

The complaint

Ms E complains that Scottish Equitable Plc trading as Aegon (“Aegon”) has failed to treat her fairly in relation to her pension savings. In particular she complains that Aegon failed to make her aware she might be able to take her pension benefits early due to ill-health. She says that Aegon failed to make her aware of changes to how she could take her pension benefits brought about by Brexit. And Ms E says that Aegon failed to process an instruction to switch some of her pension investments in a timely manner.

What happened

Ms E is resident in mainland Europe. She holds pension savings with Aegon that arose as a result of some UK based employment around 25 years ago. Ms E says she suffers from a serious and debilitating genetic illness that causes her chronic pain and exhaustion.

In January 2021 Ms E wrote to Aegon. She said that she was considering closing her pension account and cashing in the money. She asked whether that would be possible and what charges Aegon would apply. Ms E reminded Aegon that she was aged 49 at that time. Aegon replied to tell Ms E that under the current legislation consumers were unable to access their pension savings until they reached age 55.

In 2024 Ms E became aware that she might be able to take her pension benefits before age 55 as a result of her ill-health. She discussed the matter with Aegon and was asked to provide some medical evidence to support her claim. Around the same time as Ms E returned that medical evidence Aegon told her that it had accepted her ill-health claim. So Ms E started to discuss with Aegon how she might take her pension benefits.

Aegon told Ms E that, since she wasn’t resident in the UK, it wouldn’t be able to offer most of its retirement products to her. It said that it couldn’t offer her a flexi-access drawdown plan, or sell her an annuity. It told Ms E that meant she couldn’t take a pension commencement lump sum (“PCLS” – otherwise known as tax free cash) as a single payment. But it told Ms E that she would be able to take her benefits as Uncrystallised Funds Pension Lump Sum payments (“UFPLS”).

Around the same time, Ms E sent a letter to Aegon asking that some of her pension savings be switched into alternative investments. Aegon explained to Ms E that she would need to complete its form for any fund switch. Ms E returned that form to Aegon by email early on 18 October. But it seems Aegon failed to correctly deal with that request. It was only processed when Ms E made a second request via Aegon’s online system on 7 November.

Ms E complained to Aegon about what had happened. Aegon told Ms E that it thought it had dealt with her enquiry in January 2021 fairly. It said that it had no information at that time that she was suffering from a long term health condition so it wouldn’t have been appropriate to discuss early retirement on those grounds with her. It said that the restrictions on the products it could offer Ms E were not as a result of changes due to Brexit – it said those restrictions had always been in place. But Aegon accepted that it hadn’t dealt with Ms E’s fund switch request as promptly as it should have. It said it would backdate her request to when it should have been implemented on 22 October. And Aegon paid Ms E £100 for any

inconvenience she had been caused. Unhappy with that response Ms E asked us to look at her complaint.

Ms E's complaint has been assessed by one of our investigators. She thought Aegon had acted reasonably in terms of the products it offered to Ms E given she lived overseas. But the investigator didn't think Aegon had correctly assessed the date to which it should backdate the fund switch – she thought it should have been a day earlier. So the investigator asked Aegon to recalculate the compensation it had paid to Ms E. And although the investigator thought that Aegon had acted fairly in its conversations with Ms E in 2021, she thought it had caused Ms E some distress and inconvenience over how it had dealt with her ill-health claim in 2024. So she asked Aegon to pay an additional £100 compensation to Ms E in that regard.

Aegon accepted the investigators recommendations and, pending Ms E's response, it corrected the compensation it had paid for the delayed investment switch. But Ms E didn't agree with the 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 Ms E 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 there are three aspects to this complaint that I need to decide. First I will consider whether Aegon acted fairly when it discussed Ms E being able to take her pension benefits in 2021 and how it dealt with her ill-health claim in 2024. Then I will consider whether Aegon reasonably kept Ms E apprised of how her pension benefits might be affected by her being resident overseas following Brexit. And then I will look at what happened when Ms E asked to switch some of her pension investments in October 2024.

Before I consider those matters, I will also note that I am aware Ms E has more recently faced some problems with the payment of some benefits from her pension plan. But those matters are being considered as part of a separate complaint. So, I won't be dealing with them in this decision.

In January 2021 Ms E was aged 49. She wrote to Aegon saying that she was considering taking all her pension benefits at that time and asking whether any charges would be applied as a result. Aegon responded to simply tell Ms E that current legislation meant that pension benefits could not be put into payment until the consumer was aged 55.

I think the question Ms E asked of Aegon was relatively common. And the answer that Aegon gave would apply to the vast majority of its customers. I don't think there was anything fundamentally wrong in it answering the question Ms E posed in that way.

But Ms E has told us that she has been suffering from a serious and debilitating medical condition for many years – and has been unable to work since before 2021. So that would suggest that it might have been possible for her to access her pension benefits earlier than the normal age of 55. She has complained that the vanilla response Aegon provided to her did not provide that information, and so she was denied access to her pension savings.

There seems little dispute that Aegon was unaware that Ms E had any health problems when she wrote to the firm in 2021. But given the nature of her query I don't think it would be reasonable for Aegon to have probed more deeply into Ms E's circumstances. She gave no indication why she wanted to take her pension benefits at that time – her question was posed to Aegon in response to an email she'd been sent about Brexit potentially restricting her ability to make future contributions to her pension plan.

If Ms E had made Aegon aware of her ill-health, or perhaps posed her question on the basis that she understood she might be able to take her pension benefits earlier than normally permitted, I'd expect the answer she would have been given by Aegon would have been more detailed around its ill-health requirements. Or if that hadn't been the case I think Ms E's grounds for complaint would have been far stronger.

So on balance I don't think Aegon did anything wrong in its communications with Ms E about taking her pension benefits early in 2021.

It seems that, in 2024, Ms E became aware that her state of health might mean that she could take her pension benefits early. She discussed her situation with Aegon and it took her through the steps that would be needed to make an early claim. Aegon has responsibilities under UK legislation to ensure that any early payment of pension benefits is done as a result of the strict application of various criteria. So I don't think it was unreasonable for Aegon to ask Ms E for some detailed information about her circumstances including information from her doctor.

I accept that it appears Aegon approved Ms E's request before it had chance to consider the information Ms E's doctor had provided. I must assume that Aegon was persuaded based on the information it already held that Ms E had satisfied the necessary criteria. And I can only conclude that Aegon's actions were intended to speed up the processing time of Ms E's application. But I can see why, given the challenges that Ms E says she faced in attending an appointment with her doctor, she would have been disappointed Aegon hadn't set out its requirements more clearly. So, I will direct Aegon pay Ms E some additional compensation for the distress and inconvenience this part of its process caused to her.

Ms E opened her pension plan with Aegon whilst she was working in the UK. So at that time the services and products that Aegon was able to offer to her would not have been affected by her being resident abroad. It was only some time later that Ms E moved abroad – and notified Aegon of her change of residence.

In 2021 Aegon wrote to Ms E as a result of changes that would be forthcoming following the end of the Brexit implementation period. The letter Aegon sent to Ms E was to warn her that her banking arrangements might be affected, and so she might need to change how to receive any pension income that Aegon was paying to her. But given Ms E was not in receipt of any pension income from Aegon at that time, there was no impact on her. So she didn't need to take any action as a result of that letter.

Aegon's regulator, the Financial Conduct Authority, required it to communicate with its customers about any changes they might experience as a result of the Brexit implementation. It is for that reason that Aegon would have written to Ms E about the potential impact of any banking changes. But Aegon has said that otherwise the restrictions that Ms E faces on the products it will sell her were in place before any changes that arose as part of Brexit. So it didn't need to specifically notify Ms E of those restrictions in 2021.

I have considered the information that Aegon has sent to Ms E over the years – to her overseas address – and whether that should have been more tailored to her circumstances. For example the annual statements discussed how pension benefits might be taken in the form of an annuity – something that Aegon now says it couldn't offer Ms E. But I am satisfied that the information Aegon provided in the annual statements was largely prescribed by the regulator. And I think its wording was clear that it gave no assurance that any benefits being illustrated were guaranteed to be paid. I think it was for Ms E to make specific enquiries of her own either when she moved abroad or in subsequent years to understand any impacts her residency might have on the services Aegon could offer.

Aegon accepts that it failed to process Ms E's investment switch instruction that was received on 18 October 2024. It wasn't until Ms E resubmitted that request via Aegon's online system that the switch was made. Ms E has told us that following the resubmission the switch happened the following working day. So I think it would be reasonable to conclude that is what should have happened when the first application was sent in.

Aegon initially corrected Ms E's account on the basis that the switch should have happened two working days after receipt. But following our investigator's assessment Aegon has recalculated what would have happened had it applied the switch the day after it had been received. That is exactly what I would have asked Aegon to do in order to put things right. So, whilst it is clear that something went wrong in processing Ms E's switch instruction, I am satisfied that Aegon's actions mean Ms E has no longer lost out. And I think the £100 Aegon has paid to Ms E for her inconvenience in relation to this part of her complaint is fair and reasonable.

I appreciate that this decision will be disappointing for Ms E. But I am satisfied that Aegon didn't treat her unfairly in how it responded to her question about taking her pension benefits in 2021. And I don't think the ways in which Ms E's pension benefits could be paid, given her residence overseas, were impacted by changes resulting from the implementation of Brexit. But I do think Ms E was caused some inconvenience by Aegon's lack of clarity over its requirements when considering her claim for ill-health in 2024.

I've thought carefully about what happened when Ms E was making her claim for her pension benefits to be paid early due to her ill-health. I can understand why she would have been frustrated that information Aegon says it needed did not appear to be used as part of its decision making. So I agree with our investigator that it would be fair and reasonable that Aegon should pay Ms E a further £100 in compensation in that regard.

Putting things right

Aegon should pay Ms E £100 compensation for the distress and inconvenience she was caused by its handling of her ill-health claim.

I am satisfied that the steps taken by Aegon, both initially and following our investigator's assessment are sufficient to correct the error it made when processing Ms E's fund switch in October 2024. And I think the £100 Aegon has already paid for Ms E's inconvenience caused by this error is fair.

My final decision

My final decision is that I uphold Ms E'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 Ms E to accept or reject my decision before 3 September 2025.

Paul Reilly
Ombudsman