

The complaint

Mr P complains that Scottish Equitable Plc trading as Aegon is unreasonably delaying the investment of pension contributions it receives from his employer.

What happened

Mr P holds a pension plan with Aegon. That plan receives contributions that are deducted from Mr P's salary by his employer. Mr P says that, more recently, the time between the contribution being deducted by his employer and its investment in his pension plan has increased. He complained to Aegon that the time it was taking was excessive.

Aegon didn't provide Mr P with a full answer to his complaint before he brought it to us. But it did tell him that up to 28 days could elapse between the money being deducted from his salary and it being invested. Later Aegon has shown us that it invests Mr P's pension contributions on the day after cleared funds have been received from his employer. It says that any other delays are caused by Mr P's employer and/or the banking system.

Mr P's complaint has been assessed by one of our investigators. At first he asked Aegon to clarify that it was meeting the terms and conditions of Mr P's pension plan in relation to when the investments were dated. He thought that Aegon might not be fairly complying with those terms. Aegon clarified its interpretation of the terms. And although the investigator thought the terms weren't as clear as they might have been he thought that Aegon's actions were reasonable and that Mr P had been treated fairly. So the investigator didn't think the complaint should be upheld.

Mr P didn't agree with that assessment. So, as the complaint hasn't been resolved informally, it has been passed to me, an ombudsman, to decide. This is the last stage of our process.

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.

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 P and by Aegon. 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.

At the outset I think it is useful to reflect 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.

There are a number of parties that are involved in the matters that form this complaint. Mr P's employer deducts the contributions from his monthly salary at a set time each month. It then creates a schedule of contributions from all employees that it sends to Aegon. Aegon then uses a direct debit to collect a consolidated payment from Mr P's employer via the normal banking system. And then, when it receives the cleared funds, Aegon allocates them to the individual accounts of the pension plan holders including Mr P.

I think it is clear from the above that Aegon is only responsible for a small part of the process that moves money each month from Mr P's salary to his pension plan. And, given this complaint is about Aegon, it is only that firm's involvement that I can reasonably consider here. Aegon cannot be responsible for any delays in Mr P's employer providing the consolidated contribution information, or for the time it takes for the money to move through the banking system. In this decision I will only be considering whether Aegon adds Mr P's contributions to his pension plan in a reasonable time after cleared funds are received.

The timely addition of contributions is covered in the terms and conditions of Mr P's pension plan. It is also covered in some information that Mr P's employer provided to him. But I don't think it reasonable to hold Aegon responsible for any information Mr P's employer has provided – it is Aegon's own terms and conditions that should govern how it operates Mr P's plan.

Our investigator set out the relevant terms in some detail, so I won't repeat them here. I share the investigator's conclusion that there is a degree of ambiguity in how the various terms governing the addition of contributions should be interpreted. But on balance I don't think that is the core issue of this complaint. From the evidence I have seen there has been no change in how Aegon has dealt with Mr P's pension contributions for at least a year (and most likely before then – my time restriction is simply because I don't have the data to make any findings about longer ago).

Aegon has consistently invested Mr P's pension contributions on the day after cleared funds have been received. Our investigator thought it might be argued that the terms indicate any investment should take place on the same day as the funds were received. But I have seen Aegon's explanation of why it doesn't think that is the case. In summary it is saying that it receives a variable payment from Mr P's employer that it needs to reconcile, rather than a single consistent payment from a policy holder that might be easier to apply the day it is received. So that makes the terms about new formal instructions, rather than regular contributions, more relevant. I accept that is a reasonable basis on which Aegon's terms should be interpreted.

I have no reason to doubt the information that Aegon has provided to us showing the dates over the past year that it has received the cleared funds from Mr P's employer for the consolidated contributions. And Mr P's own pension plan shows that, without exception, the funds have been invested in his individual pension plan the following day. That is a consistent process that appears to be applied fairly and in line with Aegon's reasonable interpretation of the pension plan's rules.

But in any case there is no certainty that a single day's delay, as I've set out here, would result in Mr P losing out. The unit prices of the investments he makes will vary from day to day. So it is likely that, in at least some of the months, Mr P will have benefitted from his pension contributions being invested the day after Aegon received them.

I appreciate how disappointing this decision will be for Mr P. As I have explained, Aegon is only responsible for the end of the investment process. It has no control over when Mr P's employer releases the contributions it has collected to be invested into his pension. The only

requirement, as set out in the relevant legislation, is that the investment is completed in a total elapsed time of 28 days after the salary deductions took place. But that timeframe isn't strictly relevant to this complaint. Mr P's employer does make the contribution information available to Aegon well within that timeframe, but most importantly here Aegon completes the allocation and investment of the bulk contribution within one day of receipt. So I don't think this complaint should be upheld.

My final decision

For the reasons given above, I don't uphold the complaint or make any award against Scottish Equitable Plc trading as Aegon.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 11 November 2024.

Paul Reilly
Ombudsman