

The complaint

Mr T complains that the charges Scottish Equitable Plc (“Aegon”) was making on his pension investments were too high.

What happened

Mr T holds pension savings with Aegon. Originally those pension savings were held across two pension plans, but recently one of the pension plans has been transferred to another provider. It seems clear that Mr T has many concerns, and for many years, about how Aegon has been operating his pension plans. And I will be dealing with some other concerns in a separate final decision. But this decision will simply deal with the complaint that I’ve set out above.

In November 2024 Mr T told Aegon that he thought the charges he was paying on his pension investments were too high. In particular he noted that he didn’t appear to be receiving a rebate that had been agreed on the annual management charges. And he asked Aegon for its support in reducing the charges that he was paying to a maximum of 0.5% per annum.

Aegon didn’t agree with Mr T’s complaint. It said that it was unable to reduce the charges as those were set by reference to the funds his pension savings were invested in. It provided Mr T with details of the alternative investments that were available for his pension savings, and confirmed there would be no charge for any switch instructions. Aegon also noted that Mr T had made a similar complaint in 2020. It said that in response to that complaint it had confirmed to Mr T that his pension plan wasn’t an occupational group pension plan so its charges were not capped at 0.75% in line with legislation introduced by the Department for Work and Pensions in 2015. Unhappy with that response Mr T brought his complaint to us.

Mr T’s complaint has been assessed by one of our investigators. He thought the level of charges that Aegon made was a commercial decision for the firm. And he said that Aegon didn’t need to make the same charges across each of its pension products. The investigator didn’t think Aegon had done anything wrong.

Mr T 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 T 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.

In response to our investigator's assessment Mr T has said that he thinks Aegon failed to deal with his complaint appropriately. He says that it took Aegon far too long to answer his questions. And he says that when the complaint was referred to us Aegon altered the complaint he had made to suit the partial answer it had belated given.

Unlike the Courts, I am not limited to looking only at the issues a consumer has focused on in their complaint. Our approach is "inquisitorial" - rather than the "adversarial" procedures of the courts, where the lawyers for the two sides "fight it out". By law, I am required to resolve complaints fairly. This means I decide what questions to ask to get to the bottom of things. And it means I can concentrate on the relevant facts of the case, rather than the complaint as presented. So hopefully that will provide Mr T with some reassurance that I am dealing with the true substance of his complaint, rather than how it might have been presented to us.

But I am sorry to tell Mr T that I will not be upholding the complaint. As I will now go on to explain in some more detail, I don't think that Aegon has treated Mr T unfairly with the charges that it has applied to his pension savings. And I don't think Aegon has been unreasonable in not recommending alternative investments to Mr T.

I think I should first set out my understanding of the relationship between Mr T and Aegon. Mr T does not receive financial advice from Aegon. Aegon simply administers the pension plans that Mr T holds. So Aegon is not responsible for ensuring that any investments Mr T holds are suitable for his circumstances. Those are essentially decisions that Mr T needs to make for himself. And for similar reasons it would be inappropriate for Aegon to do more than provide information to Mr T about the investment choices it offers.

Mr T complained to Aegon that he thought the charges it was applying to his pension investments were too high. He said that he had another pension plan with the firm that had lower charges. And he said that he should be receiving a rebate of 0.4% on the charges that he was paying as part of his agreement with the firm.

It is largely a commercial decision for Aegon as to what level of charges it will impose on any investments. And it wouldn't be unreasonable for those charges to vary across different pension plans – reflecting the different characteristics of those plans. I can see that, in the information it provides about the various investments, Aegon clearly sets out the charges that will apply to investments held in this plan. But I should point out here that Aegon has said the base charge that it would generally expect to apply, to cover its costs in administering the pension plan, would be 1%. And then, depending on the nature of the investment, further charges might be added by the individual funds.

Mr T is correct that the terms of his pension plan do offer a discount of 0.4% against the charges. But I think he has misunderstood the terms of that discount. The discount is only applied against the value of the funds that were initially added into the pension plan in June 2014. That creates a rebate, that I can see has been applied to Mr T's pension plan, of around £5.58 per annum.

Mr T asked for Aegon's support in identifying some lower charging investments. But as I've said earlier, given that Aegon is not Mr T's financial advisor, it would be wrong for the firm to recommend any specific investments to him. Instead, I think that Aegon did all that it should have – sending Mr T the location of the full list of investment funds that were available to him. It was for Mr T to conduct his own research, using the information that Aegon had provided or other sources, to decide which investments would meet his needs for the future.

I appreciate that this decision will be disappointing for Mr T. But I am satisfied that the charges Aegon is making for the investments he holds are reasonable, and in line with the stated terms of those investments. I don't think it would be appropriate for Aegon to provide Mr T with recommendations in relation to other investments, and their charges.

My final decision

For the reasons given above, I don't uphold the complaint or make any award against Scottish Equitable Plc.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 17 December 2025.

Paul Reilly
Ombudsman