DRN-5589186

The complaint

Mr V complains that Scottish Equitable Plc trading as Aegon ("Aegon") failed to complete the transfer of his pension savings, and the payment of a pension commencement lump sum, in a timely manner.

What happened

Mr V held pension savings with Aegon in a legacy Group Personal Pension scheme that appears to have arisen from some previous employment. He contacted Aegon in October 2024 to request that those pension savings be transferred to a self-invested pension plan ("SIPP") that he held with the firm, and that he be paid a pension commencement lump sum ("PCLS" – otherwise known as tax-free cash).

Aegon explained to Mr V that he would need to discuss the transfer with its Aegon Assist team. It told him that the earliest appointment it could offer was around two weeks later on 15 October. Or it said that he could alternatively take financial advice from an independent financial advisor. Mr V agreed to wait for the meeting on 15 October. And in preparation for that meeting Aegon issued some information to Mr V about his pension savings – although it appears that wasn't sent to Mr V until after the meeting had taken place.

After Mr V discussed his intentions with Aegon it explained the next steps. It told Mr V that it would need to issue him with a transfer pack – that would be sent to him within five to seven working days. It said that Mr V would need to read that pack and then confirm he wished to proceed. At that time he would be sent some transfer forms for completion and return. And that would then allow his pension savings to be transferred to his SIPP. Once that transfer was complete Aegon said it would then offer Mr V the opportunity to request the PCLS payment, and that it should be received no more than 16 working days after the transfer had been completed..

Aegon sent the transfer pack to Mr V on 27 October. Mr V says he was unhappy that the transfer pack only contained information about taking an annuity despite his clear instructions about his intentions. But when he called Aegon the day after it had been received it agreed to issue the transfer forms.

The transfer forms were issued to Mr V on 29 October and returned by him the same day. But Mr V was concerned that those forms didn't allow him the opportunity to confirm he wished to take 25% of the transfer as a PCLS.

Aegon says that it processed the transfer forms on 1 November and in line with its normal approach, the value of Mr V's pension savings was calculated two working days later on 5 November. It sent the funds to Mr V's SIPP on 19 November. Mr V was then sent an offer pack in order for the PCLS to be released on 26 November and he confirmed his acceptance the same day. On 28 November Aegon confirmed it would pay the PCLS to Mr V within 16 working days. The PCLS was paid to Mr V on 10 December.

Mr V complained about the time the transfer and PCLS payment had taken. Aegon didn't agree with the complaint and told Mr V that each stage of the process had completed within what it thought was a reasonable timescale. Unhappy with that response Mr V brought his complaint to us.

Mr V's complaint has been assessed by one of our investigators. She didn't think that the time it had taken for the Aegon Assist appointment to take place should be considered a delay. And she thought that the transfer process, from the receipt of Mr V's transfer forms to the payment of the PCLS had taken place within a reasonable time. But the investigator didn't think Mr V had been sent the transfer pack following his meeting with Aegon Assist quickly enough. She said that pack had not arrived with Mr V until nine working days after his phone call – so two days later than Aegon had told him it would be sent. So the investigator asked Aegon to work out whether that two day delay, when applied to each stage of the later process had caused Mr V to lose out. And she asked Aegon to pay Mr V £100 for the inconvenience he'd been caused.

Aegon accepted our investigator's recommendations. But Mr V 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. If Mr V accepts my decision it is legally binding on both parties.

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 V 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.

There seems to be little dispute about the basic timeline behind this complaint. So in this decision I will focus on the information that was sent to Mr V, whether that information was appropriate or sufficient, and whether it was sent in a timely manner. That will then lead me to a conclusion about whether Aegon was responsible for any delays in the PCLS being paid to Mr V. And if I find that was the case I will then go on to set out what Aegon needs to do to put things right.

I think I should first note that, although Mr V moved his pension savings from one Aegon product to another, this transfer was no different to those where the pension savings were moved to an alternative provider. Aegon has explained that Mr V's pension savings were held in one of its legacy products, and the administration of that pension plan was outsourced to another provider. Aegon itself didn't have access to many of the administrative systems that were used for Mr V's old pension plan. So the transfer of the pension savings needed to be requested through the external Origo Options system, and until the funds had been received into the Aegon SIPP it couldn't start the process of paying the PCLS. All the steps that took place before the transfer had been made were simply to facilitate the movement of the pension savings from the old plan to the SIPP.

The transfer of pension benefits from one pension plan to another is often an irrevocable decision. So it is right that Aegon would want to ensure that a consumer making that switch was fully advised of, and had carefully considered, all their options. That could be achieved by a consumer taking independent financial advice. Or, should a consumer not wish to pay for advice of that nature, Aegon offered its Aegon Assist service. Whilst that process will not provide a consumer with advice, it is designed to ensure they are fully aware of their options and the implications of the change they are requesting.

When Mr V first called Aegon he was told that his circumstances and request were such that he would need to discuss his intentions with the Aegon Assist team. He was offered the first available appointment – two weeks later – but was also told he could call in the interim to see whether any cancelled appointments had become available. I don't think the short delay in the appointment being arranged is indicative that Aegon did something wrong. In my experience that sort of timeframe is usual across the industry.

Following his initial call with Aegon, Mr V was issued with some information about his pension savings. As I said earlier that information wasn't sent to him until after the meeting took place. In itself that wasn't an issue since Mr V was clear about how he wanted to proceed and didn't need the information. But it clearly caused him some confusion when it was received after he had already agreed a way forwards. But although it did cause some inconvenience to Mr V I don't think it delayed him completing the transfer.

When Mr V spoke with Aegon Assist the transfer process was explained to him. He was told that he would first be sent a transfer pack within five to seven working days. But it does seem that the issue of that pack was later than Aegon had said it would be. It was sent to Mr V nine working days later. So I think Aegon was responsible for a delay of two days here.

Mr V says that the information that was sent to him was irrelevant. He says the majority of the information related to taking an annuity, rather than the transfer and payment of a PCLS that he had already agreed. But the contents of that pack, as explained in the covering letter, are largely determined by the regulator. Aegon is required to provide it so that its customers are fully informed about the options available to them. So whilst I can understand why Mr V might have found the information unnecessary, I don't think Aegon did anything wrong in sending it to him.

In line with what had been explained on the call with Aegon Assist, Mr V was asked to reply to that pack accepting the terms and conditions of the transfer offer. Once that had been completed Aegon issued the transfer forms to Mr V that he returned the same day – 29 October. I can see that Mr V also expressed some concerns that those documents didn't fully set out the way in which he intended to use his pension benefits. I accept that was the case, but this stage of the process was simply about arranging for the monies to be transferred to his SIPP. The decision about how to use the benefits would come later. But in any case, I don't think those concerns caused any delays to the transfer process – Mr V returned the forms promptly and Aegon began to process them on receipt.

It is normal for a short period of time to elapse once documentation has been received, and before it is processed. It would be unreasonable to expect a large business such as Aegon to action all instructions immediately on receipt. Here, Mr V's transfer request was marked as being accepted on 1 November. And, in line with Aegon's terms and conditions, that meant the value of his transfer would be determined two working days later, on 5 November. Since that was what happened I don't think Aegon did anything wrong, either in the speed of the transfer request being processed, or in setting the value of Mr V's pension savings being transferred as two days after the transfer was accepted.

And I think the remainder of the transfer process ran to the expected timescales too. Aegon sent the funds to Mr V's SIPP on 19 November. Mr V was then sent an offer pack in order for the PCLS to be released on 26 November and he confirmed his acceptance the same day. On 28 November Aegon confirmed it would pay the PCLS to Mr V within 16 working days. The PCLS was paid to Mr V on 10 December.

I accept that Mr V has correctly identified that Aegon made an error in the way it dealt with his pension savings once they had been received in his SIPP. And it does seem that error was only initially identified when Mr V called Aegon on 6 December. I think he is right in saying that without his intervention it is likely the PCLS would not have been paid on time. But once the error was identified, Aegon acted quickly to prioritise the payment and ensure it was still made within the expected time. So whilst again Mr V will have been caused some frustration, I don't think any payment delays resulted.

So I am satisfied that, in the main, the actions Aegon took and the documentation that was sent to Mr V, were appropriate and timely. But I do think that there was a delay, immediately following the Aegon Assist call of two working days that was the responsibility of Aegon. Whilst I cannot be sure that would have resulted in corresponding delays throughout the process, I don't think that is an unreasonable conclusion to reach. Without identifying that initial delay (which Aegon didn't until our investigator sent her assessment) there would have been no need to expedite any parts of the process.

So I think that a delay of two days occurred in the transfer being made, and the PCLS being paid to Mr V. I think the potential losses Mr V might have experienced as a result of the delay are as follows;

- His pension investments were valued two working days later. A valuation date of 1 November (rather than 5 November) should be used.
- The PCLS should have been paid to Mr V two working days earlier. So Aegon should pay him interest for the four calendar days he was without the PCLS monies.
- The remainder of the transferred funds would have been invested in Mr V's SIPP two working days earlier. So Aegon should establish if the value of those transferred funds would be higher had they been invested two working days earlier.

As I have set out above, it does seem that Mr V has been caused some inconvenience during the transfer process. Whilst a process such as this will undoubtedly require a number of interventions from a consumer I think Mr V needed to do more than he should have. So, like our investigator, I think Aegon should pay Mr V £100 for the additional inconvenience he was caused.

Putting things right

I think that Mr V's transfer, and the subsequent payment of the PCLS and investment of the residual funds, were delayed by two working days. So, to put things right, Aegon should;

- Work out the value of Mr V's pension savings that should have been transferred had they been valued at 1 November rather than the actual 5 November. If that value is greater than that actually transferred Mr V has lost out and should be paid the difference as an additional transfer to his SIPP (backdated to the date of the investment set out below) together with a further PCLS payment to reflect the additional transfer.

- Pay simple interest at a rate of 8% per annum to Mr V on the value of the PCLS that he received for a period of four days. HM Revenue & Customs requires Aegon to take off tax from this interest. Aegon must give Mr V a certificate showing how much tax it's taken off if he asks for one.

- Work out whether the residual transferred funds would have been worth more had they been invested into Mr V's SIPP two business days earlier. If that is the case the additional investment units should be added to Mr V's SIPP.

- Pay Mr V £100 as compensation for the inconvenience he has been caused.

My final decision

My final decision is that I uphold Mr V's complaint and direct Scottish Equitable Plc trading as Aegon to put things right as detailed above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr V to accept or reject my decision before 19 September 2025.

Paul Reilly
Ombudsman