

The complaint

Mr C complains that his Self-Invested Personal Pension (SIPP) provider – Aegon - which is part of Scottish Equitable Plc, provided him with poor service when he wanted to crystallise the remainder of the uncrystallised funds in his SIPP.

What happened

Mr C has an Aegon Retirement Choices SIPP and a SIPP drawdown pension. This is provided on a non-advised basis.

Mr C said he arranged a call with Aegon for 9 October 2024 as he wanted to crystallise the full balance of his uncrystallised pension, which was then around £620K, then take the remaining balance of his tax-free cash allowance, which was £122,225 due to previous crystallisation events. He wanted all of his residual funds after the tax-free cash had been taken to be moved into his drawdown account. He felt this meant that £497,775 would be added. Mr C said Aegon raised no issues about his request on the call.

Mr C said that the call handler told him that he'd receive an offer pack for review within five to seven working days. But he said the offer pack didn't arrive in the stated timescale. He said he had to call Aegon twice more to speed things up.

Also on 9 October 2024, Aegon set up an instruction for £488,904.36 of the £619,837.11 Mr C held uncrystallised in his SIPP. And to pay him £122,226.09 tax-free cash.

Aegon sent Mr C's offer pack by email on 21 October 2024. It showed him only crystallising £488,904.36, rather than the full uncrystallised amount in his SIPP, to cover the remaining £122,226.09 tax-free cash amount. It also stated that this would leave £139,895 not in his drawdown account. But Mr C felt it was wrong. He said it didn't show the crystallisation of all of his uncrystallised funds. It simply showed the crystallisation of just enough of the fund (£488,900) to cover the £122,225 tax-free cash. The remaining balance was still uncrystallised rather than being added to his drawdown account as he'd requested.

Mr C wrote to Aegon about the incorrect offer pack. He said that during his call with Aegon he'd been clear about what he wanted to do. And that the offer pack didn't reflect those clear instructions.

Mr C asked Aegon to produce a new illustration by return as he said he didn't have time to wait as long as he'd had to wait for the previous illustration. He also asked Aegon to call him.

Aegon replied to Mr C. It said he only had 45.56% of his "LTA/LSA" (Lifetime Allowance/Lump Sum Allowance) remaining, which was £122,225 tax-free cash. It felt that the offer pack showed correct figures based on the 9 October 2024 conversation. It explained that because Mr C was using its non-advised service, it could only crystallise up to the maximum LTA/LSA that he had left. But that if he used a financial adviser, they'd be able to crystallise the whole pot and move it all to drawdown.

On 22 October 2024, Mr C had a call with Aegon. He felt that it'd agreed to his initial request

on the 9 October 2024 call. Aegon said it wasn't possible for it to do that. But it said it could crystallise the whole pot if Mr C used a financial adviser. Mr C said Aegon hadn't told him this. Aegon repeated, as it'd said in its recent email, that it could only crystallise up to the maximum tax-free allowance as it was a non-advised service. Mr C questioned why he'd have to pay a financial adviser before he could do what he wanted. Aegon again said it could only deal up to the maximum tax-free cash allowance. Mr C felt this wasn't true and said it wasn't acceptable.

On 23 October 2024, Mr C received and reviewed a copy of the 9 October 2024 call with Aegon. He felt he'd been clear about his intentions. He said Aegon hadn't told him he couldn't crystallise all of his remaining uncrystallised pot.

Aegon issued a new offer pack to Mr C on 1 November 2024. This still didn't show the full amount of his uncrystallised funds being crystallised.

Aegon issued its final response to the complaint on 14 November 2024. It acknowledged the call handler from 9 October 2024 hadn't understood that Mr C wanted to crystallise the full amount remaining after taking tax-free cash. It said she should've told him that if he wanted to crystallise the full remaining amount he'd have to go through a financial adviser. Aegon said it couldn't process a crystallisation of the full remaining funds unless Mr C sought advice from a financial adviser.

Aegon acknowledged it hadn't provided Mr C with perfect service. It accepted he was unhappy with the time it'd taken to get an appointment with its guidance team, the time it'd taken to send the offer pack, and that he'd felt that the pack wasn't correct. It also acknowledged that Mr C hadn't been provided with the correct information on 9 October 2024. Aegon offered to pay Mr C £150 compensation for the poor service.

Unhappy, Mr C brought his complaint to this service on 15 November 2024. He said at no time during his call with Aegon on 9 October 2024 did it tell him that he couldn't crystallize his remaining funds. He also said he hadn't been able to find any notification of this on Aegon's website.

Mr C wanted this service to instruct Aegon to amend its process to allow him to crystalize all uncrystallised funds and add them to his drawdown account without him having to take expensive financial advice.

Aegon told this service that while the service it provided to its non-advised customers could facilitate certain transactions on an execution-only basis, it couldn't facilitate non-advised customers if they wanted to take withdrawals beyond the LSA. It said it wasn't a regulated service and that it wasn't authorised to provide advice, so it could only guide customers in withdrawals before they reached their LSA.

Aegon also said that Mr C had yet to progress with any transaction.

Our investigator didn't think the complaint should be upheld. He said that this service couldn't tell a business how to operate. And that given the execution-only service Aegon provided Mr C, it could only take his instructions and facilitate them unless it was unable to. He said that Aegon's policy on customers like Mr C who may exceed the lump sum and death benefit allowance is that they must appoint a financial adviser to facilitate the transaction. He felt this was a reasonable position. He said Aegon therefore couldn't facilitate the instruction Mr C had given it. And this service couldn't fairly ask it to.

Our investigator acknowledged that Aegon had failed to clearly explain this restriction during the 9 October 2024 call with Mr C. He said it'd taken until 21 October 2024 before Mr C

became aware of this. But he felt that the £150 compensation Aegon had paid him for the distress and inconvenience it'd caused was reasonable.

Mr C didn't agree with our investigator. He felt Aegon should be able to process his request as he wasn't trying to take more than the allowed LSA of £268,275.

As agreement couldn't be reached, the complaint has come to me for a review.

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 agree with what our investigator said and don't have much to add. I'm not going to uphold the complaint. I'll explain why.

I've considered all Mr C has said. I can see he feels very strongly that Aegon hasn't treated him fairly. I can understand his disappointment and frustration that Aegon hasn't done exactly what he wanted. But what I have to consider is whether Aegon has done anything wrong. And, aside from the issues that have been identified and for which Aegon has already paid compensation, I don't think it has.

I acknowledge that Mr C made it clear to Aegon what he wanted to do during the 9 October 2024 call. I can see that Aegon didn't tell him that he wouldn't be able to crystallise the whole amount of his uncrystallised funds during this call, although I'm pleased to see that it did explain this in detail in its 21 October 2024 email and 22 October 2024 call with Mr C. I also note that Mr C felt that none of Aegon's literature or web-pages stated that the limit it was applying to him existed.

I'm also satisfied that Aegon has explained that he'll have to take financial advice before it can follow his instruction. While I can see why Mr C thinks he shouldn't need to take financial advice, Aegon doesn't have to process his request without advice.

Aegon has decided not to allow requests of Mr C's type. It's explained that it isn't regulated to provide financial advice. Instead, it can only offer guidance for non-advised customers like Mr C, when they are taking withdrawals up to the point of them reaching their LSA. It said that as it wasn't providing a regulated service and wasn't authorised to provide advice on tax implications/financial planning etc, it could only guide customers in withdrawals before they reached their LSA.

Mr C is understandably disappointed about that. But I don't think Aegon is treating him unfairly. As our investigator noted, this service doesn't have the power to tell a business how to operate. Aegon can run its processes how it likes as long as it meets its regulatory obligations and the processes aren't unfair to its customers. I've not found any evidence that Aegon is failing its regulatory obligations. Nor have I found any evidence that it's treated Mr C unfairly.

Aegon has already paid Mr C £150 compensation for the poor service it provided. I think this is reasonable under the circumstances of the complaint. And I don't think it should be asked to take any further steps to put things right. Therefore I don't uphold the complaint.

My final decision

For the reasons above, I don't uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 28 August 2025.

Jo Occleshaw
Ombudsman