DRN-5873635

The complaint

Mr A says Scottish Equitable plc trading as Aegon (Scottish Equitable) hasn't applied contributions to his pension correctly.

What happened

Mr A had a pension plan with Scottish Equitable. In August 2024 Scottish Equitable upgraded its systems. Unfortunately, things didn't go entirely to plan and for some customers, including Mr A, there were delays in allocating contributions to their pension plans.

On his complaint form Mr A said that Scottish Equitable had lost contributions made by his employer. Some were located on 29 January 2025 but four months of contributions were still missing. Mr A said that Scottish Equitable losing track of his contributions and not providing any updates had caused stress. And not investing his contributions promptly had caused financial loss. He'd also suffered further financial loss as Scottish Equitable remained unable to locate some of his contributions.

When Mr A referred his complaint to this service he hadn't received Scottish Equitable's final response to his complaint. But Scottish Equitable later upheld Mr A's complaint. The missing payments had been located and allocated to Mr A's pension. Scottish Equitable offered to conduct a loss calculation and pay £350 for the trouble and upset caused to Mr A.

Our investigator said what had been offered was fair and reasonable and Scottish Equitable didn't need to do any more.

Mr A didn't accept that. He said his complaint was about missing funds, loss of investment growth and Scottish Equitable's failure to answer his queries. His account was still missing £12,000 contributions and there'd been a loss of investment growth of more than £1,000. He was unable to accept any resolution if Aegon failed to locate his funds and apply them to his account with a fair and transparent loss of investment growth remediation. Mr A said he'd be contacting Scottish Equitable for an update. He later told us that he'd spoken to Scottish Equitable and they still couldn't locate his funds.

When the complaint was referred to me we made some further enquiries of Scottish Equitable about the missing £12,000 contributions. Scottish Equitable has now been able to locate that money. Scottish Equitable said it was a one off contribution which is currently held in a suspense account. It had tried to allocate it to Mr A's pension but had been unable to do so as he'd since transferred his pension plan to another provider. Scottish Equitable confirmed that its offer to carry out a loss assessment to see if there'd been any investment loss due to the delays in allocating funds to Mr A's account still stood and would apply to the contribution of £12,000 as well. Any loss would be transferred to the new receiving scheme. Scottish Equitable would also calculate if there was any investment loss due to the delay in the new provider receiving that money.

We told Mr A that the missing £12,000 had been located and that Scottish Equitable's previous offer still stood and would apply to that money too.

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.

Here there's no dispute that, when Scottish Equitable upgraded its systems in August 2024, a number of customers, including Mr A, experienced delays in contributions being allocated to their pensions. Scottish Equitable said it had located the missing payments and offered to carry out a loss calculation to see if Mr A had been financially disadvantaged by the delays. Scottish Equitable also offered £350 for the trouble and upset Mr A suffered. More recently Scottish Equitable has been able to locate the further £12,000 which Mr A was understandably concerned about. And the loss assessment will extend to that money too.

In a situation such as this, where a business accepts that something has gone wrong and has made an offer to put things right, we'll look at whether what's been offered is fair and reasonable. We'd want to see that the consumer has been put back, as far as possible, in the position they'd have been in, had things not gone wrong.

I think Scottish Equitable's offer to undertake a loss assessment does that. Scottish Equitable will conduct a loss calculation to see if the late allocation of contributions has resulted in any investment loss when Mr A's pension was with Scottish Equitable. And, as Mr A has since transferred away, Scottish Equitable will also look at if he's suffered any investment loss since he's been with his new provider. And any loss will be paid to the new provider.

I appreciate that Mr A might prefer to see Scottish Equitable's calculations first and then decide if he's prepared to accept any sum offered or not. But if Scottish Equitable hadn't made an offer and we'd upheld the complaint, we'd have likely made a formulaic award – that is we'd set out what Scottish Equitable needed to do and it would then be up to Scottish Equitable to carry out the calculation and pay any amount due. Making a formulaic award is our usual practice in a situation such as this.

Here I think Scottish Equitable's offer to carry out a loss assessment is fair and reasonable. I'd add that I'd expect Scottish Equitable to carry out the calculations promptly and to provide details to Mr A in a clear and simple format. I'd point out that, to enable Scottish Equitable to see if Mr A has suffered any investment losses since he's been with his new provider, Mr A may need to provide details of how his pension fund has been invested with his new provider and/or authority for Scottish Equitable to obtain that information.

Mr A was understandably worried that contributions hadn't been allocated to his pension. But, in my view, the sum offered for the distress and inconvenience he's suffered is fair and reasonable and in line with the sort of award we'd make in this type of situation, based on the impact what went wrong would've had on Mr A. He'll have suffered considerable distress and worry as to what had happened to the contributions, which were substantial, and why they hadn't been credited to his account. And he's been inconvenienced by having to contact Scottish Equitable several times and liaise with his employer about when the contributions had been paid. I'd generally expect to see an award of over £300 where the impact of a mistake has caused considerable distress, upset and worry and/or significant inconvenience and effort in trying to sort things out. In my view, £350 fairly recognises the impact on Mr A.

My final decision

Scottish Equitable plc trading as Aegon has already made an offer to settle the complaint. I think the offer is fair and reasonable in all the circumstances.

So my decision is that Scottish Equitable plc trading as Aegon should undertake a loss assessment and pay Mr A £350 for distress and inconvenience.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 29 December 2025.

Lesley Stead
Ombudsman