

## **The complaint**

Mr H complains that Scottish Widows Limited failed to extend his pension retirement age to 85 or to provide him with time to speak with Pension Wise about his options as he approached age 75.

## **What happened**

Mr H had a pension policy with Scottish Widows. And a year before Mr H's 75<sup>th</sup> birthday it wrote to him to let him know that his pension would be converted to an annuity at age 75 if he didn't contact them to make an alternative choice of how to take his pension benefits. It explained that he would have a guaranteed annuity for life but that he would lose the opportunity to benefit from taking tax free cash.

About two months before Mr H's 75<sup>th</sup> birthday, Mr H messaged Scottish Widows explaining that he was experiencing difficulty in being able to speak with Pension Wise. Which is a free and independent service that has been put in place to help consumers understand pensions so as to make more informed choices. Mr H explained to Scottish Widows that he had issues with email and asked for an address for Pension Wise.

Just over a month before Mr H reached age 75 he contacted Scottish Widows again to explain that he'd been in touch with Pension Wise but it couldn't offer in-person appointments and a phone appointment wasn't appropriate because of his disability.

A month before Mr H's 75<sup>th</sup> birthday Scottish Widows sent another reminder. It was headed "you have a pension with us - please help us pay it to you". It explained again what would happen at age 75 if no other instruction was received. And Scottish Widows also sent an annuity quote. It detailed that the pension fund was valued at £2,944 and the annuity offered as £177.96 a year. The letter included information about the other options in the form of an information booklet.

Mr H then wrote to Scottish Widows a couple of weeks before he reached age 75 complaining. He said he'd written to it the previous month asking for more time to decide because he couldn't get an appointment with Pension Wise.

Scottish Widows contacted Mr H nine days after he turned 75 to respond to his complaint. In it Scottish Widows acknowledged that it failed to respond to Mr H's earlier contact. It apologised and offered £50 for the distress and inconvenience its oversight caused. It explained that it contacted Pension Wise and it provided Mr H with contact details and the alternative options to in-person appointments. And it agreed to extend the retirement date by 12 weeks.

The day after Mr H was sent his Scottish Widows' complaint response he was sent a closing statement for his pension. Mr H also complained about this and Scottish Widows responded to explain that the letter had been automatically generated. It confirmed his pension had not been closed and apologised for the confusion and paid Mr H a further £25 in compensation for the distress and inconvenience that letter caused.

Mr H continued to correspond with Scottish Widows who offered a third complaint response around four months after Mr H had turned 75. It explained that if Mr H didn't want to take an annuity with his pension, the only options he had were:

- To fully encash the fund, subject to tax;
- To transfer the pension fund to a different pension provider.

Scottish Widows agreed to extend the deadline for Mr H to make a decision until his 76<sup>th</sup> birthday after which his pension would be annuitised. And referred back to the previously explained options that Pension Wise offered.

Mr H wasn't happy with Scottish Widows' response and referred his complaint to our service. He said that he'd asked Scottish Widows to change his retirement age to 85. But that it wouldn't do that and had closed his pension fund.

Our investigator looked into Mr H's complaint but didn't think that Scottish Widows had done anything wrong. He explained that the terms and conditions of the pension Mr H had with Scottish Widows meant that it had a maximum retirement age of 75. And that he thought that extending that date was a fair way to address the issues that Mr H was experiencing with getting help from Pension Wise.

### **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 considered the circumstances my final decision is the same as that given by our investigator for broadly similar reasons.

Mr H's policy with Scottish Widows was a Stakeholder Pension Plan and Scottish Widows have provided us with the policy terms and conditions. The policy is set up to provide a pension for Mr H from the accumulated pension fund. The provisions of this policy allow Mr H a degree of choice regarding taking his benefits. Mr H had the option though of choosing the type of annuity wanted, taking an open market annuity option instead, taking a cash lump sum, or transferring to another provider (that might offer greater choice).

Mr H's pension's terms and conditions said,

*"If you wish to take benefits at any time other than the selected pension date indicated in the schedule, then you will be subject to the rules of the scheme. These stipulate that benefits cannot be taken before age 50 (except for certain occupations) and must be taken by age 75."*

Because of this, I'm satisfied that Scottish Widows applied the terms of the product that Mr H had with them. Which I don't think was, by itself, unreasonable. Scottish Widows has shown that he was contacted a year before to let him know what would happen. Which I think would ordinarily give a customer enough time to consider their options or seek advice or guidance as required. And it provided a further reminder. Which I think gave Mr H fair notice of what would happen with his pension at age 75.

I understand that Mr H wasn't able to decide what to do in time. And that he let Scottish Widows know that and why. His hearing disability meant that he would not be able to obtain guidance from Pension Wise in the way that suited him best. I'd expect Scottish Widows to acknowledge and consider Mr H's circumstances. And I can see that Scottish Widows acknowledged that it could have handled the information about Mr H's circumstances better

than it did. Which was fair given that it didn't respond promptly which would have added to the distress the decision was causing Mr H. Overall though, I think that the payment of £50 and giving Mr H an extension to his retirement age in order to obtain the guidance he said he wanted was a fair way to address that.

I think the further extension, delaying the provision to put his benefits into place for a year was another fair and reasonable way to deal with Mr H's ongoing concern about obtaining guidance. I say that because it isn't just that year that Mr H had to decide what to do. He also had all of the years running up to his 75<sup>th</sup> birthday to make a decision about what he wanted from this pension. And the granting of extensions are evidence that Scottish Widows didn't close Mr H's pension fund. But, instead, accommodated his request.

When Mr H brought his complaint to our service he indicated that he wanted to extend his retirement date to age 85. But that is not within the terms of Mr H's policy. And I don't think it is reasonable for our service to direct Scottish Widows to do that if Scottish Widows' commercial decision is to apply the terms in the way it has. Which I've said I've found to be fair. I think that two years from the first reminder letter is a fair period overall for Mr H to decide whether or not to take the annuity.

I say that because the third complaint letter that Scottish Widows sent Mr H set out the options again for Mr H. Which were to take the lump sum or transfer to another pension plan which might offer Mr H the freedom he wanted to continue to leave his pension invested. It meant that the remaining options for Mr H's pension, if he didn't take the annuity were limited and clearly set out for him.

I sympathise with the difficulties that Mr H had in being able to get guidance from Pension Wise. But a Pension Wise appointment would not provide financial advice. And it isn't Scottish Widows' fault that Pension Wise weren't offering in person appointments. But they were offering alternatives to that or to phone calls. And ultimately the Pension Wise website provided independent information about the options available to Mr H.

### **My final decision**

It is for the above reasons that I've decided that Scottish Widows haven't treated Mr H unfairly and I'm not upholding Mr H's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 17 April 2024.

Gary Lane  
**Ombudsman**