

The complaint

Mr P complained that Scottish Equitable Plc (trading as Aegon) had not issued updated terms and conditions relating to his pension investment despite alterations to legislation affecting the product. Mr P stated that the terms no longer made sense and sought clarity as to which terms and conditions remained effective and those that had changed.

What happened

In a provisional decision, dated 17 January 2022, I set out my provisional conclusions about Mr P's complaint. What follows is a summary of the background and provisional conclusion I reached, which is fully laid out in the provisional decision.

Mr P opened a pension with Scottish equitable plc in 1990, and he was sent two booklets about his new pension. In January 2020, Mr P contacted Scottish equitable to query whether the terms and conditions of his pension had changed, in particular given changes in government legislation. Scottish Equitable replied that the terms and conditions had not changed. In February 2020, Scottish Equitable responded and stated there was no reason to rewrite the terms and conditions. Following further correspondence between Mr P and Scottish equitable, Mr P maintained his request for clarification and brought the complaint to us.

I considered carefully the terms and conditions together with the legislative changes in 2015, namely the introduction of Pension Freedoms via The Pension Schemes Act 2015. The changes enacted included the removal of the requirement to purchase an annuity. A number of terms and conditions relating to Mr P's pension stated that an annuity *will* be purchased for a member or a member's surviving widow. The response Mr P received when he queried this was - "*The benefits upon death remain return of fund and will be paid to the appropriate beneficiary*". I therefore concluded it would not be unreasonable for Mr P to think there may be a difference between the conditions presented to him at the outset and that which might be applicable now.

I also found that conditions relating to the purchase of an annuity from Scottish Equitable, who no longer offer annuities, may not be as favourable as the original terms and conditions intended. Therefore, I further concluded that this would be a change that might affect Mr P and it would be reasonable to expect that he be told about it.

In both examples I have provided I considered it reasonable for Scottish Equitable to notify Mr P of the differences or changes because it would likely directly affect the choices he might make for his own benefit. Mr P said he was not written to or advised about any changes that would affect his pension. Although I thought it possible that Mr P may simply not recall being notified.

In summary I determined the following –

The changes made by the legislation in 2015 suggest that the conditions in the policy

booklet may not apply in the way that it was intended when the policy began. Therefore, I didn't think it unreasonable for Aegon to set out the current position with regard to Mr P's queries in more detail than it has previously.

It may not be appropriate for Aegon to provide financial advice to Mr P as the provider of the product. However, I considered it appropriate for them to have outlined how key conditions may have changed, in particular those that Mr P asked about directly. Mr P can then seek advice from a financial advisor to determine what action if any he wishes to take.

And so I proposed to uphold the complaint in part and required Scottish Equitable, trading as Aegon, to provide the information that will have been sent to members previously about the legislative changes, and in particular those which implemented the pension freedoms and seem to be of direct relevance to Mr P's queries here, or otherwise summarise those changes in a clearly understandable format for Mr P.

I initially gave the Parties until 11 February 2022 to provide any responses to the provisional decision. Scottish equitable sought an extension to reply which was granted.

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 have considered a fresh what both parties have said and provided previously.

Mr P agreed with the outcome of the provisional decision. He said the annuity was but one example within the terms and conditions which have seemingly changed. He highlighted that the failure to provide clarity about the changes has been holding up his retirement plans.

Scottish Equitable responded by email on one March 2022. It's stated that a six month quote was sent to Mr P on 25 May 2018. In 2019 a five-year wake up pack was introduced. However, since Mr P was to retire in 2023 he would not have received the pack because it would've been due to be sent out before its introduction. Scottish Equitable stated that an Options leaflet should have been included with the 2018 pack, but no enclosure is marked on the letter and therefore they cannot confirm if it was included. With its email was also included retirement quotes, dated July 2020 and December 2021.

But I don't think that what Scottish Equitable has sent adequately addresses the issue here. I can only surmise that it continues to point out that the terms and conditions have not changed. That by writing to Mr P in 2018, 2020 and 2021 it fulfilled its obligations to notify Mr P of the changes that impacted his pension. I do not agree that this correspondence is sufficient to have addressed the queries Mr P raises. While these letters point Mr P to his options, they do not make clear the changes that might affect or have affected those options, especially as a result of the pension freedoms.

Mr P has quite understandably asked what has changed within his terms and conditions provided at the outset of his policy, and I think Scottish Equitable should be in a position to provide that information.

There has been no material provided since my provisional decision to cause me to change any of the conclusions that I previously reached. Therefore, I uphold the complaint in part.

Putting things right

Scottish Equitable, trading as Aegon, needs to provide the information that would've been sent to members previously about the legislative changes, and in particular those which implemented the pensions freedoms, or otherwise summarise those changes in a clearly understandable format for Mr P

My final decision

For the reasons set out above, my decision is I uphold the complaint in part.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 27 April 2022.

Dharmesh Patel
Ombudsman