

The complaint

Mr S complains that Scottish Friendly Assurance Society Limited ('Scottish Friendly') provided very poor customer service when his with-profit bond matured in early 2021. As a result of its poor service Mr S says he did not receive a cheque for the proceeds of his bond until May 2022.

What happened

Mr S held a with-profit bond with Scottish Friendly. Scottish Friendly wrote to Mr S in December 2020, before the bond matured, and set out the options open to him. The options included encashing the bond or continuing to contribute to the bond for a further twelve months.

The letter set out:

Should you decide to cash in your Scottish Bond we will send you an estimated tax-free payout of:

Estimated Scottish Bond cash in value: £3,291.55

Made up of sum assured £2,617.00, annual bonuses £245.22 and estimated final bonus £429.33.

Mr S says he wanted to encash the bond and contacted Scottish Friendly to request the necessary form as, despite the letter he had received in December 2020 saying a form was enclosed, he hadn't received it.

In his submissions to both Scottish Friendly and this service Mr S says that he tried, without success, to contact Scottish Friendly to request a maturity claim form for several months. He has provided evidence to show that he emailed it on 6 November 2021, requesting the necessary form. When he did not receive a response – despite an automated email saying he could expect to receive a response within five working days – he contacted it again on 17 December 2021.

As Mr S no longer had his original policy document, he completed a 'lost policy declaration form' and returned this to Scottish Friendly on 10 January 2022. Mr S also queried why the maturity value of his policy appeared to have fallen from £3,291.55 in December 2020, to £2,855.12.

For whatever reason, Scottish Friendly failed to provide any response to Mr S' email. He chased it on 24 January 2022, 25 February 2022, 8 March 2022, 25 March 2022, and 2 April 2022. I understand that Mr S also telephoned Scottish Friendly in mid-March 2022 and was told that a cheque for the proceeds of his policy had been sent to him, but no cheque arrived. In his email dated 2 April 2022 Mr S said:

The lack of communication here is deeply disturbing and I have waited a long time now. I have provided multiple chances to rectify this situation, I am paying a lot of interest on debts

incurred due to not receiving this money that I have budgeted for since last year and I have not received a single response to any of my previous emails.

As Scottish Friendly had not responded to any of his emails Mr S referred the matter to this service.

On 17 June 2022, further to his complaint, Scottish Friendly then sent Mr S a final response letter. In the letter it said it had made *'multiple errors'* in its handling of Mr S's bond maturity claim. It said it had issued a maturity cheque to Mr S on 11 January 2022 for £3,140.63. This cheque was not received by Mr S.

It said when Mr S contacted it in March 2022, regarding the missing money it *'arranged a reissuing of your maturity cheque'* but, due to failings on Scottish Friendly's part, it failed to send this new cheque to Mr S. It said it then did not arrange to issue a new cheque until 23 May 2022. (I understand that Mr S did receive this cheque and has presented it for payment.)

It also explained that the amount Mr S received in respect of his bond, £3,140.63 was lower than the amount quoted in December 2020 (£3,291.55) as,

...[the] maturity value quoted on 21 December 2020 had a discrepancy in relation to the annual bonus amount quoted. This read as £245.22 but should have been £238.12. The final bonus quoted at this time was also based on a rate of 15%; however, by the time your policy reached maturity on the 1 February 2021, this had lowered to 10%. I can confirm that final maturity value of £3,140.63 was correct.

It apologised for the poor service Mr S had received. To put matters right it said it would pay Mr S 8% simple interest, for the *'...71 working days delay in you receiving payment from this policy. Late payment interest on your maturity amount of £3,140.63 has been calculated for this period, which comes to £53.42.'*

In addition, it said it would also pay Mr S a further £150 for the poor service it had provided and it said a cheque for a total of £203.42 would *'follow shortly by post'*.

Mr S did not accept Scottish Friendly's offer. He said, in summary, that he didn't think Scottish Friendly's claim that it had delayed paying his policy proceeds by only *'71 working days'* was correct or fair.

Mr S reiterated that he had first tried to contact Scottish Friendly about the maturity of his bond in 2021, using its web contact form, as its website did not provide an email address. He said he had also spent hours on hold with its call centre but had been unable to speak to a representative. He said he *'...finally found an email address on Twitter as a response to another complaint'* and had used this to contact Scottish Friendly.

Mr S also noted that he had only returned a lost policy document form on 10 January 2022.

Mr S said he had been under the impression he needed to receive a replacement policy to attach to the maturity claim form before the proceeds of his policy would be paid to him. Mr S explained he hadn't wanted to complete a maturity claim form until he understood why the value of his policy had fallen. He reiterated that the documentation he had been provided in December 2021, set out the estimated cash in value of his policy was £2,855.12, not £3,140.63 as Scottish Friendly had claimed in its final response letter.

Mr S said that he had not immediately presented the cheque issued to him on 23 May 2022 as *'...the cheque came with no documentation to explain the figure, I was unsure whether*

this figure, which I had not seen before, was supposed to be a final sum as the result of this complaint, the timing was also very suspect, to have waited over a year to receive it shortly after contacting the financial ombudsman. As such, I did not want to cash it in case it would affect my complaint.'

In addition, Mr S said that, due to the delay in receiving the money from his policy, he had needed to use his credit card to pay for purchases he had intended to make once he had received the proceeds from his policy. He explained that he had been unable to clear his credit card balance in full due to the delay caused by Scottish Friendly and had incurred interest charges as a result.

Scottish Friendly responded to Mr S on 8 August 2022, addressing the additional points he had raised. It said, in summary, it did not have any record of Mr S contacting it before 6 November 2021. It asked Mr S to provide any records he had to show he had contacted it before November 2021, for example an automated response to any emails he had sent.

It acknowledged that it had closed Mr S' bond on 10 January 2022, without receiving a completed maturity claim form. It said this had been '*an oversight by our processing team*'.

It also acknowledged that in the final response it sent to Mr S in June 2022, it had not addressed his query about the maturity value quote he had received in December 2021 of £2,885.12, it apologised for this. But it did not provide any explanation about why the maturity value quoted was over £400 lower than the amount quoted in December 2020.

And it said that it couldn't agree that the delay in processing Mr S' maturity claim had exceeded 71 days, so wouldn't be offering additional compensation.

It also said that Mr S could present the maturity cheque it had issued to him, (and the redress cheque) and that this would not '*...affect any outcome following further investigations from the Financial Ombudsman Service*'.

In relation to the interest charges Mr S had incurred on his credit card, as a result of the delays it had caused, it said if Mr S could provide evidence of the interest charges he had incurred it would consider reimbursing the interest. It asked Mr S to forward this information to it.

Mr S was not satisfied with Scottish Friendly's response and asked this service to consider his complaint.

An investigator looked into Mr S' complaint. He said he felt the offer Scottish Friendly had made to pay Mr S a total of £203.42 was fair in the circumstances of this complaint. Mr S remained unhappy with the redress Scottish Friendly had offered and asked for his complaint to be considered by an ombudsman, so Mr S' complaint was passed to me for a decision.

I issued my provisional decision on 22 April 2024. In it I explained why I felt Mr S' complaint should be upheld and what Scottish Friendly needed to do to put matters right. I set out my provisional decision as follows:

I explained that I had reached a different view to that of our investigator. I said my provisional decision was that I thought the redress Scottish Friendly had offered to pay Mr S did not adequately reflect the trouble and inconvenience it had caused him or adequately compensate him for the delays he had experienced.

length of delay

I noted Scottish Friendly said that '*...having reviewed the chain of events as they occurred, I am unable to determine that the delay in processing your maturity claim exceeded 71 working days. Given this, I cannot honour your request for additional recompense in this instance*'.

I said I could not reasonably agree with Scottish Friendly's position on this.

I explained that Scottish Friendly had accepted that Mr S contacted it on 6 November 2021. In the email he said:

Hello. I have not received my maturity documentation by mail. I can view it under the "correspondence" section of the website but it doesn't include the section that needs to be filled in to cash in my bond. Is it possible to fill this in online or can I please request that the paperwork be re- sent? Thank you

The automated response Mr S received said he could expect a response within five working days. However, Scottish Friendly failed to respond to Mr S and he had to chase it in December 2021. It did not send the necessary forms until late December 2021. Mr S returned the lost policy document form on 10 January 2022, but due to failings on Scottish Friendly's part, he did not receive a cheque for his policy proceeds until late May 2022.

I said I could see from its calculations that Scottish Friendly didn't think it was responsible for any delays between 21 December 2021 and 25 March 2022. I said I didn't think this was fair or reasonable. I explained that this did not take into account that Mr S had chased it on 24 January 2022, 25 February 2022, 8 March 2022 and 25 March 2022, regarding the missing payment.

In light of this I said I thought it should compensate Mr S for the entire period it delayed the payment. I said I could not reasonably agree with Scottish Friendly's claim that it only delayed Mr S' payment by '*71 working days*'.

I said that if Scottish Friendly had sent the forms to Mr S within five working days of 6 November 2021, – in line with the timescale it gave in its automated response to Mr S' email, I thought it was reasonable to say that Mr S would have returned them by no later than 19 November 2021 (I am of the view that Mr S would have returned the forms promptly as he was actively engaged in pursuing the proceeds of his policy.) As he did not receive the proceeds from his policy until 24 May 2022, I said I calculated the delay he suffered before he received the cheque to be 186 days.

(I said it was unclear to me why Scottish Friendly had used 'working days' in its redress calculation. Regardless of whether a day was a 'working day' or not, Mr S was deprived of the use of his money for the entire period Scottish Friendly delayed the payment. I therefore said I could not reasonably accept that the redress calculation should be based on the number of '*working days*'.)

I said I was also mindful that Mr S says he did not receive any documentation or covering letter with the cheque he received on 24 May 2022, to explain the amount, so he was unsure whether he should present it for payment.

In the circumstances I said I didn't think it was unreasonable for Mr S to be unsure, particularly as he had not received anything to explain that the maturity value had increased from the £2,885.12 he had previously queried.

I said I therefore thought that Scottish Friendly should pay additional interest on the proceeds of his policy, to the date Mr S presented the cheque for payment, which I said I

understood was 10 August 2022.

In reaching this view I said I had taken into account that Mr S asked Scottish Friendly on 22 June 2022, whether, if he presented the cheque, it would affect his complaint. But he did not receive a response to his query until 8 August 2022. As Mr S had explained to Scottish Friendly that he was concerned about the interest he was incurring on his credit card balance I said I thought it ought reasonably to have responded to his query more promptly.

I said I was also mindful that in his submissions to both this service and Scottish Friendly Mr S had said he tried, without success, to contact Scottish Friendly to request a claim form for several months before he emailed it on 6 November 2021. Having carefully considered this point, in the absence of anything to show when Mr S first tried to contact Scottish Friendly, I said I couldn't safely make a finding that Mr S did contact it before 6 November 2021. However, if Mr S was able to provide anything to show he contacted it before November 2021, I said I would, of course, reconsider this point.

Service provided by Scottish Friendly

I noted that Scottish Friendly accepted that it made 'multiple errors' in its handling of Mr S' bond maturity claim. In its final response letter dated 17 June 2022, it said it would send Mr S a cheque for £203.42 to compensate him for the poor service he had received. I said I understood that, to date, Mr S had still not received this redress from Scottish Friendly.

I said I was also mindful that when I asked Scottish Friendly in February 2024, whether it had received evidence of the credit card interest charges Mr S incurred as a result of the delay in paying the proceeds of his policy, Scottish Friendly told this service that it hadn't received the requested information, so hadn't paid anything in respect of this.

I asked our investigator to query this with Mr S. Mr S kindly provided this service with a copy of an email he had sent to Scottish Friendly dated 12 October 2022. In this email Mr S said:

As requested, I have provided evidence of interest charges I have received on my credit card throughout the period from March to June 2022. This encompasses when I began being charged interest from transactions in February 2022 through to the interest paid in June for interest on transactions in May 2022. As I received the cheque at the end of May I have not included any interest for transactions in June, despite not being able to cash it until receiving confirmation in August.

Mr S also noted that he had still not received '*...the redress cheque for £203.42 that you mentioned in your previous two emails*'.

I said I thought it was very unsatisfactory that despite having received the necessary information from Mr S on 12 October 2022, Scottish Friendly had still not reimbursed Mr S for the interest charges he incurred on his credit card as a result of its delays, or paid the compensation it said it would send to him in June 2022.

I said I was mindful that Mr S only provided details of the credit card interest charges he incurred to June 2022. I noted that Mr S may have incurred further interest charges (as a result of being uncertain whether to present the cheque he received from Scottish Friendly on 24 May 2022 for payment). I said I thought Scottish Friendly should also reimburse any interest charges Mr S incurred up to August 2022, when it confirmed Mr S could present the cheque for payment without it affecting his complaint.

I said Mr S should provide evidence of the interest charges he had incurred in relation to this period directly to Scottish Friendly.

(For the avoidance of any doubt, I noted that Mr S had provided this service with evidence to show that he did not have sufficient funds to repay his credit card in full, until he was able to present the cheque from Scottish Friendly in August 2022.)

Throughout his correspondence with Scottish Friendly I said Mr S had been polite and reasonable, despite having to chase it repeatedly. But I said I did not underestimate the worry and inconvenience its very poor service had caused Mr S, particularly as Scottish Friendly had continued to fail to respond to him even after he referred his complaint to this service.

I noted that Scottish Friendly had offered (but failed to pay) Mr S £150 to compensate him for the very poor service it had provided. However, this offer was made in June 2022 and I said it did not reflect the further failures on Scottish Friendly's part, including failing to pay the redress it had offered, or respond to Mr S when he contacted it in October 2022 with details of the credit card interest he had incurred as a result of the delay in paying him the proceeds of his policy.

In view of these further failings on Scottish Friendly's part I said I thought it should pay Mr S a total of £400 for the worry and inconvenience its very poor service had caused him.

Mr S did not respond to my provisional decision.

Scottish Friendly did respond. It said it did not think my provisional decision had taken into account that it *'... did in fact issue a maturity cheque to the customer on 10 January 2022. They comment that LPI should be calculated from 19/11/2021 – 24/05/2022, but this would seemingly disregard the fact that payment was issued to the customer on 10 January 2022 and that the customer did not contact us until 11 March 2022 to chase. Can I please have the Ombudsman's reasoning for this?'*

It also said, *'I presume the payment of credit card interest charges will be subject to documented evidence. Please confirm.'*

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 done so, I do not intend to depart from the view I reached in my provisional decision. I'll explain why.

Scottish Friendly says that my provisional decision did not take into account that it issued a maturity cheque to Mr S on 10 January 2022. It says Mr S, *'did not contact us until 11 March 2022 to chase'*. And it says it doesn't think the redress I set out in my provisional decision took this into account.

I don't agree with Scottish Friendly's position, and I remain satisfied that the redress I set out in my provisional decision is fair in the circumstances of this complaint. In reaching this view I have taken into account that when Mr S contacted Scottish Friendly on 10 January 2022 he attached a lost policy form and said:

Can I also ask why the final amount stated on the maturity claim form is lower than what was stated in my maturity pack if I add my annual bonuses to my assured sum. The maturity pack also states an estimated final bonus, which I would understand if it was slightly different but appears to not have been included at all. Thank you.

As Scottish Friendly acknowledged in its response to Mr S' complaint, it closed Mr S' bond on 10 January 2022, without receiving a completed maturity claim form. It said this error on its part had been '*an oversight by our processing team*'.

I therefore find it unreasonable that Scottish Friendly now appears to be of the view that Mr S should have chased up a cheque, apparently sent on 10 January 2022, that he didn't know had been sent.

In any case, as I set out in my provisional decision, the records I have been provided with show that Mr S chased Scottish Friendly by email on 24 January 2022, 25 February 2022, 8 March 2022, 25 March 2022, and 2 April 2022 asking for a response to his email dated 10 January 2022. I understand that Mr S also telephoned Scottish Friendly in mid-March 2022, to chase a response.

In view of this, it appears to me that Scottish Friendly has '*seemingly disregarded*' the five emails Mr S sent to chase it when he did not receive a response to his email dated 10 January 2022. I think it is unreasonable for Scottish Friendly to now claim that Mr S is somehow at fault for failing to chase a cheque that he could not reasonably have known had been sent. I think this is particularly the case as Mr S did chase Scottish Friendly in January, February and March 2022 regarding the maturity amount due to him.

In its response to my provisional decision Scottish Friendly also said, '*I presume the payment of credit card interest charges will be subject to documented evidence. Please confirm.*' As I set out in my provisional decision, Mr S has provided this service with a copy of an email he sent to Scottish Friendly dated 12 October 2022. In this email Mr S said:

As requested, I have provided evidence of interest charges I have received on my credit card throughout the period from March to June 2022. This encompasses when I began being charged interest from transactions in February 2022 through to the interest paid in June for interest on transactions in May 2022. As I received the cheque at the end of May I have not included any interest for transactions in June, despite not being able to cash it until receiving confirmation in August.

(Mr S also noted that he had still not received '*...the redress cheque for £203.42 that you mentioned in your previous two emails*'.)

It is therefore unclear to me why Scottish Friendly thinks Mr S still needs to provide '*documented evidence*' of the credit card interest charges he incurred between March 2022 and June 2022. If Scottish Friendly has lost or misplaced this information, it should let Mr S know immediately.

In my provisional decision I noted that Mr S had only provided details of the credit card interest charges he incurred to June 2022. I said I was mindful that Mr S may have incurred further interest charges (as a result of being uncertain whether to present the cheque he received from Scottish Friendly on 24 May 2022 for payment). I said I thought Scottish Friendly should also reimburse any interest charges Mr S incurred up to August 2022, when it confirmed Mr S could present the cheque for payment without it affecting his complaint.

I said Mr S should provide evidence of the interest charges he had incurred in relation to this period directly to Scottish Friendly.

It is therefore unclear why Scottish Friendly has queried whether Mr S should provide evidence of the credit card interest charges he incurred as this was addressed in my provisional decision.

Having carefully considered the points Scottish Friendly has made in response to my provisional decision I find no reason to depart from my view that Mr S' complaint should be upheld.

Putting things right

In order to put matters right I think Scottish Friendly should:

- pay 8% simple interest on the maturity value of Mr S's policy for the entire period it delayed payment. As I set out above, I have calculated the delay Mr S suffered before he received the cheque to be 186 days (19 November 2021 to 24 May 2022).
- in addition, as I explained above, it should also pay 8% simple interest on the maturity value to the date Mr S presented the cheque for payment, which I understand was 10 August 2022;
- reimburse Mr S for the credit card interest charges he incurred due to the delay in receiving his policy proceeds and then the further delay in receiving confirmation that he could present the cheque for payment.
- pay Mr S a total of £400 for the worry and inconvenience this matter has caused him.

If Scottish Friendly pays the compensation due to Mr S by cheque, rather than bank transfer, it should send the cheque by recorded delivery and provide Mr S with the relevant tracking information.

My final decision

My decision is that, for the reasons I have set out above, I uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 6 June 2024.

Suzannah Stuart
Ombudsman