

The complaint

The Trustees of a Will Trust have complained that Scottish Equitable Plc trading as Aegon ("Aegon") failed to provide timely and proper customer service in relation to its administrative actions of the trust including, but not limited to, the cessation of regular income payments to a named beneficiary for over twelve months (despite this being in place for over ten years) with no reason and without informing the trustees. The trustees also identified a number of other errors by Aegon which has taken it an unreasonable length of time to resolve.

All the trustees have agreed to bringing this complaint. However as only one of them is the predominant driver of this complaint I will only refer to this trustee as "T" rather than "the trustees" throughout this decision.

What happened

The trust in question was set up in 2010 and established that from that date a named beneficiary, who I will refer to as Mrs R, was to receive a regular income payment referred to as a natural income payment.

In August 2022 these payments stopped. T was not informed about this, nor did he make this instruction and he only discovered this when Mrs R informed him of this fact around twelve months later.

T has also stated that it took Aegon far too long to register the appointment of a new trustee following the death of a previous one.

A number of other errors came to light when Aegon started to investigate this complaint. Overall, T has said that the service from Aegon had been very poor. Much of his communications have been left unanswered; full and complete answers to his queries have not been provided; and the length of time (and the effort involved) in trying to resolve this matter has been wholly unreasonable.

He set out that he wanted Aegon to provide an explanation why the income payment to Mrs R were stopped and why it took so long to register the new trustee. He also wanted the distress and inconvenience Mrs R suffered due to the cessation of the income payments to be recognised along with the impact the whole matter has had on him personally and on his time. He has stated that a payment to him in the region of £4,000 would adequately represent this.

After investigating the complaint Aegon accepted that its service had fallen short of its expected standards.

It explained why the income payments had stopped being made to Mrs R in 2022 and acknowledged this had been an error on its part. It acted to reinstate the regular payments and to rectify the further past mistakes that had effectively caused that error. It also provided a lump sum payment of the missed income payments to Mrs R in November 2023.

In addition to this, Aegon recognised that due to not being paid the regular amounts Mrs R had lost out on interest so it explained it would pay her any lost interest on those income payments calculated using the Bank of England base rate plus 1%. This lost amount of interest was due to be paid to Mrs R along with £550 to recognise the distress and inconvenience the errors had on Mrs R.

In relation to the amount T wanted paid to him for the distress and inconvenience Aegon didn't feel this amount was justified and so declined this part of the complaint.

T was not happy with this outcome and so referred his complaint to this Service where it was assessed by one of our investigators, who felt the complaint should be upheld, but not to the extent that T had wanted.

The investigator was satisfied with the manner in which Aegon had attempted to put things right in terms of the missed regular payments to Mrs R. However, she didn't agree with the method by which Aegon had calculated the lost interest. She also didn't agree with the amount T wanted in recognition of the impact upon him in trying to resolve this matter, but she did accept something should be paid to him given the errors Aegon had made resulting in T having to step in as well as for the time the entire matter had taken. She therefore suggested the following as a way to resolve the complaint:

- a) The £550 proposed by Aegon to be paid to Mrs R was sufficient however the interest payment should be calculated at 8% simple rather than the Bank of England base rate plus 1%.
- b) Aegon to pay T £500 in recognition of the distress and inconvenience its error had caused him.
- c) Aegon to answer the further questions T had raised during the course of the complaint about the trust account – supplementary to the crux of this complaint and therefore not required to be detailed here.

Aegon accepted the assessment and agreed to recalculate the loss of interest at the rate of 8% simple and also agreed to make the suggested payment to T. Aegon also provided the answers to the supplementary questions T had asked.

T, however, didn't accept the assessment. He raised a number of points about the clarity of the information provided by Aegon along with wanting precise details of what the loss of interest payment would be. These were later clarified and so are no longer outstanding points of contention.

However, T's main point of disagreement was around the level of compensation the investigator had awarded to him. He didn't think it was fully reflective of what he had suffered and so confirmed in later correspondence that this was the only point that a final decision needed to consider.

As no agreement could be reached the complaint has been passed to me to decide.

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've taken into account relevant: law and regulations; regulatory rules; guidance and standards; codes of practice; and (where appropriate) what I consider to have been good industry practice at the relevant time.

Where the evidence is incomplete or inconclusive, I've reached my decision based on the balance of probabilities – in other words, on what I think is more likely than not to have happened given the available evidence and wider circumstances.

Before I set out my findings on the specific point of the redress awarded to T it's worth me stating that whilst it was disappointing to see the errors Aegon made from the inception of the trust dating back to 2010 I am pleased that it has accepted and acknowledged that it did wrong and that it has attempted to rectify things as best it can. I am satisfied the regular payments to Mrs R have been reinstated and that it has also corrected the type of account held for the trust to ensure such an error doesn't happen again. I am also satisfied that it has provided T with the information he required.

I am also in agreement with the methodology proposed by the investigator in order to calculate the lost interest on the missed payments. It is correct that the interest rate should be set at 8% simple because the income is for Mrs R to use on a daily basis rather than it being for any investment use (where Bank of England base rate plus 1% would have been more appropriate).

Turning now to the matter at hand – the redress for the distress and inconvenience T has suffered. T has said that he finds the recommended amount both surprising and disappointing and he feels the £500 doesn't accurately represent the levels of distress, upset and worry he has suffered due to Aegon's failures.

I fully appreciate T's strength of feeling and I do agree that the Aegon's errors are serious.

However, it's important to note that this service cannot "punish" a business – that is not our role. So, while I appreciate how serious the past errors were, in my view asking Aegon to recognise those specific errors by way of a monetary sum would be punitive, especially as the potential consequences of those errors didn't in fact materialise, thankfully.

The actual consequences that did materialise – the cessation of the payments to Mrs R certainly did have an impact on her but this has been rectified and recognised by the award made directly to her.

I appreciate T has a responsibility to ensure the trust and everything connected with it is run and administered correctly and obviously finding out this wasn't happening naturally caused worry – which I agree should be recognised by Aegon – but this doesn't warrant the £4,000 T is expecting. I know it has taken over a year to resolve which is frustrating in itself but I am not satisfied that the matter has disrupted his daily life consistently and severely nor has he put forward any claims that it had significant impact on his health. Furthermore, as serious as the errors were, they were not irreparable.

In terms of the amount of hours T has said he has spent in making this complaint and following it through, again, whilst I appreciate that is a lot of time spent, we don't usually make an award for the time it has taken to make a complaint to a business or to bring a complaint to us.

Therefore, in line with the guidelines of this service I am satisfied that the £500 previously suggested is sufficiently representative of the impact this matter has had on T in carrying out his duties to ensure the efficient running and administration of the trust.

Putting things right

I understand the amount to recognise the distress and inconvenience suffered by Mrs R has

already been paid to her.

So it remains for Scottish Equitable Plc trading as Aegon to:

- a) Pay the lost interest on the missed income payments calculated at the rate of 8% simple.
- b) Pay T £500 in recognition of the impact this matter has had on him.

My final decision

My final decision is that I uphold this complaint and direct Scottish Equitable Plc trading as Aegon to make the redress payments as detailed above.

Under the rules of the Financial Ombudsman Service, I'm required to ask T to accept or reject my decision before 17 April 2025.

Ayshea Khan
Ombudsman