

The complaint

Mr S complains that Scottish Equitable Plc (“Aegon”) failed to apply the proceeds of an investment sale to his pension account in a timely manner.

What happened

Mr S holds pension savings with Aegon in a self-invested personal pension plan (“SIPP”). That plan is used to receive contributions from Mr S’ employer – he says his employer will not allow contributions to be made to an alternative provider.

It appears that Mr S is very unhappy with his relationship with Aegon. I have seen that he has made, and continues to make, a number of complaints about the way in which his SIPP has been administered by Aegon. But this complaint is only dealing with what happened when Mr S sold one of his investments in June 2024.

Mr S gave his instruction to Aegon for the sale of some shares listed on the London Stock Exchange (“LSE”) on Wednesday 26 June 2024. The trade was placed that day and Mr S was sent a contract note showing settlement of the trade would take place on Friday 28 June. Aegon says that, in line with its normal processes, those funds were then matched and added to Mr S’ SIPP the following working day – Monday 1 July.

On 28 June Mr S complained to Aegon that the sale proceeds hadn’t been credited to his account. In its final response letter Aegon told Mr S that its terms and conditions provide for the settlement proceeds to be added to a consumer’s cash account one business day after they are received. So Aegon told Mr S that it didn’t think it had done anything wrong. Unhappy with that response Mr S brought his complaint to us.

Mr S’ complaint has been assessed by one of our investigators. She thought that Aegon had acted correctly and in line with the stated terms and conditions of the SIPP. So the investigator didn’t think the complaint should be upheld.

Mr S 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 S 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.

I think I should first touch on Mr S' relationship with Aegon. It seems clear that he is very unhappy with the services that Aegon offers, and the way in which his SIPP is administered. But it also seems that Mr S has little choice but to continue with that relationship given Aegon is the provider that has been chosen by his employer for its pension contributions. I don't however think that Mr S' lack of choice means that Aegon must alter its processes to meet his expectations. Aegon needs to take commercial decisions, in line with its regulatory responsibilities, about how it will operate the pension products that it offers.

I am not the regulator so in this decision I will need to consider whether Aegon has treated Mr S fairly and in line with the terms and conditions it has set out for the pension plan that he holds. Should Mr S still consider Aegon is acting outside of its regulatory permissions, those are matters that would need to be raised with the Financial Conduct Authority.

The terms and conditions of Mr S' SIPP set out how Aegon will act in a range of situations. In reference to this complaint I think sections 7.10 and 7.15.5 are most applicable.

Section 7.10, headed up "Settlement" explains that;

"For investment sales, any settlement proceeds will be credited to your cash facility one business day after it is received".

And section 7.15.5, under the heading of "Equity Trading and Investment Trust trading" says;

"For sales, we will credit any settlement proceeds due to your cash facility when we receive them. This will typically be three days after the date of your trade."

I accept that there might be a degree of contradiction between those two clauses. Section 7.10 says that proceeds will be added the day after receipt, whereas section 7.15.5 says the funds will be added when they are received. But that section then goes on to explain this will generally be three days after the trade has been placed.

The trade that forms the subject of this complaint was instructed by Mr S on 26 June. So, in line with what is said in section 7.15.5 he should have expected the proceeds to be credited to his cash account three working days later on 1 July. And that was exactly what happened. So it doesn't seem to me that Aegon has done anything different to what it set out in the terms and conditions applicable to Mr S' pension plan.

I appreciate that the contract note that was sent to Mr S confirmed that his sale would be settled by the LSE on 28 June in line with its normal T+2 dealing rules. But I don't think that necessarily means that Aegon would have received the funds on that date. It is entirely normal for pension administrators to use a third party to hold and trade on equities that are

held within their pension plans. And in many cases there is a short delay between funds being settled to the third party from the market, and them being made available to the administrator. And of course Aegon would need to undertake its own reconciliation activities to allow any cash it receives to be matched and allocated against a specific trade and customer account.

Mr S has explained that he considers himself to be disadvantaged financially by the extended settlement period. But my understanding is that this isn't the case. When Aegon credits the sale proceeds, typically on T+3, it does so back valued to T+2. So Aegon doesn't profit from any float on the proceeds of the sales.

I understand how disappointing this decision, and the situation with Aegon, is for Mr S. He is required to use the firm to administer the pension contributions he receives from his employer. But it seems his needs are different to the service Aegon provides. I am sorry to tell Mr S that it is unlikely that Aegon will change the service it offers. So he will need to allow for the additional processing time, that is clearly set out in the product terms and conditions, when giving instructions in the future.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 26 June 2025.

Paul Reilly
Ombudsman