

The complaint

Ms W complains that Scottish Widows Limited trading as Clerical Medical (Clerical Medical) delayed the transfer of the part of her ex-husband's personal pension she was due to receive following a court order. She wants the transfer to be completed and any financial losses to be paid to her along with compensation for the stress and worry the matter has caused.

What happened

In January 2025 Ms W received a court order for a portion of her ex-husband's personal pension to be paid to her. As she already held a pension with Clerical Medical, she asked for the funds to be transferred to her plan. Ms W received the necessary forms from the ceding pension provider in February 2025 but after that Ms W says that Clerical Medical issued incorrect forms, and she was also told the forms should have been sent to the other pension provider instead of her. Along with other administrative issues that occurred Ms W says this resulted in the transfer being delayed. She also says she hasn't been granted access to her online portal meaning she cannot see any correspondence which affects the progress of the transfer.

She complained to Clerical Medical about the delays and explained that the funds were required for the purchase of a property – so it was important to complete the transfer as quickly as possible. She didn't receive a response, so she brought her complaint to us.

During this time Clerical Medical paid Ms W £150 compensation for any distress and inconvenience caused and because it acknowledged it should have started the transfer process sooner. It had previously paid £100 for the incorrect information it provided about the transfer forms. But it didn't think it was responsible for any investment loss because it believed it was the other provider who had delayed in providing the required transfers forms.

On 3 June 2025 the funds were eventually invested into Ms W's plan. She has told us that she was able to complete her new house purchase around 8 July 2025, having originally had her offer to buy the house accepted in April 2025.

One of our investigators looked into the matter and thought the complaint should be upheld. They said Clerical Medical should have requested its required information much sooner and hadn't provided sufficient reasons for why it took so long. And while they had noted Clerical Medical's own timeline on what should have happened, believed that it could have completed the transfer process by 31 March 2025.

They said Clerical Medical should calculate the notional value of Ms W's pension fund had the transfer completed by this date and pay any financial loss to her. They also thought Clerical Medical should pay Ms W a total of £500 for the upset caused by the delays but didn't think Ms W had provided enough evidence to support the claim that her additional costs related to the house purchase should be refunded.

Clerical Medical accepted the investigator's assessment, but Ms W didn't. She said:

- She agreed that Clerical Medical should compensate her for any investment loss for

the period from which the transfer should have been completed against when it actually was. But she thought she'd quantified this amount and expected us to confirm the amounts involved.

- Because of the delay around the transfer, she *had* to take out an equity release mortgage in order to meet the court order and sell her house and avoid it being repossessed. She didn't think she would have incurred any of the costs associated with the mortgage had the transfer completed in a timely manner. She didn't think it was unreasonable to make a claim for all these costs which she had also detailed and quantified to us previously.
- She accepted that her claim for loss of earnings may not be possible to quantify.

The investigator explained that our usual approach was to ask a business to carry out a calculation to determine any loss so that we can be sure about its accuracy, as this depends on many factors at the time such as the price of units and value of each fund involved. They also reiterated they had considered the costs associated with the equity release mortgage – and other costs – but hadn't seen any evidence to support those claims. They said they would be happy to consider these matters further if such evidence could be provided.

Ms W did provide some further evidence, but the investigator wasn't persuaded to change their mind so Ms W asked for her complaint to be referred to an ombudsman – so it's been passed to me to 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.

And having done so I've reached the same conclusion as the investigator – which I imagine is an outcome which will disappoint Ms W. I do have some sympathy for the position in which she found herself because of Clerical Medical's delays in transferring a portion of her ex-husband's pension plan, so I'll set out my reasoning below.

The transfer delay

Ms W first contacted Clerical Medical in early March 2025 after she'd received a court order relating to her ex-husband's pension. On 5 March 2025 she requested the necessary forms to progress the transfer, but I understand she should have been informed that those forms needed to go to the ceding pension provider. Clerical Medical accepted this error and paid Ms W compensation, but this also caused a delay to the start of the process.

Even so the ceding provider wrote to Ms W on 18 March 2025 confirming that she shouldn't have been asked to complete the forms. It issued further forms that it said Ms W should get Clerical Medical to complete, so that it could release the pension funds when it received all the outstanding requirements.

I think it was reasonable at that point for Ms W to conclude that she had both provided all the required information and completed all the required documentation and that the transfer would progress to its conclusion thereafter.

But Clerical Medical didn't acknowledge receipt of the request until around one month later – when it asked Ms W to complete further forms. And additional information was also requested in May 2025 after Ms W contacted Clerical Medical several times to ask why the transfer hadn't completed. The funds were eventually sent by the ceding provider on 28 May 2025.

Clerical Medical has accepted its initial error in asking Ms W to complete forms which should have been sent to the ceding provider instead – and I've taken this into account when trying to determine the extent of the delay which occurred. But when Ms W sent Clerical Medical the forms it needed to complete on 21 March 2025 it was a further month before this was acknowledged and close to another month during which Clerical Medical asked Ms W to complete further documentation in order to progress the transfer. I think this delayed matters for two reasons. Firstly I think the time taken for Clerical Medical to acknowledge the transfer request and then to request further information was beyond which would be considered reasonable to complete these tasks. But also the information that was subsequently requested by Clerical Medical in April and May 2025 does appear to be information that would always have been required and I think it should have been requested much earlier in the process.

So I think Clerical Medical did cause delays here – which it has already acknowledged in its response to our investigator. The question to consider is the extent of these delays and here, having considered the hypothetical timeline that Clerical Medical provided, I agree with the conclusion that the investigator reached. Clerical Medical's hypothetical timeline sets out the timeline of events that should have happened after Ms W made her initial contact on 5 March 2025 if there had been no delays and it had sent out its request for further information at the earliest possible opportunity. But it also included two periods of 14 (working) days and one of 10 days to progress certain tasks.

But these weren't complex tasks and principally involved sending out requests for information to Ms W or the ceding provider and then (10 days) allocating the funds to the plan. I think this is too long for what was involved and agree with the investigator that the requests could have been completed in five working days and the allocation of funds within three working days.

In any case both Ms W and Clerical Medical have accepted the investigator's findings and Clerical Medical has agreed to calculate any redress due using the methodology that was put forward. As I think it's a fair and reasonable solution I don't intend to change anything on that basis so I'll set out what it needs to do below.

The compensation award

I've thought carefully about the impact this matter had on Ms W. She's told us that this was a difficult time for her following her divorce and the delays involved caused her a great deal of additional stress resulting in related health issues. She has also told us that because the funds weren't available to her when she expected, she had to take out an equity release mortgage in order to ensure she didn't lose the property she wanted to buy and avoid repossession of her existing property. And she said she had a financial plan to maximise the tax free cash she could take from her pension across tax years – which isn't now possible because the money wasn't paid to her in the previous tax year.

I can understand this was a difficult time for Ms W and I've seen from her submissions how frustrated she became when Clerical Medical didn't process the transfer in a timely manner and didn't keep her as updated as it could have done. As well as the inconvenience of asking her to complete forms that should have been directed to the ceding provider and asking her to confirm the transfer within an online portal which wasn't then visible to Clerical Medical when she contacted it.

I've considered all this information carefully and I don't take lightly the impact this whole matter had on Ms W. Our website provides some guidance on award ranges for compensation where there has been an impact on a consumer. Typically where a mistake or delay may have caused considerable distress, upset, and worry – and significant disruption

over many weeks or months – we would consider an appropriate award to be within a range between £300 and £750. In this case Clerical Medical offered/paid Ms W a total of £250, but I agree with the investigator that this doesn't go far enough. I say that because, although there's not enough evidence to support the claim that Clerical Medical should cover the additional financial expenses Ms W incurred – which I'll cover below – I can still consider the inconvenience of taking out the equity release mortgage and the raised expectations of hoping to complete the transfer before the end of the tax year as an additional impact on Ms W – causing further distress and upset.

I think the total amount of £500 that has been put forward – and accepted by Clerical Medical – is fair and reasonable in the overall circumstances for the impact the matter had on Ms W. It falls within the range of what I'd expect to see for matters like these. So Clerical Medical should pay an additional £250 on top of the £250 it has already offered/paid Ms W. If Clerical Medical hasn't already paid the total of £250 it offered within its final response letters to Ms W then it should also pay that sum.

The additional financial costs and losses

Ms W says she needed the transfer to be completed in a timely manner so she could use the tax-free allowance to purchase her new property. She's told us Clerical Medical's failure to do so led to her having to take out a bridging equity release loan which meant she incurred costs of over £2000. She also said she had to pay a premium interest rate on the loan.

We asked Ms W to provide evidence to support the claim that she had no alternative but to take out the loan to avoid the collapse of her sale and purchase. Ms W did provide emails between her and Clerical Medical where she emphasised the importance of receiving the funds. An email dated 27 April 2025 said, "*I have explained to you before the arrival of these funds is critical to completion of my house purchase and yet you neither answer your phone calls nor respond to emails! Please call me tomorrow as a matter of urgency.*" So it's clear there was importance, in respect of the properties, to the transfer completing as quickly as possible.

But in order to say that Clerical Medical was directly responsible for Ms W having no alternative but to take out the loan – and therefore that it should reimburse her for any associated costs – I would need to be sure about that link. And I haven't been provided with sufficient evidence to demonstrate that the purchase and sale would have broken down irretrievably unless Ms W took immediate alternative action. I don't say that this situation didn't cause Ms W great concern which is why I've included it as one of the factors that impacted her and warranted an additional compensatory payment. But there simply isn't sufficient evidence for me to conclude that there was no alternative but to take out the loan purely as a result of the delay in transferring the pension plan funds.

I understand the point Ms W has made about maximising her tax free allowances across tax years but I haven't been provided with evidence to support the claim that Ms W made Clerical Medical aware that she had a deadline of the end of the tax year for the transfer to complete for tax purposes. From the evidence I've seen it wasn't mentioned in any of her communications with Clerical Medical – including her complaint correspondence.

I understand Ms W may have had a "financial plan" which she would have liked to put in place if things had worked out differently, but I haven't seen enough evidence to be able to say that Clerical Medical agreed that it could achieve that deadline (and failed) and therefore that it should be responsible for any losses that Ms W may feel she's suffered as a result.

Putting things right

So in order to put Ms W into the position she should now be without the avoidable delays that occurred, Clerical Medical should:

- As of the date of this final decision, work out the notional value of Ms W's pension plan, using a transfer value from 22 March 2025 – which is when the ceding provider would have progressed the transfer from its end – had the funds then been sent to Clerical Medical on 31 March 2025.
- But I understand Ms W may subsequently have transferred her Clerical Medical pension elsewhere, so on that basis Clerical Medical would need to calculate the comparison above, up to the date the pension was transferred to another provider. But any loss identified at that point should then be brought up to date by applying the overall percentage investment growth that would have been obtained on that loss with the new provider. Clerical medical will need to work with the new provider to obtain that information.
- If there has been a loss Clerical Medical should, if possible, pay the compensation amount into Ms W's pension plan. The payment should allow for the effect of charges and any available tax relief. The compensation shouldn't be paid into the pension plan if it would conflict with any existing protection or allowance.
- If a payment into the pension plan isn't possible or has protection or allowance implications, it should be paid directly to Ms W as a lump sum after making a notional reduction to allow for future income tax that would otherwise have been paid.
- If Ms W has remaining tax-free cash entitlement, 25% of the loss would be tax-free and 75% would have been taxed according to her likely income tax rate in retirement - presumed to be 20%. So, making a notional reduction of 15% overall from the loss adequately reflects this.
- Clerical Medical should pay Ms W an additional £250 for the impact its delays and errors had on her.

Ms W has told us that she has already carried out a calculation of the approximate financial loss and expected the investigator to confirm an amount she should be paid in their findings.

I can understand Ms W's frustration here, but our normal approach is to set out the redress methodology for a business to use when calculating any loss – it can then obtain the up to date values required in order to determine the exact loss. We don't have the resources to do that accurately on Ms W's behalf so we ask the business instead to ensure the final compensation amount is correct and up to date based on current values.

My final decision

For the reasons that I've given I uphold Ms W's complaint against Scottish Widows Limited trading as Clerical Medical.

Clerical Medical should pay redress as set out above providing an easy to understand summary of its calculation and figures. It should pay the compensation within 28 calendar days of the date on which we tell it Ms W accepts my final decision. If it fails to pay the compensation by this date, it should pay 8% simple interest per year on the loss, for the period following the deadline to the date of settlement.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms W to accept or reject my decision before 1 April 2026.

Keith Lawrence
Ombudsman