

## The complaint

Mr and Mrs A complain that Scottish Widows Limited provided them with incomplete and inaccurate information about the steps they would need to follow in order to surrender a bond they held as trustees. As a result of the poor information they complain that the payment of the bond proceeds was delayed.

## What happened

Although this complaint has been brought to us jointly, by Mr and Mrs A, it is Mrs A that has had all the dealings with Scottish Widows and ourselves. When I refer in this decision to Mrs A, I am doing so on the basis that she was also acting on behalf of Mr A in her dealings with Scottish Widows and us.

I issued a provisional decision on this complaint last month. In that decision I explained why I didn't think the complaint should be upheld. Both parties have received a copy of the provisional decision but, for completeness, I include some extracts from it below. In my decision I said;

*In 2003 Mr and Mrs A took out an investment bond with Scottish Widows (formerly Black Horse Life). They held the bond as trustees for the benefit of their daughter. On 3 August 2023 Mrs A called Scottish Widows to discuss the steps she would need to take to encash the bond and pay the proceeds to her daughter.*

*Mrs A was initially told that she could request payment by sending a written request (by email or post) containing the bank details of where any payment should be made. Mrs A made that request by email the following day and noted that she understood Scottish Widows would need to contact Mr A for his agreement (Mr A and Mrs A were no longer in a relationship at that time).*

*Shortly afterwards, Scottish Widows wrote to Mrs A to tell her that it couldn't accept her request as it needed a physical signature. It also told her that the payment needed to be made to a bank account in her name. And later that day Scottish Widows also told Mrs A that it needed to see confirmation that the trust had been registered with HMRC.*

*Mrs A asked Scottish Widows for confirmation of the trust start date so she could complete the registration with HMRC. Scottish Widows said it would take 10 working days for that information to be sent to her. So Mrs A registered the trust with the start date that she held in her records, and provided a signed request and HMRC confirmation of registration to Scottish Widows. Those were received by Scottish Widows on 16 August.*

*The following day Scottish Widows called Mrs A with an update to the date the trust was started. That differed from the date she had given to HMRC so she amended her registration. But later that day Scottish Widows called back to tell Mrs A that the date it had given her was incorrect. It provided a revised start date, but told Mrs A that it was likely her application would be rejected until a new HMRC registration certificate had been provided. Mrs A sent a new withdrawal request, and updated HMRC registration information to Scottish Widows on 30 August.*

*Scottish Widows then failed to process Mrs A's request correctly. It asked on at least two occasions for additional information that it already held. The payment was finally made to Mrs A's daughter on 6 October.*

*When Scottish Widows looked at Mrs A's complaint it accepted that it had delayed the payment, and that the payment should have been made by 30 August when it received the new HMRC registration information. So it paid Mrs A some interest for the period of the delay. And it paid £250 for the inconvenience Mrs A had been caused. Unhappy with that response, Mrs A brought the complaint to us.*

*There seems to be little doubt, and Scottish Widows accepts, that the way Mrs A's instruction was dealt with fell short of what might be expected. Scottish Widows initially gave Mrs A some incorrect information about how the instruction should be made. It then provided her with incorrect information about the start date of the trust, meaning that she needed to make multiple calls to HMRC to change the registration details. And then Scottish Widows failed to identify that Mrs A had already submitted a compliant instruction for the payment to be made, and Scottish Widows made the payment to the beneficiary's bank account having previously told Mrs A it needed to be made to her account.*

*The sequence of errors that I have noted above took place over a period of almost two months. It is clear that Mrs A will have been caused inconvenience by those errors, and I will make a further finding on that aspect of fair compensation later in this decision. But what I now need to consider is whether the errors I've listed above caused the payment to be unfairly delayed, and whether that delay caused Mrs A (or her daughter) to lose out.*

*I first need to deal with the registration of the trust with HMRC.*

*Whilst the trust was in place HMRC amended its regulations, requiring that all such trusts be registered – previously only trusts incurring a tax liability required registration. And those obligations meant that firms such as Scottish Widows needed to ensure the registration had taken place before any payments of money from the trust could be made.*

*Scottish Widows is not responsible for the regulations that HMRC puts in place from time to time – but it must abide by them. I am not currently persuaded that Scottish Widows had any obligation to inform Mrs A, or its other customers, of the changes in registration requirements that HMRC had made. That communication would be the responsibility of HMRC itself, or the wider HM Treasury. So I don't think any delays caused by the initial need to register the trust were the fault of Scottish Widows.*

*Mrs A was told by Scottish Widows that the trust needed to be registered on the day after she first made contact to request payment to be made. It would have been better if that requirement had been explained to her on the initial call, but on balance I think the day's delay made little difference to the overall timescales. I can see that*

*Mrs A was able to revert to Scottish Widows, with the required details of the trust registration on 16 August.*

*It is also true that Scottish Widows failed to tell Mrs A, on the initial call, that she needed the physical signatures of both herself and Mr A, although that error was corrected the following day. On the initial call Mrs A was told that an email would suffice. But given the need for the HMRC trust registration to be completed I don't think the rejected application due to the missing physical signatures introduced any additional delays. I think the signatures and registration together, would have taken around the same length of time as they actually did to be provided.*

*The original registration of the trust with HMRC was rejected by Scottish Widows as the start date was incorrect. At first Mrs A had used the start date from her own records as Scottish Widows couldn't supply it for ten days. And then in the second instance the date Scottish Widows gave Mrs A was incorrect. So it took until 30 August for Mrs A to complete a trust registration that Scottish Widows found acceptable. But I think those delays were entirely the fault of Scottish Widows. Mrs A took reasonable steps, once she became aware of the registration requirement, to comply with her responsibilities. Those were completed, excepting the incorrect information introduced by Scottish Widows' errors, by 16 August.*

*On 16 August Mrs A provided Scottish Widows with an instruction signed by herself and Mr A. And as I've explained above, Mrs A would have completed the HMRC trust registration by that point if Scottish Widows hadn't given her incorrect information about the start date. So any delays in the payment being made, based on an application date of 16 August, should reasonably be compensated by Scottish Widows.*

*But as I've explained earlier, it is right that Mr and Mrs A are put back into the position they would have been had nothing gone wrong. So although I think it is reasonable to conclude Scottish Widows had a valid instruction to proceed with the payment on 16 August, it is right that a period of time should be allowed for the normal processing activity to take place. Scottish Widows says that it would normally expect that processing to take ten business days, and in my experience that would be a reasonable expectation across the industry. So that would mean the payment to Mrs A's daughter wouldn't have been expected to be completed before 30 August. So that is the point from which the payment should be considered to be delayed.*

*Generally a firm will set the value of a surrendered investment bond at the date at which a valid instruction is received. That would mean that any processing delays do not influence the value of the final payment, or provide any incentive for a firm to make payment on a specific date. So here I would expect the valuation of the maturity value to have been made on 16 August.*

*Scottish Widows says that it actually valued the maturity payment on 4 August. It hasn't been able to explain why that date was chosen, but notes that it was the date that Mrs A first made contact with her request. But I've looked at the value that would have been paid on 16 August if that date had been used instead, and it would have been lower than the amount that Mrs A's daughter was paid. So although I would currently consider the maturity date used by Scottish Widows was incorrect, it does actually mean that Mrs A's daughter has benefitted from the error.*

*Scottish Widows has already paid compensation, in line with our normal approach, for the payment being delayed after 30 August. And, as I said above, the incorrect maturity date being used has actually resulted in a small increase in the amount*

*Scottish Widows paid. So I don't currently think Scottish Widows needs to pay any further compensation for the delayed payment.*

*There is no doubt that the repeated errors in the information given to Mrs A, and the delay to the payment, will have caused some distress and inconvenience. Scottish Widows has already paid £250 in that regard. I currently think that the amount Scottish Widows has paid is in line with what I would normally recommend in circumstances such as these. So I'm not minded that any further payment of that nature is warranted either.*

*In summary, whilst it is clear that Scottish Widows has failed to treat Mr and Mrs A fairly here, I think the compensation it has already paid is fair and reasonable. So I don't currently think Scottish Widows needs to do anything further.*

I invited each of the parties to provide us with any further comments or evidence in response to my provisional decision. Neither Mr A, Mrs A, or Scottish Widows have provided us with anything further.

### **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.

As I set out in my provisional decision, in deciding this complaint I've taken into account the law, any relevant regulatory rules and good industry practice at the time. I have also carefully considered the submissions that have been made by Mr and Mrs A and by Scottish Widows. Where the evidence is unclear, or there are conflicts, I have made my decision based on the balance of probabilities. In other words I have looked at what evidence we do have, and the surrounding circumstances, to help me decide what I think is more likely to, or should, have happened.

And I repeat my reflections on the role of this service. This service isn't intended to regulate or punish businesses for their conduct – that is the role of the Financial Conduct Authority. Instead this service looks to resolve individual complaints between a consumer and a business. Should we decide that something has gone wrong we would ask the business to put things right by placing the consumer, as far as is possible, in the position they would have been if the problem hadn't occurred.

Given that neither of the parties have provided me with any new evidence or further comments I see no reason to alter the conclusions I reached in my provisional decision. It follows therefore that, whilst it is clear that Scottish Widows has failed to treat Mr and Mrs A fairly here, I think the compensation it has already paid is fair and reasonable. So I don't think Scottish Widows needs to do anything further.

### **My final decision**

For the reasons given above, and in my provisional decision, I don't uphold the complaint or make any award against Scottish Widows Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs A to accept or reject my decision before 13 June 2024.

Paul Reilly  
**Ombudsman**