

The complaint

Mr K complained that The Royal London Mutual Insurance Society Limited (Royal London) did not allow him to transfer in a personal pension to his existing pension plan without seeking financial advice.

Mr K would like Royal London to compensate him for the costs of taking financial advice

What happened

I have reviewed all the evidence provided by both parties. I have not reproduced all of this in this decision but concentrated on what I believe to be the most relevant parts.

Mr K took out a personal pension plan with Royal London on 13 December 2023. On 24 June 2024 he contacted Royal London to request to transfer in a pension he held with another provider.

Royal London responded to his request on 25 June 2024 to say that because of his age, he would need to take advice from a financial adviser (FA) before undertaking the transfer.

Mr K subsequently wrote to Royal London on 1 July 2024 to complain about being unable to transfer in the pension without paying for advice. Mr K said that his FA had told him when he took out the policy with Royal London that he would be able to manage it himself, without further input from the FA. He said that Royal London was being ageist in its approach and that he was able to make decisions about his pensions himself.

Mr K said that Royal London confirmed to his FA that this rule only became effective when he reached the age of 74, but he felt that it should have made him aware of this when he took out the original plan with Royal London at the age of 73. He went on to say that had he been aware of this restriction, he would probably not have taken out the pension plan with Royal London.

Royal London responded to his complaint on 30 July 2024, not upholding it.

It said:

A business decision was made to not allow transfers on a Non-Advised basis into a policy if the customer is approaching the age of 75. As age 75 is the maximum age for monies into a policy with us, we are unable to produce documentation to outline a transfer in without a Financial Advisor. I appreciate this was not the outcome you were after and I listened to your concerns; on this occasion I do have to let you know that we have acted correctly and therefore I am unable to uphold your complaint.

Mr K remained unhappy with this decision, so brought his complaint to this service. He wanted to know why he and his FA had not been informed of any age restrictions on his policy.

Our investigator reviewed all the evidence from both Mr K and Royal London, before forming the view that Royal London had not treated him unfairly in applying its business policy.

Following this view, Mr K wrote again to this service to raise some additional points. He stated that he had paid his FA a significant sum of money to set up a pension plan that did not suit his needs and provided evidence that he had intended to operate his pension plan without further assistance from his FA after it had been set up. He also said that his FA had not been aware of Royal London's restrictions on transfers after the age of 74.

Mr K also asked why Royal London allowed him to set up a flexible drawdown policy using his pension benefits at the age of 74 without the use of an FA but would not allow him to transfer in additional benefits from another scheme without advice.

Mr K asked for these points to be considered and I have addressed them in reaching my final decision.

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 have reached the same conclusion as our Investigator and do not uphold Mr K's complaint.

I can appreciate this will be disappointing to Mr K, so I will explain now how I have reached my conclusions.

Firstly, I think it's important to reflect upon the role of this Service. Our role is to impartially review the circumstances of a complaint and make a decision on whether a business has made errors or treated a customer unfairly. Where it has, we expect a business to fairly compensate a customer for any financial loss and distress and inconvenience they have suffered as a result.

In the circumstances of this complaint, I can see that Mr K believes that Royal London has discriminated against him because of his age. I can fully understand why he may feel that way, but I will try now to explain why I don't think that is the case.

Mr K is unhappy that his ability to transfer additional pension benefits into his Royal London plan were restricted once he reached the age of 74. It's important to note that this is not a regulatory requirement, but a business decision by Royal London.

As our investigator explained, once an individual reaches the age of 75, the law means that a number of major changes to the way pensions are treated come into effect, regardless of whether the individual has taken their benefits or not. Tax rebates for pension contributions are withdrawn at this age so any further contributions do not attract any tax incentives, for example.

These changes come in as consumers are generally considered to have taken at least some of their pension benefits by the age of 75. Pension providers also make changes to the way they operate pension plans for customers after they reach this age.

In the case of Royal London, it chooses not to allow any further contributions after the age of 75. As it explained in its response to Mr K's complaint, it also chooses not to allow any further transfers into a pension plan after the age of 74 without the consumer getting formal advice from a FA. I believe that this may be in part due to the relatively short time during which a plan transferred into Royal London may have to benefit from lower charges or potentially higher growth rates.

I think it important to note here that Royal London is free to offer its services in any way it chooses as a business, provided it abides by all applicable law and regulations. Consequently, this service does not have the power to challenge any decisions it has made as long as it is satisfied that it is abiding by the law and regulations laid down by the Financial Conduct Authority (FCA). I've carefully considered the comments Mr K has made, and while I fully appreciate his frustration, I cannot say that Royal London had done anything wrong by choosing to act in the way it does.

As our investigator noted, if Mr K wanted to contribute or transfer any other pension benefits into his Royal London pension plan, he wouldn't be able to. So, requiring the use of a financial adviser from the age of 74, as Royal London does, should help him and other consumers in his position to better understand the restrictions that he would encounter from age 75. So, while I appreciate that requiring the use of a FA from the age of 74 is not what Mr K would like, I can't see that it's fair to say that this constitutes any form of age discrimination.

Turning now to look at the information that Royal London gave Mr K when he took out his policy, I can see that he is aggrieved that no mention of the restrictions that would apply from Age 74 were made at the time. This must be frustrating for him as he was not far away from that age when he took out the policy.

I've considered carefully whether Royal London should have drawn his attention to this policy at the time he started his Royal London pension plan. On the one hand, I can see why he feels that this would have been appropriate. Against this, I can see that the policy did not apply to him at the time and I can't see from the evidence that Royal London was aware that he may wish to transfer in any further benefits at a later date. I've also considered that Royal London is not authorised to provide financial advice and that Mr K was assisted at that time by his own financial adviser.

Consequently, on balance, I don't think Royal London needed to tell Mr K about this specific rule when he first set up his pension plan. Furthermore, I don't find it reasonable for Royal London to inform Mr K of all of these which did not apply at the time he took out his pension plan. I have to give further weight to this consideration as Mr K did not inform Royal London of his future plans to consolidate other pension benefits into his plan.

I had asked Royal London about its policy of allowing non-advised drawdown after the age of 74 but not allowing the transfer in of any additional funds. In its response to my query, Royal London said:

Our usual business policy is advised new money into Royal London. If a customer has an existing Person Pension (PP) we might allow new money in on a non-advised basis, but that will depend on the type of funds held with the other pension provider. We don't advertise as its case by case and we can't always accept.

If a customer has an existing PP plan and want to access drawdown, we have an advised and non-advised process. Upon converting to drawdown any new money in (into the existing policy) is advised, that is business policy.

It went on to say:

Unless a specific action is questioned, we won't and can't cover all options and eventualities.

Having considered this point, I would expect that Royal London would have made Mr K and his FA aware of how the pension plan would operate at the appropriate time. I don't consider, on balance, that it would be reasonable to expect it to inform him of any rules that

did not apply at the time he took out the pension plan. As Royal London cannot provide any financial advice, I would suggest that it is more the responsibility of the FA to ensure that any product they suggest is appropriate for the circumstances of their client.

In conclusion, although I appreciate that Mr K is unhappy about the restrictions placed upon his pension – and specifically that he needed to take financial advice before transferring further pension benefits into his Royal London pension plan when he reached the age of 74 – I do not find that Royal London has treated him unfairly.

My final decision

For the reasons given above, I do not uphold Mr K's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 24 September 2025.

Bill Catchpole
Ombudsman