Medical sent Mrs H's representative some of the documents he needed on 10 September 2025. He replied on 13 September 2025 with the following remaining issues:

2023/24 tax year

The "Corrected" P60 didn't agree with either the amounts received or to the figures Clerical Medical had quoted in its 7 April 2025 email to Mrs H's representative. He said that while the gross amount was consistent, the tax and net amounts didn't make any sense.

2024/25 tax year

He still needed a correct P60 and a breakdown of the £10,705.04 net amount received on 24 March 2025.

Mrs H's representative said that Clerical Medical didn't reply. So on 30 September 2025, he told this service what remained unresolved.

Our investigator wrote to Clerical Medical on 1 October 2025 to tell it about its failure to comply with his view. It replied the following day to say that it'd forwarded the outstanding issues to the relevant team, which had given assurances that the correct P60s would be issued in the very near future.

Despite further chasing by Mrs H's representative and this service, Clerical Medical didn't respond. He said he still couldn't resolve Mrs H's tax affairs. And that this was causing concern as it was overdue.

As agreement couldn't be reached, the complaint came to me for a review.

I issued my provisional decision on 6 January 2026. It said:

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 intend to uphold the complaint. I acknowledge the steps Clerical Medical has taken to ensure Mrs H didn't suffer a permanent financial loss because of its delayed and incorrect payments. But I consider that Mrs H's representative has requested reasonable further information from Clerical Medical which he needs before he can sort out Mrs H's tax affairs. Clerical Medical must provide this information as soon as possible. I also intend to require Clerical Medical – upon receipt of satisfactory evidence - to cover the cost of any HMRC penalties and interest, and additional income tax, that Mrs H might incur as a direct result of its failure to provide the information requested in a timely manner.

I can also see that because Clerical Medical has failed to provide the requested information in a timely manner, it has caused further distress and inconvenience since it issued its final response to the complaint in April 2025. I therefore intend to require it to pay Mrs H a further £300 for the distress and inconvenience this additional delay has caused her. I'll explain the reasons for my decision.

The evidence shows that Clerical Medical has now paid the late payments and correctly applied the annual RPI increase to all payments since November 2021. I'm also pleased to see that it has allowed Mrs H to keep the remaining overpayments of £2,659.08 and £495.20 as a gesture of good will. Clerical Medical has also applied interest at 8% simple to the delayed payments, including the delayed RPI increases.

As this is in line with what I would've otherwise recommended in respect of the fact that Mrs H had been deprived of those funds for some time, I'm satisfied that Clerical Medical's offer for the financial losses it caused is fair.

However, I agree with our investigator that until Clerical Medical responds to Mrs H's representative about the remaining tax documentation he reasonably needs, the complaint has yet to be fully resolved. I've gone on to consider this point further.

Information requested, but not yet provided

I agree with Mrs H's representative that the information Clerical Medical has so far provided to him doesn't clearly show whether Mrs H has paid the correct tax over the period in question.

I consider that the information Mrs H's representative has requested is reasonable and that it should be possible for Clerical Medical to provide it. I also agree with Mrs H's representative that he needs the requested information so that he can correctly sort out Mrs H's tax affairs.

I therefore intend to require Clerical Medical to respond in full as soon as possible to Mrs H's representative's information request, as set out in his 13 September 2025 email to it.

I went on to consider the potential impact on the amount of income tax, penalties and charges Mrs H may have to pay as a result of Clerical Medical's errors.

Tax impact

I'm pleased to see that Clerical Medical noted in its final response letter that if its errors led

to any further tax liability, Mrs H's representative should send it evidence of that so it could consider reimbursement. For the avoidance of doubt, I intend to require Clerical Medical to cover the cost of any additional income tax that is incurred as a direct result of its errors, subject to the provision of satisfactory evidence.

I also intend to require Clerical Medical to cover the cost of any HMRC penalties and interest that are incurred as a direct result of the delayed provision of the outstanding information, again subject to the provision of satisfactory evidence.

I finally considered whether Clerical Medical has fairly compensated Mrs H for the distress and inconvenience it has caused her.

Distress and inconvenience

Clerical Medical paid Mrs H £2,200 compensation for the distress and inconvenience its errors had caused her in the period up to its April 2025 final response letter. I'm also pleased to see that it reimbursed her representative for the cost of the many calls he'd had to make to it to chase its complaint response.

I agree with our investigator that this level of compensation reasonably reflected the sustained distress and severe disruption the errors caused over the period from September 2024 to April 2025. But I consider that Clerical Medical has caused Mrs H further distress – albeit indirectly, given she has a representative for her complaint – when it initially responded to the information request with incorrect documentation. And then failed to respond to Mrs H's representative's repeated reasonable requests for the information he still needed to complete Mrs H's tax returns.

I consider that it would've been stressful for Mrs H, knowing that she was behind in her tax affairs and that she might incur HMRC penalties and interest. I therefore intend to require Clerical Medical to pay her a further £300 compensation for the additional distress and inconvenience it has caused her since it issued its April 2025 final response letter.

Response to my provisional decision

Both Clerical Medical and Mrs H agreed with my decision. However, as Mrs H's representative remained concerned that Clerical Medical would continue to fail to provide the information he still needed, he asked me to issue a legally binding final 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.

As both parties have accepted my provisional decision, I remain of the view I set out in that decision.

Putting things right

Scottish Widows Limited trading as Clerical Medical must take the following actions:

- respond in full as soon as possible to Mrs H's representative's information request, as set out in his 13 September 2025 email to it.
- cover the cost of any additional income tax that is incurred as a direct result of its errors, subject to the provision of satisfactory evidence.

- cover the cost of any HMRC penalties and interest that are incurred as a direct result of the delayed provision of the outstanding information, again subject to the provision of satisfactory evidence.
- Clerical Medical must also pay Mrs H a further £300 compensation for the additional distress and inconvenience it has caused her since it issued its April 2025 final response letter.

My final decision

For the reasons explained above, I uphold the complaint. Scottish Widows Limited trading as Clerical Medical must take the actions detailed under “Putting things right”.

Under the rules of the Financial Ombudsman Service, I’m required to ask Mrs H to accept or reject my decision before 11 February 2026.

Jo Occleshaw
Ombudsman