

## **The complaint**

Mr and Mrs C complain that Scottish Widows Limited trading as Clerical Medical\* unreasonably delayed processing the surrender of their investment, leading to a loss of around £20,000 for which Mr and Mrs C hold Clerical Medical responsible.

To put things right, Mr and Mrs C would like more compensation than Clerical Medical has already paid in respect of admitted shortcomings in its service, in order to reflect the surrender value they believe they could have achieved but for delay on the part of Clerical Medical.

*\*In my decision I'll just refer to 'Clerical Medical' to keep things simpler.*

## **What happened**

Mr and Mrs C held a Clerical Medical investment bond which they wanted to encash. On 8 April 2022, an independent financial adviser ('IFA') acting on their behalf arranged for Mr and Mrs C to complete and sign the necessary surrender form. On this date, the bond surrender value was more than £184,000.

The IFA says the surrender form was sent the same day to the address shown for Clerical Medical on the form. Clerical Medical says it has no record it ever received that form.

On 8 June 2022, the IFA chased things up with Clerical Medical and was told over the phone that Clerical Medical had not received Mr and Mrs C's surrender form.

Following a further phone call made to Clerical Medical on 13 June 2022, the IFA emailed (and posted) a copy of Mr and Mrs C's signed surrender form to a different Clerical Medical office.

By this time, the bond surrender value was significantly less than it had been on 8 April and there followed further discussions between the IFA and Clerical Medical about this.

On 1 July 2022, Clerical Medical paid £164,567.34 to Mr and Mrs C, which reflected the bond value on 14 June 2022 plus interest (at the Bank of England base rate) to 1 July.

When Mr and Mrs C's IFA complained on Mr and Mrs C's behalf, Clerical Medical upheld their complaint in part. It didn't agree it was responsible for delayed encashment and investment loss dating back to 8 April as it said it had never received the original surrender form. But Clerical Medical agreed it should have acted sooner on receipt of the copy surrender form the IFA sent in June. Clerical Medical said it should have processed the full encashment payment within a reasonable timescale of 5 working days, so by 20 June at the latest, but it didn't do this until 1 July 2022.

To put things right, Clerical Medical paid £505.29 into Mr and Mrs C's bank account, made up as follows:

- £200 for distress and inconvenience

- £50 for the length of time it had taken Clerical Medical to resolve the complaint
- £255.29 net 8% interest for delay in the processing of this surrender claim (20 June 2022 until 1 July 2022), less the late payment interest (*paid at the base rate*) already included with the payment over the same period.

Mr and Mrs C didn't feel this went far enough to resolve things and so they brought this complaint to us via their IFA who is now acting as their representative. One of our investigators looked into what happened.

Our investigator didn't feel he had seen enough to be able to uphold Mr and Mrs C's complaint. In brief summary, he said there was no evidence that suggested the surrender form sent by Mr and Mrs C's IFA was received by Clerical Medical before June 2022 and the pay-out Clerical Medical had made was fair and reasonable to reflect what happened. So he didn't recommend that Clerical Medical needed to take any further action.

As the complaint hasn't been resolved, it comes to me for a 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.

I sympathise with Mr and Mrs C – I can completely understand that what's happened has been upsetting and frustrating for them. But having thought about everything I've seen and been told, I've independently reached the same overall conclusions as our investigator. I'll explain why I say this.

We provide an informal complaints handling service and this is reflected in the way I've approached the complaint. It's part of my role to identify and concentrate on the core issues I need to address in order to reach a fair outcome. This means I won't necessarily mention everything Mr and Mrs C have brought to my attention and I've expressed some of their concerns in my own words. But I will comment on everything that makes a difference to the outcome of the complaint.

The key part of Mr and Mrs C's complaint, as I understand it, is that Clerical Medical hasn't accepted responsibility for the investment loss they suffered as a result of their bond encashment instructions in April 2022 not being actioned on a more timely basis. So the central issues for me to decide are:

- when did Clerical Medical receive Mr and Mrs C's surrender form, and
- did Clerical Medical act fairly and reasonably towards Mr and Mrs C after it received their encashment instructions.

I can tell Clerical Medical to pay compensation or take other steps to put things right if I am satisfied that Clerical Medical did something wrong or acted unfairly or unreasonably and this caused Mr and Mrs C some detriment and/or financial loss.

I must look at all the available information and decide what I think is most likely on a balance of probabilities. This means making some reasonable assumptions where there's only limited information. And I must be impartial.

I have no reason to doubt that Mr and Mrs C's IFA is certain about what he's told us. But Mr and Mrs C's IFA has also said he doesn't keep a record of outgoing post and without this, or any proof of posting or any tracking information, there's a lack of supporting evidence to show that he's correct in saying that Mr and Mrs C's surrender form was posted to Clerical

Medical's Edinburgh office on 8th April 2022. So what Mr and Mrs C's IFA has said about this isn't enough on its own for me to be able to uphold this complaint.

I also have to give due weight to what Clerical Medical has told me and the information it has provided in support of what it says.

I've taken into account that on receipt of post, Clerical Medical's process is to scan this onto its system – it has no record of Mr and Mrs C's surrender form having been scanned to the system. Its system records show no correspondence was received on Mr and Mrs C's policy after November 2020 until the email from the IFA on 13 June 2022 (uploaded to Clerical Medical's system on 14 June 2022). It seems the IFA had acquired a surrender form with a return address that was different to the Clerical Medical form it would have provided had he requested the form directly - and the correct form could be downloaded. But in any event, I understand that Clerical Medical has post-redirection set up for items addressed to its Edinburgh office. I can't fairly hold Clerical Medical responsible for any possible problems with postal deliveries or other matters beyond its control.

Clerical Medical says it didn't know anything about Mr and Mrs C's encashment instructions before the IFA made phone contact on 8 June. From what Clerical Medical has told us about its process for receiving post, that seems likely to me. In saying this, I've kept in mind that when Clerical Medical did receive Mr and Mrs C's signed surrender on 13 June, this led to their encashment instructions being processed – albeit with delay.

On balance, I don't find that the available evidence is enough for me to say that Clerical Medical received Mr and Mrs C's signed surrender form before 13 June 2022. So I can't fairly hold Clerical Medical responsible for not having implemented their encashment instructions prior to that date.

Clerical Medical has admitted that its service fell short of the standard Mr and Mrs C were entitled to expect in some respects. After 13 June, Mr and Mrs C's IFA continued to chase Clerical Medical and it has acknowledged that it didn't process the surrender form as quickly as it should have done. So I've thought carefully about what would be fair compensation in these circumstances.

Mr and Mrs C received full value for the bond valuation as at 14 June 2022 – this was the day after it received Mr and Mrs C's signed surrender form. The relevant bond terms and conditions, say:

*'5.2.2 For the purposes of any withdrawal other than a regular withdrawal ('a one-off withdrawal'), the price of units will be the bid price determined immediately after Clerical Medical receives the withdrawal request...'*

*'12.2.1 Any request made by the Investor under these Provisions must be in writing and signed by the Investor and will only be effective once received by Clerical Medical at its Administration Office. Clerical Medical will only be obliged to act on any request if it has received such evidence or documentation as is reasonable for it to require, taking into account the need to verify ownership and the authority of the person making the request...'*

So I think the bond valuation Mr and Mrs C received was reasonable in all the circumstances as it reflected the amount Mr and Mrs C should have received had Clerical Medical actioned their surrender request within a day of having received it.

Clerical Medical has also paid an amount in respect of interest to reflect the delay in accounting to Mr and Mrs C for the proceeds they were due - at the 8% rate I would expect.

So I don't find that Mr and Mrs C have any financial loss that Clerical Medical hasn't addressed.

I can see how Clerical Medical's handling of matters would've caused Mr and Mrs C some distress and inconvenience but I think the £250 payment it has made is fair compensation for this. Clerical Medical has paid an amount that is in line with the level of award I consider fair to reflect the extent and impact on Mr and Mrs C of the distress and inconvenience resulting from its service failings after 13 June 2022.

I don't think it would be fair to ask Clerical Medical to make any additional payment here as I am satisfied that it has already provided fair redress for the poor service it provided Mr and Mrs C on this occasion.

All this leads me to the conclusion that I haven't seen enough overall to uphold Mr and Mrs C's complaint that Clerical Medical needs to do more to put things right.

Each complaint is looked at on its own merits - I've looked at the circumstances that apply in this particular case and what the IFA has said about the experience of other Clerical Medical customers doesn't change my conclusion here.

I hope that setting things out as I've done explains how I've reached my conclusions and even though this isn't the outcome Mr and Mrs C hoped for, they will at least feel that their complaint against Clerical Medical has been fully considered by the Financial Ombudsman Service.

### **My final decision**

I don't uphold Mr and Mrs C's complaint and I make no directions requiring Scottish Widows Limited trading as Clerical Medical to take any further action.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs C and Mr C to accept or reject my decision before 3 October 2023.

Susan Webb  
**Ombudsman**