

## The complaint

Mr S complains about the manner in which Scottish Equitable Plc trading as Aegon ("Aegon") is administering his pension savings. In particular he feels that the investment funds offered by Aegon are restrictive, and that their administration costs are inflated.

## What happened

Mr S has been assisted in making his complaint by a family member. But in this decision, for ease, I will simply refer to all communication as if it has been with, and from, Mr S himself. And whilst I note that the pension plan was originally sold by Scottish Equitable, I will refer to Aegon as the responsible business throughout to keep things simple.

Mr S opened a pension plan with Aegon in 1988. The plan was a section 226 Retirement Annuity Contract. I understand that Mr S received advice about taking that plan from a financial advisor. Mr S' pension contributions have been invested into Aegon's with-profits funds in line with his decision when the plan was first opened. The pension plan provides Mr S with a guaranteed annuity rate ("GAR") subject to him taking his pension benefits in a specified form when he retires.

Mr S reached the nominated retirement date of his plan in June 2024. In line with the terms of the plan his pension savings could not be invested in the with-profits fund after that date. But since Mr S didn't decide to put his pension benefits into payment at that time, his pension investments were moved into Aegon's cash fund.

In December 2024 Mr S complained to Aegon that the investment funds it was offering to him for his pension savings were too restrictive. He said that he wanted to access investment funds across the whole of the market rather than just the Aegon funds he had been offered. Later that month Aegon received an enquiry from Mr S' financial advisor. That letter asked Aegon to confirm that Mr S' pension savings were currently held in cash, that they could be invested into Aegon funds, that tax-free cash was available, and that the GAR would remain applicable until Mr S' 75<sup>th</sup> birthday.

Aegon didn't agree with Mr S' complaint. It said that the investment funds available to Mr S were clearly shown on its website. And it said that the charges it applied were in line with industry standards. It said if Mr S remained unhappy with the choice or cost of the offered investments he could transfer his pension savings to another provider. But it warned him that making that transfer would mean he would lose the GAR available on his plan. Unhappy with that response Mr S asked us to look at his complaint.

Mr S' complaint has been assessed by one of our investigators. He thought it was a commercial decision for Aegon as to what level of charges it applied to investments held in the pension plan. And he thought that Aegon had reasonably provided Mr S with a full list, and the associated costs, of the investments available to him. The investigator thought that Mr S was being treated in the same way as all other customers. So, he didn't think that Aegon had done anything wrong.

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.

Whilst we have been considering this complaint, Mr S has clarified and added to the matters that he says form his complaint. As our investigator has explained, it is important that Aegon be given an opportunity to comment on any matters that Mr S wishes to raise. So, our consideration of the complaint, and therefore my findings in this decision, will only deal with the points that Mr S made in his initial complaint to Aegon, and that were covered in its final response letter.

That said, Aegon has more recently provided us with some information that Mr S had previously requested about commission payments made to his financial advisor. I think it would be helpful if I noted that information here, so Mr S has an answer to his question. Aegon has confirmed that when Mr S' pension plan was first opened commission was paid to his financial advisor. However, Aegon's records show that it stopped paying that commission in 2012. Since then, no commission has been paid to Mr S' financial advisor.

When Mr S first took out his pension plan in 1988, he received advice from a financial advisor. Aegon simply administers Mr S' pension plan so has no responsibility to ensure the plan, or the investments it contains, are suitable for his circumstances. Those are essentially decisions Mr S needs to take for himself, or with the support of a financial advisor.

When it was opened, Mr S' pension savings were invested in Aegon's with profits fund. And that investment remained unchanged until 2024 when Mr S reached his nominated retirement age. Given that I don't think Aegon recommended that investment to Mr S, I cannot reasonably conclude that it is responsible for any concerns Mr S might have about the cost or suitability of that choice.

The terms and conditions of Mr S' pension plan, that he would have agreed to as part of its opening in 1988, set out that Aegon would provide him with a range of different investments that he could use for his pension savings. Aegon now provides details via its website of the funds into which Mr S could invest his pension savings. I am satisfied that those choices meet, and in fact are greater than, the investments Aegon needs to offer under the terms and conditions of the pension plan.

Aegon's website explains the charges that it will apply to the various investments Mr S can make. Aegon explains that those charges comprise a product charge plus a fixed management fee and expenses that vary with the day to day costs of running the fund. In most cases, including that of Mr S, the product charge is set at 1%. Aegon explains that the product charge is an annual management charge which covers the costs associated with managing the plan and investments. Essentially that is Aegon's recompense for the administration of Mr S' pension plan.

It would be unusual for me to interfere with a legitimate commercial decision taken by a regulated firm. In my experience the charges being set by Aegon on these investments are in line with those imposed by other firms. I'm not persuaded that the charges being imposed by Aegon are unreasonable or excessive.

As Aegon has explained, Mr S does have the opportunity to transfer his pension savings to another provider if he is unhappy with either the choice or cost of the investments that Aegon offers. I fully appreciate that this will potentially come at a cost to him given the guaranteed annuity rate that he will need to surrender. But that would be something he would need to weigh up when making that decision, most likely with the help of his financial advisor. It isn't something that either I, or Aegon, should recommend to him.

Overall, although I appreciate that this decision will be disappointing for Mr S, I am satisfied that the range of investment funds offered by Aegon is reasonable and in accordance with the terms and conditions of the pension plan. And I think the charges that Aegon makes for those investment funds are fair and in line with those of other similar providers. So I don't think Aegon has done anything wrong.

### **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 S to accept or reject my decision before 19 November 2025.

Paul Reilly  
**Ombudsman**