

The complaint

Miss J complains about poor service from Scottish Equitable Plc trading as Aegon (Aegon) when she tried to take her pension.

What happened

Miss J said she wanted to take her pension before age 55 on medical grounds. She called them in early March 2023 and was told she needed to complete an ill health form. It needed to be returned before 20 March to be paid in the 2022/23 tax year. She chased again the next day and was then told she could do this over the phone so she spent nearly an hour doing this. She called back again two days later and this time was told it would not be settled over the phone and a form was needed by post or online and was reassured that the bank details that were taken would not be used to take money from her. She was told how to complete the form online. She completed the form online and called again the next day to check it was received. This time she was told she could only make the claim by post. The forms she was sent asked for certification that she would live to less than a year, which was distressing. She finally completed forms and the benefits were paid on 5 April 2023.

Aegon said the process started in late December 2022 with a request for an ill health quote. Various letters and valuations were exchanged through January and February until Miss J decided she wanted to cash in the whole policy as a small pot. This led up to the time in mid-March when the incorrect advice was given. The claim was settled on 5 April 2023 and she was paid around £7,500 after tax. It apologised for providing incorrect information and poor service. It said had it not caused a delay with the wrong information it thought her correct claim date would have been 14 March 2022 plus 2 days, so 16 March 2023 and the money would have been sent around 22 March rather than 5 April. It calculated interest for that period at 1% over the Bank of England base rate and said this was around £15. As this was minimal it had instead taken it into account in its offer for distress and inconvenience. It initially paid £250 but this was later increased to £500.

My provisional decision

I issued a provisional decision in this complaint, I said Aegon accepts it made a mistake and I could therefore consider an award for financial loss and distress and inconvenience.

Financial loss

Aegon accepted that but for its mistake the lump sum payment could have been paid sooner, on 22 March rather than on 5 April. So I could make an award for financial loss. The purpose of such an award was to put Miss J back in the position she would have been in but for the delay. The delay meant she was deprived of use of her money during the delay. Miss J said she was not relying on receipt of the money at that time so it did not cause any other consequential financial loss.

Aegon dealt with this by calculating interest. It calculated that interest on the amount paid at 1% over Bank of England Base was around £15 and included this in its initial payment of £250. As Aegon knew this service would apply interest at the rate of 8% per annum simple,

which is slightly higher than the rate they applied. Given she was paid around £7,500 I think the amount of interest this service would have applied would be around £23 for the around 14 days of delay in payment. Given the lapse of time since the complaint was brought I thought it was reasonable to round this up to £25.00.

Distress and inconvenience

I also considered an award for distress and inconvenience. Such an award was to reflect the impact on Miss J not to punish Aegon. In considering this award I noted from Aegon's papers that Miss J was recorded as a vulnerable customer. It might therefore reasonably be aware the impact on Miss J could be greater than it might have been on another individual who suffered in the same way. Miss J had been clear that the issue had an adverse impact on her already fragile health and caused a breakdown.

In considering the award I also considered how Aegon reacted and whether it made matters worse. However I noted it accepted it made a mistake and put things right so the overall delay was around 14 days and it offered compensation.

I thought the process was distressing for Miss J. I said that in part because:-

1. I noted that Aegon sent a serious ill health form to Miss J on 20 March 2023. Miss J found this distressing as it contained a section asking if she had less than a year to live and she thought she would need a doctor to sign again despite already providing evidence. She said she struggled to go out and the need to go out to a doctor again provoked a stressful response. Aegon said it should not have sent a serious ill health illustration as she was not claiming this. She was claiming ill health /incapacity which was a different process. Aegon said that by this time she had already completed the necessary forms all she needed to do at that stage was complete the full encashment/small pots instruction.
2. I could see that the process was distressing as Miss J called back repeatedly to follow up.
3. Miss J spent nearly an hour providing information she didn't need to.
4. The delay increased her concern that the payment would not be made within the tax year.
5. She was repeatedly given wrong information about how to complete her claim.
6. She was agitated that in providing bank details over the phone someone might take money from her account.
7. The impact of the repeated errors meant her trust in 'professionals' was reduced and had impact in other areas of her life where she was dealing with professionals.

I listened to the call between the investigator and Miss J discussing the impact on her. I found her to be credible and reasonable. She acknowledged that the events had a greater impact on her because of her health. This made her more susceptible to reacting to issues that might not have had such a serious impact for someone else in the same situation or in the past when her health was better than it is now. Having heard what she

said and reflecting on what happened I thought the impact was considerable and at times substantial due to Miss J's health. The impact built up over time due to conflicting information which eventually led to her breakdown.

She said the cumulative effect of the repeated errors and the calls meant she had a panic attack and breakdown which had not happened for several years. She had worked hard to

improve her situation and avoid these and was upset that the impact had triggered this. I also thought she was put to significant time and trouble with things that she didn't need to do.

While the overall time period was relatively short (around 14 days), given Miss J's health it was clear from her repeated follow up calls, that it caused her substantial distress, upset and worry and clearly had an adverse impact on her health which impacted the rest of her life as well.

For those reasons and because this award is to reflect the impact the events had on Miss J rather than how they might impact anyone else, I thought an award of £850 for distress and inconvenience plus £25 interest for loss of use of her money would be fair and reasonable in the circumstances (such amount to include the amount of £250 already paid).

Aegon said it accepted my decision.

Miss J said she was happy to accept my decision so that the case could be closed.

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 neither party disagrees I have not changed my mind other than to clarify that my award of £850 plus £25 includes the £250 Aegon has already paid.

Putting things right

To put things right Scottish Equitable Plc trading as Aegon should pay Miss J a total of £850 for distress and inconvenience and £25.00 for loss of use of her money during the time of delay. For the avoidance of doubt the £850 includes the £250 already paid so Aegon need only pay a further £600 plus £25.

My final decision

I uphold this complaint and direct that Scottish Equitable Plc trading as Aegon should within thirty days of this service notifying it that Miss J has accepted this decision, pay Miss J a total of £850 for distress and inconvenience and £25.00 for loss of use of her money during the time of delay.

As Scottish Equitable Plc trading as Aegon has already paid £250 it need only pay a further £600 plus £25 for loss of use of the money.

If Scottish Equitable Plc trading as Aegon decides it must deduct tax from any interest payment it must provide Miss J with an appropriate certificate of deduction which she can present to HM Revenue and Customs.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss J to accept or reject my decision before 15 September 2023.

Colette Bewley
Ombudsman