

The complaint

Mr B complains that his pension with Scottish Equitable Plc, trading as Aegon, was switched from a 'with profits' fund to a cash fund without proper notice to him.

What happened

Mr B was enrolled into a group personal pension scheme with Aegon around 1991 which had a nominated retirement date for him of June 2019. Prior to this time, the scheme was operating as a 'with profits' fund however, following this date, it was switched to a cash fund.

Mr B said he learned about this change sometime in 2022 and complained to Aegon saying that he had not been informed about the switch in funds when it was made and didn't understand why this had been done.

Aegon responded in January 2023 saying that the switch into a cash fund on the nominated retirement date was as per the policy conditions of the plan. Given that the relevant retirement date for Mr B was in June 2019, the switch was made automatically at this time. Aegon also said that they had sent him an early warning quote in December 2018 and in April 2019 in which they advised that the switch to a cash fund would be made.

Mr B then brought his complaint to us saying that he had never received the early warning quotes and therefore wasn't advised that the switch would be made. He said that a copy of the original policy conditions was also never received and referred to the fact that it was a company pension scheme.

Mr B also said that Aegon could have used recorded delivery or a follow-up letter to policyholders who had not responded to the initial correspondence.

Our Investigator's view was that:

- The letter was sent by Aegon but not received by Mr B
- Aegon has fulfilled its regulatory obligations and informed Mr B of the switch in good time
- It was made clear from the outset that funds would be moved to cash at the selected retirement date
- The complaint was not upheld

Mr B disagreed and asked for the decision to be reviewed by an Ombudsman.

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 have reached the same conclusion as the Investigator and will not be upholding Mr B's complaint.

I appreciate that this has been a difficult experience for Mr B because he feels as though Aegon have made excuses for what he sees as a failure by them to provide him with the proper information. My role however is to consider whether or not Aegon should have done more than they did, either from a regulatory or a reasonableness perspective. In this instance, I do not believe this to be the case.

In treating Mr B fairly, Aegon should have ensured that, amongst other things, they acted in line with his best interests and provided him with information about his pension. In this matter, I think this means that they should have administered Mr B's pension in line with the original agreement, having regard to instructions when these were received, and kept him informed of the plan's performance and any changes to it.

The change from a with-profits fund to a cash fund in June 2019 was, as Aegon have said, in line with the conditions of the original policy. Mr B has said that no-one received a copy of the agreement containing these conditions when it was originally completed in 1991. I understand that it was company pension scheme and Mr B may not have been involved when it was set up initially. However, Mr B or his financial advisers should have been aware of these policy conditions and I do not think it was unreasonable for Aegon to make the switch in line with what was included in them in the absence of any instructions to the contrary.

I do agree that it was important for Aegon to advise Mr B that the change would be made. Aegon have said they sent Mr B two letters prior to the switch, one in December 2018 and another in April 2019 reminding him what would happen. My view is that these letters included enough information to inform Mr B of what would be happening regarding the switch. Mr B has said that neither of these letters was received by him and said that, whether or not they were delivered, was not an issue for him since the contract for delivery was between Aegon and Royal Mail.

Whilst issues with delivery do sometimes happen, I don't think they're of the magnitude that Aegon acted unreasonably in sending information in this way. Furthermore, there does not appear to have been a problem with the address used in addition to which, Aegon have said that neither of these letters was returned to them as undeliverable – which would have been a prompt for further action on Aegon's part.

Taking everything into consideration, I think Aegon's actions were reasonable.

Mr B has said that Aegon could have contacted him to ensure that the letters were delivered given the importance of what was in them. In response, Aegon have said that it is not practicable for them to do this for all of their customers and I agree with this. The requirement on Aegon is to ensure the correspondence is sent - which it did. My view therefore is that Aegon have complied with the relevant obligations in this instance.

My final decision

For the reasons explained above, I do not uphold Mr B's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 9 July 2024.

Rana Chatterjee
Ombudsman