

The complaint

Mr W complains that Scottish Widows Limited didn't tell him that his Civil Service Additional Voluntary Contributions (CSAVC) plan had been transferred to another provider. And that when he contacted it to look into taking benefits it gave incorrect information about the plan. Mr W doesn't feel that the £300 offered as compensation for its errors is sufficient.

What happened

Mr W took out a CSAVC with Scottish Widows some twenty years ago. In 2018 Scottish Widows received a request from another provider for information and forms to start a bulk transfer of Mr W's and the other members' CSAVC's held by it.

Scottish Widows then started transferring over the batches of the CSAVC's to the other provider until the process was complete.

More recently Mr W contacted Scottish Widows as he was thinking of accessing his pension. He was told over the phone that it had not held his plan since 2019. Mr W says he was then told the plan had been transferred to the Channel Islands and they would look into it and get back to him.

Mr W then received information saying the CSAVC had already been claimed as a death benefit. It wasn't until approximately six weeks later that he received the correct information that the plan had been transferred to Legal and General.

Scottish Widows offered Mr W £300 as compensation for the trouble and upset its errors had caused. This was in recognition of the incorrect information given and the time Mr W had spent waiting on the telephone for answers to his calls.

Mr W remained unhappy, he told this service that he should've been told in 2019 by Scottish Widows that the transfer had occurred. He believed the compensation due should amount to £1,000. And he commented that he could see why Scottish Widows were making bumper profits if this is deemed sufficient recompense for its mistake.

Our investigator looked into matters but felt the £300 offered was fair and reasonable in the circumstances.

She didn't feel Scottish Widows had made any mistake in relation to the transfer itself. But that the mis-information given once Mr W contacted it to take his benefits caused him trouble and upset. However, she felt the £300 was in line with our guidance on making awards of this type. She was aware Mr W felt it should be more but explained that it wasn't our role to punish businesses. She also said the information about the transfer was available elsewhere such as the Civil Service website and Mr W could've contacted it to find out where the plan was as well – if this was causing Mr W severe concern about his pension. This was said in relation to Mr W's assertion that the impact of Scottish Widows' mistake was more severe than our investigator had recognised.

Mr W said he believes the compensation award should be increased because:

- He was misinformed on many occasions as to the fate of the AVC.
- He was not informed of the transfer to Legal and General.
- He was erroneously told that the AVC had been moved offshore to the Channel Islands.
- He had to spend many, many hours and days trying to sort this out.
- He was then informed that he had claimed the funds as death benefit.
- He was mistaken for another person
- He was told it would be better if he searched for the location of his funds independently.

He also felt Scottish Widows was apathetic in its attempts to look into matters for him. He reiterated that the investigator had underestimated the impact this issue had on him.

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 is not in dispute that Scottish Widows made an error here. And what happened isn't in dispute either, so it's not necessary to discuss the finer points of what occurred. What is in dispute is the amount of trouble and upset caused by Scottish Widows in relation to Mr W. And whether a sum of £300 adequately compensates Mr W for this in line with our general guidelines for awards of this type.

Before I go into more detail about what I consider a fair award. One of the key issues for Mr W is he feels Scottish Widows ought to have notified him in 2019 when his plan was transferred to Legal and General. However, his transfer was part of a bulk transfer instigated by the Civil Service Pension Scheme and the funds were requested and sent to Legal and General as Scottish Widows was required to do. As this was instigated by the Civil Service Pension Scheme I would've expected it to have let its members know of the change of provider for its pension scheme. I don't know whether it did contact Mr W but it seems he wasn't made aware. However, I don't think it was Scottish Widows responsibility to let all the individual members moved as part of a bulk transfer of business instigated by the employer that a transfer was occurring. However, of course I'd expect it to be able to tell anyone involved in the transfer where their policy had gone. And I think this is Scottish Widows' error here and not the handling of the initial transfer.

I've considered Mr W's points as to why the award should be increased to a more significant sum but having done so, I don't think the £300 awarded by Scottish Widows is unreasonable in the circumstances. I can completely understand that Mr W must have been frustrated about the lack of clarity and misinformation he'd received such as telling him the policy had been paid to him as death benefits. But I think Mr W would've known this information wasn't correct, as he's stated, he was very much alive. I appreciate the information he was receiving must have seemed almost farcical at that point. And he quite understandably raised a complaint with Scottish Widows in early June. It wasn't until 19 July that Scottish Widows wrote to Mr W to give him the correct information that the policy had in fact gone to Legal and General.

Scottish Widows should've been able to give this information much more quickly and without the misinformation in-between, but I do think the £300 adequately compensates Mr W for its mistakes.

I recognise Mr W had to wait for some time on calls, was given wrong information a number of times and is quite understandably unhappy with how Scottish Widows dealt with his request. But I don't think this means a more significant award is required here. As the investigator explained there were other avenues open to Mr W to find out where his pension was held if he was concerned that it had been lost.

I can understand why Mr W felt this was putting the blame on him, but this is not the case. I note that if you enter the Civil Service Pension Scheme into google the first result is the Civil Service Pension website and the homepage says at the top that it is invested with Legal and General. And down the page it states that previously it had been with other pension providers but from September 2018 all had been redirected to Legal and General. I must add that Mr W was entitled to expect Scottish Widows to be able to tell him this information and I'm not saying he ought to have done this himself. But I do think in the scenario where someone was significantly distressed thinking their pension had been lost, they would've likely explored other avenues before waiting for an answer to their complaint.

There is a level of subjectivity with these awards and only Mr W can know how he truly felt through this experience. But we do have to take into account other aspects alongside a customer's testimony. And I've thought about the impact of the mis-information, whether a person in Mr W's situation would've considered their pension lost permanently and the time that passed before Mr W was given credible information. And having done so I don't think the £300 award is unfair or unreasonable in the circumstances.

That this award is less than Mr W thinks it should be, is not a suggestion I don't agree with his points about the poor service he received from Scottish Widows. I think it should've done much better, this was not a difficult query to deal with and in its response Scottish Widows has recognised that the misinformation was hard to explain. But we are not a regulator and our awards are not penalties for making mistakes. So, where I disagree with Mr W is only on the level of compensation that is required to put things right. I would only look to change the award if I felt it was unreasonable in the circumstances and didn't adequately reflect the trouble and upset caused. And I don't think this is the case here.

I also understand Mr W considers the amount awarded as insignificant but for instances where there has been a really significant lasting impact on a customer, we will make more substantial awards. But whilst I recognise this issue will have been distressing and frustrating for Mr W, I don't think a higher award is required here for the reasons I've explained.

Putting things right

If it hasn't already done so, Scottish Widows should pay Mr W £300 for the distress and inconvenience its errors caused him.

My final decision

For the reasons explained, I find that the award already offered by Scottish Widows Limited is sufficient in the circumstances. If Mr W has not already received payment, it should arrange for the payment to be made.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 9 January 2024.

Simon Hollingshead
Ombudsman