

The complaint

Mr G complains that Scottish Equitable plc trading as Aegon delayed his request to transfer his pension to another provider and he's suffered financial loss as a result.

What happened

Mr G had a dual personal pension policy with Aegon. The dual policy had two parts with separate policy numbers ***668 and **793. Mr G decided to transfer his policy to another provider so that he could take the full tax-free cash sum he was entitled to and use the remainder to purchase an annuity.

His transfer request was submitted by the new provider through the Origo transfer system. Origo is an electronic platform which facilitates the transfer of pensions and investments between providers. The request was received by Aegon on 2 September 2024.

Mr G says that Aegon caused undue delays. It told him it couldn't process the request because he hadn't been issued with a "quotation" in the previous 12-month period. It said this was a legislative requirement – but didn't specify what legislative requirement it was referring to. It delayed providing the quotation to him and then caused further delays because it failed to notice that his request related to a dual policy – and both parts had to be transferred to the new provider. The transfer wasn't completed until 20 November 2024.

Mr G says that because of the delay the new provider couldn't start his annuity payments until November 2024. The original quotation he had was valid up to 14 October 2024. Mr G says he's lost out on at least one annuity payment as a result. He also says Aegon charged management fees during the period of the delay, and he doesn't think it should be allowed to retain these fees. Mr G says that Aegon's performance contrasted with another provider who was able to transfer his pension with it to the new provider by 6 September 2024. He complained to Aegon.

Aegon investigated his complaint. It acknowledged it had failed to follow its own procedures. It said it should have checked for dual plans and requirements when it received the Origo request. It also acknowledged it had sent a few unclear and poorly worded emails. It apologised for these errors.

Aegon said it was required to send an "ad hoc retirement quotation" before it could process the transfer request. It referred to Department of Work & Pensions guidelines. It said it should have requested this quotation on 4 September 2024 (two working days after receiving the Origo request). It took ten working days to obtain the quotation – so Mr G would have received this on 18 September 2024. Assuming he had returned it on the same day the claim date would have been 20 September 2024 (two working days later). Aegon said it had a further eight working days to complete the process. So, it would have sent the funds to the new provider by BACS on 2 October 2024. The new provider would have received the funds on 7 October 2024.

Aegon considered whether Mr G had suffered a financial loss as a result of its delays. By way of summary it said, if the claim date had been 20 September 2024 (settlement date 2

October 2024 and received by new provider on 7 October 2024) rather than the actual claim date of 6 November 2024 (settlement date 15 November 2024 and received by new provider on 20 November 2024):

- The total value of his dual pension at 20 September 2024 would have been less than the value on the actual claim date. The difference was around £6,000. Even allowing for interest being payable during the period of the delay, Aegon said Mr G had not suffered any financial loss as the total value of his dual pension had increased during the period of the delay.
- The tax-free cash amount would also have been less than what he actually received – by around £1,500. Aegon said that even allowing for interest during the period of delay, Mr G had not suffered a financial loss because of the delay. He'd experienced a gain.
- The new provider confirmed that Mr G's actual annuity was also greater than what it would have been if it had commenced at the earlier date of 7 October 2024. The difference was just over £110 per month. Aegon said the new provider had told it Mr G "had not lost out on missed payments from 7/10/24 – 20/11/24 as extra expected future payments far outweigh any missed payments." So, Aegon didn't think it needed to compensate him for any financial loss because of the missed payment.
- It could not consider refunding annual management charges.

Aegon said it would pay Mr G £150 to reinforce its apology for the catalogue of errors and the confusion it had caused.

Mr G did not accept what Aegon said. He referred his complaint to our service.

Our investigator looked into his complaint. He looked again at the time it had taken Aegon to process the transfer request. He thought Aegon was required under the Conduct of Business Sourcebook (COBS) rules in the Financial Conduct Authority (FCA) Handbook to send a retirement quotation to Mr G - because he hadn't received such a quotation in the 12-month period prior to the date when he'd submitted his transfer request. He referred to COBS 19.4.5A (2) and 19.4.5A(2A) which referenced the requirement to send Open Market Options statements to customers. He thought it was fair that the business should comply with these requirements within its normal timescales of ten working days. So, he thought Aegon should have had its final requirements to begin the transfer on 18 September 2024.

Our investigator also referred to the Transfers and Re-registration Industry Group (TRIG) 2018 Framework which set out a ten working day end-to-end timeframe to complete a cash transfer. Applying this timeframe, he thought a settlement date of 2 October 2024 was fair and reasonable. So, he thought Aegon's proposed timeline was accurate and fair.

He didn't think Aegon needed to compensate Mr G for the missed annuity payment. He noted it would take around four years for Mr G to recoup the missed payment. He thought this was a reasonable and achievable timescale. He didn't think Mr G had suffered any other financial loss because the actual amount transferred to his new provider and the actual tax-free cash amount he'd received was higher than it would have been at the earlier date. He also didn't think Aegon should have to refund the management fees during the period of the delay. He said that although Mr G had technically been paying these fees for longer than he should have, this was accounted for by the loss calculation and the increase in the value of his pension. He also noted that Aegon had continued to manage the pension during the period of the delay and had still been providing the service Mr G was paying for.

Our investigator also thought £150 was fair and reasonable for the distress and inconvenience Mr G had experienced and was in line with our guidelines for awards of this nature.

Mr G did not agree with what our investigator said. By way of summary, he said:

- He had not been told about the requirement for a “quotation”. Aegon should have pointed this out in their previous communications. If he had been told about this requirement, he would have asked for a quotation much earlier.
- He did not agree that four years to recoup the missing payment was reasonable.
- He did not understand the arguments our investigator had set out in respect of the annual management fees. By delaying in making the payment he said Aegon had profited significantly.

Our investigator sent Mr G's responses to Aegon. It reconsidered its position. It agreed that its “retirement quotes did not mention the change in requirements.” It also acknowledged its communications could have been better and the wording wasn't factually correct when it had referred to new legislation. It said it noted it would take four years for Mr G to recoup the missing payment. And, after reviewing Mr G's points it had decided it was fair to offer to cover one month (net) missed annuity. It asked for Mr G's tax code so that it could do this. It reiterated that Mr G had made a gain in the tax-free cash amount he'd received. It said it would not refund the plan charges but offered to increase the compensation from £150 to £200.

Mr G did not accept Aegon's offer. He submitted further detailed arguments to our service which by way of summary were:

- Aegon had not complied with COBS 19.4. It had not sent him Open Market Options statements at the times set out. In particular it had not sent him an Open Market Options statement six months prior to his intended retirement date. Aegon had indicated on the Open Market Options statement it sent to him on 8 October 2024 that his intended retirement date was December 2024.
- He didn't think the Open Market Options statement it had sent to him was compliant
- If he'd been sent an Open Market Options statement in line with the COBS rules he would have received this between June and August 2024. So, there would not have been any need to delay the transfer process which should have completed within the ten-day TRIG timeframe.
- The TRIG timeframe included the BACS process – so the new provider should have received the funds on 13 September 2024. This meant there were two missing payments.
- The management charges during the period of the delay should be refunded in full.
- There were wider issues which needed to be considered in terms of Aegon's conduct and how it impacted customers generally.

Our investigator considered what Mr G said. But he thought the revised offer Aegon had made was fair and reasonable. He didn't think it should have to do anything further to resolve the complaint.

Because Mr G did not agree, the complaint was passed to me to decide. I issued a provisional decision in which I said:

“What I’ve provisionally 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.

The Origo request

There’s no dispute that the initial Origo request to transfer Mr G’s pension was received by Aegon on 2 September 2024.

*The Origo request stated two policy numbers - **668 and **703. Mr G accepts he made an error when he made his application to the new provider. He should have quoted numbers **668 and **793. This meant that his application regarding policy **703 was rejected.*

When Aegon considered Mr G’s complaint about what happened, it accepted that it should have picked up on this error much sooner. It says that in line with its standard processing times it picked up the request on 4 September 2024. Having thought about the standard processing times, I’m satisfied, on balance, the date of 4 September 2024 is fair and reasonable.

What should have happened on 4 September 2024?

When Aegon picked up the Origo request it should have identified two issues:

- *Mr G’s plan was a dual plan. So, even though the Origo request had incorrectly referred to policy **703, Aegon should have been able to identify that the correct policy number was **793 and that the Origo request was to transfer both this policy and policy **668.*

If it had done that it would have been able to go back to the new provider and ask it to resubmit the request via Origo for both policies.

*I can see it asked the new provider, on 21 October 2024, to resubmit the request. The new provider submitted a new request for policy **793 on 22 October 2024 but in error cancelled the request for **668. After a reminder (follow up email) was sent by Aegon to the new provider, the amended Origo request was received on 4 November 2024. So, in all, after Aegon informed it that a new Origo request for both policies was required, it took the new provider ten working days to resubmit the correct Origo request for both policies.*

Having considered the length of time it actually took to resubmit the correct application through Origo, I think it’s fair and reasonable to assume it would still have taken ten working days even if Aegon had asked the new provider to resubmit the correct request on 4 September 2024. That means, I’ve provisionally decided the correct request could have been received through Origo on 18 September 2024.

- *Aegon should also have identified that it hadn’t issued an illustration to Mr G within the last 12 months. I’ll comment further below about this requirement.*

It said if it had identified this, it’s reasonable to assume it would’ve requested the illustration on 4 September 2024. Aegon says, in line with its standard processing times, it would have taken ten working days to issue such an illustration.

I’ve noted that Aegon first informed Mr G, on 12 September 2024, that he

*needed a “quotation” before it could proceed. It issued the quotation for policy **668 on 23 September 2024 (although this wasn’t emailed to Mr G until 2 October 2024). Aegon says its standard processing times are ten working days – although I’ve noted it was able to issue the quotation for policy **668 earlier than that.*

I’m satisfied on balance that if it had correctly identified that this was a dual policy on 4 September 2024, Aegon may have been able to issue an illustration for both policies sooner than its standard processing times indicate.

Having said that, I’m not persuaded it would make a difference to the overall timeline here, given that the Origo request had to be re-submitted and for the reasons set out above I’ve provisionally decided it’s reasonable to assume that would’ve taken ten working days in any case.

The requirement for an illustration to be issued to Mr G.

For the reasons stated above, I’ve provisionally decided that even if there’d not been a requirement to issue an illustration to Mr G - or if that illustration had been provided to him earlier than the standard processing time of ten working days - Aegon couldn’t have proceeded here until a new Origo request had been submitted to it bearing the correct policy numbers for the dual pension which Mr G held with Aegon.

Nevertheless, for sake of completeness I will comment on what Mr G has said about this requirement.

Mr G has raised various issues and concerns about the requirement for an illustration to be issued to him before the transfer request could proceed.

Mr G asked Aegon to explain what rules required it to issue such an illustration to him before his transfer request could proceed. Aegon didn’t respond to that enquiry, but it said it was a requirement under “new legislation,” and subsequently referred to Department of Work & Pensions guidelines.

Our investigator thought the reason may have related to the requirement under the COBS rules in the FCA Handbook. He referred to COBS 19.4 which required a firm to issue an Open Market Options statement to its customers at certain specific points in time which by way of summary includes:

- Within two months of the client reaching age 50 and thereafter every five years;*
- If the client asks for a retirement quotation more than four months before the intended retirement date or if the client does not make such a request, between four and six months before the intended retirement date.*

Aegon confirmed that these were the rules that it had been seeking to comply with.

Mr G says that if Aegon had been compliant with these rules it would have issued an Open Market Options statement to him between four and six months prior to his selected retirement date. His selected retirement date was December 2024. So, he should have received the Open Market Options statement between June and August 2024. That would’ve been prior to the date when his transfer request was submitted.

I asked Aegon to comment on what Mr G had said. It provided a copy of a letter it had sent to Mr G in June 2024. Having read that letter, I’m satisfied it was an Open

Market Options statement for policy ***668. And it was sent around six months before Mr G's intended retirement date.

I've compared the information in the letter to the requirements in COBS 19.4.6A. The letter included a single page summary document setting out the value of Mr G's fund, risk warnings which might apply to his retirement options and a statement informing him that his plan didn't offer a guaranteed minimum pension or a guaranteed annuity option. The MoneyHelper fact sheet was also enclosed with the letter.

COBS 19.4.6A also states that the Open Market Options statement should include "any other information to enable the retail client to be able to make an informed decision about whether to exercise or to decline to exercise, open market options."

The letter did include other information such as the importance of shopping around. Aegon has also pointed to the following wording included in its letter:

"Taking income from your plan

Before you take income from your plan we need to provide you with a full breakdown of your retirement options. You can request a retirement quote by logging into your online account at ...

We recommend you discuss this with your financial adviser or seek guidance on any potential tax implications of taking income at your selected retirement date."

Aegon says this informed Mr G that before he could take income from his plan, he needed to ask it for a full breakdown of his retirement options and it could also provide him with a retirement quote. He didn't do that.

Having considered everything I'm currently satisfied, on balance, Aegon did issue an Open Market Options statement to Mr G in June 2024, in line with the requirements in COBS 19.4. And I'm satisfied on balance that Mr G was told about Aegon's requirement that he needed to request a full breakdown of his retirement options before he could take income from his pension. It also gave him information about how he could request a retirement quote. He could have requested that at any time after he was sent the letter dated June 2024.

Aegon acknowledges it didn't issue an Open Market Options statement for policy **793 six months before Mr G's intended retirement date. In response to a query from our service it explained this was due to an error on its part. However, it says, given that Mr G didn't request a full breakdown of his retirement options or request a retirement quote after receiving the letter for policy **668, it was unlikely he would have acted any differently even if he'd been sent the Open Market Options statement for policy **793. And, having thought about everything, I'm also not persuaded on balance, Mr G would have requested a full breakdown of his retirement options or a retirement illustration even if he had been sent the Open Market Options statement for policy **793.

Aegon did send Mr G a letter dated 18 October 2024 which it says included a full breakdown of his retirement options, for both policies. That letter included information about "how to turn your pension savings into a retirement income." It set out the up to date valuation amounts. And it explained the "next steps" which were to "find more information on what you can do next" in the breakdown of your current fund value and lump sum options page. That page included information about taking the full fund as an uncrystallised funds pension lump sum (UFPLS); the tax free amount available;

the estimated tax payable on the residual amount; and contact details if Mr G wanted to request more information about a flexible income or a guaranteed income.

So, although Aegon acknowledged it made errors when it told Mr G it needed to issue a “quotation” to him because of “new legislation,” I’m satisfied, on balance it didn’t do anything wrong when it told him it needed to issue further information to him setting out a full breakdown of his retirement options for both plans, before it could process his transfer request. That was in line with what it had stated in the Open Market Options letter it sent in June 2024.

What should have happened after 18 September 2024

As stated above, I’ve decided it’s reasonable to assume that the new Origo request would have been received on 18 September 2024. At that point in time, Aegon should have received all of its requirements to complete the transfer to the new provider.

The TRIG Framework sets out the timeline it expects providers to aim to achieve. It says:

“End to end standards

The TRIG believes that the industry should aim towards end-to-end standard timescales for as many transfers/re-registrations as possible...

For transfers between two counterparties involving cash assets, the TRIG believes that providers should adopt an end-to-end good practice timescale, from when the acquiring provider receives a completed instruction from the client, to the receipt of the transferred funds

- For pension transfers between two counterparties, this standard should be 10 business days, including BACS timescales.”*

I’d just point out that the ten business days in the TRIG Framework is the “end-to-end good practice timescale” and “includes the BACS timescales.” It’s what providers should “aim towards.” However, the TRIG Framework is not legally binding, and its timeframes are not mandatory. The TRIG Framework document includes the following statement:

“This Framework summarises the TRIG’s agreed position on what providers are expected to deliver to customers in relation to timeliness of transfers and re-registrations and communications during the process...

It sets out good practice standards for providers when making their own judgments on how best to manage the timeliness and customer communications for transfers and re-registrations...The Framework is voluntary, not intended to be prescriptive and designed to complement provider’s existing practices, whilst also encouraging providers to do better than the guidance where they can and encouraging ongoing refinement and improvement of the process..”

The Framework also sets out the relevant FCA rule which states that a re-registration request should be executed “within a reasonable time and in an efficient manner.”

I asked Aegon to comment further on the TRIG Framework in light of the submissions which Mr G had made to our service. It commented on the voluntary nature of the Framework. It also referred to the Origo Transfer Index which it said measured the transfer performance times from when the funds are requested to the time funds are actually sent (not received by the new provider). It says that's the data it is required to submit. It does not include the BACS timescales. It said it believed the offer it had made meant that the transfer would have been settled within a reasonable timeframe – taking ten working days to send the funds to the new provider.

In this case Aegon received the corrected Origo request on 4 November 2024. The claim date was 6 November 2024, the transfer to the new provider was made, by BACS, on 15 November 2024 and the new provider received the funds into its bank account on 20 November 2024. So, the “end-to-end” timescale once the correct Origo request was received was 12 working days – albeit the payment was sent (as measured by the Origo Transfer Index) on the ninth working day.

I've noted that during 2024 Aegon's average timescale for “simpler” transfers, as reported on the Origo Transfer Index, was nine working days and overall, the average time was just under 11 working days. I've also noted that the average overall timescale (for all firms signed up to the Origo Transfer Index) in 2024 was 10.5 days for simpler transfers and 12.3 days for all transfers.

In his submissions to our service, Mr G also referred to the Origo Transfer Index.

It is the case that the Origo Transfer Index measures the time from when funds are requested on Origo through to the date funds are actually sent. So, it doesn't include BACS timescales. It's also the case that the exact time during the day when a request is received may mean that it is treated as being received on the next working day. Each provider has its own cut off times. The timescales reported are also “average” times taken.

The role of our service is to resolve complaints based on what we think is fair and reasonable in all the circumstances that applied. We are an informal and free alternative to the courts. We take into account the law, codes and good practice that applied at the time. And the decisions we come to on what is fair and reasonable can vary depending on all the circumstances that apply to each individual case. So, I've considered the revised timeline Aegon has proposed here with that in mind.

As I've said above the TRIG Framework sets out the “expected” timescales. It's not mandatory – but it does set expectations for end-to-end standards. So, I would expect Aegon to aim to meet the timescales set out, including the expectation that for cash transfers between two counterparties the timescale should be ten working days – including BACS timescales. That doesn't mean a business will always be able to meet those timescales. It can take less time in some cases and more time in other cases - but a business should be aiming to meet those timescales.

The FCA Rules require firms to process transfer requests “within a reasonable time and in an efficient manner.” And the FCA has said the TRIG Framework aligns with its desired outcomes to improve customer experience and reduce the time it takes to complete transfers. In light of the work of TRIG and STAR (a cross-industry initiative to define and shape recognised industry-wide standards to promote good practice in transfers) the FCA said it wouldn't take forward any further action as regards changing its Rules – which require firms to complete transfers within a reasonable time. So, although the TRIG expectation is that a cash transfer should take ten

working days (including BACS timescales), Aegon's obligation under the FCA Rules is to complete a transfer within a reasonable time.

Having considered everything - including the expectations set out in the TRIG Framework, the fact the TRIG Framework is voluntary and not intended to be prescriptive, the FCA Rules, Aegon's own internal processing times, and the average timescales (for both Aegon and overall) as reported in the Origo Transfer Index for 2024 - I've provisionally decided that, although it may have been possible to complete the transfer (including the BACS timescales) within a shorter timeframe, the revised timescale proposed by Aegon is reasonable in all the circumstances that applied here.

That means the timeframe between the date when I've provisionally decided Aegon would have received the correct transfer request and the date it sent the funds to the new provider would have been ten working days and the new provider would have received the funds three working days later.

What I've provisionally decided needs to be done to put things right?

I've provisionally decided that the transfer should've been sent on 2 October 2024. The new provider has confirmed that the annuity could then have commenced on 7 October 2024. That's what Aegon has also agreed should have been the timeframes in this case.

When thinking about what is fair compensation, our service looks to see what is required to put Mr G as closely as possible into the position he would probably now be in if there'd not been any unreasonable delay. So, I've thought further about that and what Aegon has offered to do.

1. The value of Mr G's pension and the tax-free cash he received

Aegon says that the value of Mr G's pension increased in the period between the revised claim date (20 September 2024) and the actual claim date (6 November 2024) – by just over £6,000. That meant he got a greater tax-free cash sum than he would otherwise have received and he was able to use the residual funds to purchase a higher annuity value.

Aegon has compared the value of the tax-free cash he actually received against what he would've received if the claim date had been 20 September 2024. Even allowing for interest at 8% simple per annum during the period of the delay, it is the case that Mr G did not incur any financial loss as regards the tax-free cash he received. In fact he received just over £1,500 more by way of tax-free cash than he would have received had his transfer completed at the earlier date.

So, I don't think it's fair and reasonable to require Aegon to have to pay him any compensation in respect of his pension value or the amount of tax-free cash he received.

2. The annuity value

For the reasons set out above I've decided that the annuity should've commenced on 7 October 2024.

Aegon has already obtained an actuarial calculation from the annuity provider to determine what Mr G's annuity would've been if it had commenced on 7 October 2024. It received the following response from the new provider:

"If Aegon had transferred ... by BACS on 2 October 2024 we would have received 07/10/24....

The customer has not lost out on additional annuity."

So, I'm satisfied that the amount of the annuity payments he received, and will continue to receive, are higher than they would have been had there not been any delay.

3. The "missed" annuity payment

The actual annuity payments commenced on 20 November 2024. I've provisionally decided that if there'd not been an unreasonable delay they would have commenced on 7 October 2024. So, there was a "missed" annuity payment because of the delay.

Aegon initially said it wouldn't pay this "missed payment" amount to Mr G. It referred to the information the new provider had sent which stated:

"The customer has also not lost out on missed payments from 07/10/24 – 20/11/24 as extra expected future payments far outweigh any missing payments..."

After our investigator issued his view, Aegon acknowledged it would take around four years for Mr G to recoup the missing payment. In light of that, it offered to pay Mr G the net amount of one month's annuity payment. It asked for his tax code so that it could work out the net amount. The gross amount was calculated on the basis that the annuity would have started on 7 October 2024 and he would have received a gross payment that month of £3,874.61. Aegon hasn't proposed to pay Mr G an amount equal to what he would have received by way of annuity over the entire period of the delay. But it also hasn't proposed to clawback any "overpayments" Mr G has received, or would receive in the future, as a result of the delay that happened here.

I've thought further about what Aegon has now offered.

To put Mr G back into the position he ought to have been in, if there'd not been a delay, would require Mr G's annuity contract to be re-worked. That would be a complex calculation and would require any overpayments already paid to him, and which will continue to be paid to him into the future, to be clawed back.

Our service is an informal and free alternative to the courts. We try to resolve disputes informally and with the minimum of fuss. And, as I've mentioned above, we are required to resolve complaints based on what we think is fair and reasonable in all the circumstances of the case.

So, having thought about what Aegon has proposed, I'm provisionally satisfied it is a fair and reasonable proposal in all the circumstances that applied here - in terms of the missed annuity payment and the period of time it would take to recoup that amount.

It means that a more complex calculation, which would have to include clawback arrangements will not be required. It also means that Mr G will have the benefit of the payment now with no clawback provisions - even though it wouldn't be possible to

calculate whether he has suffered an actual loss (or the amount of any such loss) until several years have elapsed.

4. Management Fees

Mr G says that Aegon has profited, in terms of the additional management fees it collected during the period of the delay. He thinks those fees should also be refunded.

It is the case that if the delay hadn't happened, the management fees wouldn't have been collected. However, it is also the case that the funds remained invested during the period of the delay and Mr G has benefitted from the increase in value during that period. In these circumstances, I don't think it's fair and reasonable to require Aegon to have to refund the management fees.

5. Distress and Inconvenience

Aegon has apologised to Mr G for the delay and has agreed to pay him £200 (in total) by way of compensation for the distress and inconvenience he was caused.

Mr G did experience delays here and he had to contact Aegon on a number of occasions to find out what was happening with his transfer request. Aegon made errors and it accepts it sent him confusing and incorrect information in emails. So, Mr G did have to expend a reasonable amount of effort when trying to sort the matter out.

As I've stated Aegon has offered to pay him £200 (in total) by way of compensation. That's in line with our guidelines for awards of this nature where a business's actions have resulted in some inconvenience, distress, disappointment and loss of expectation and it has taken days or even weeks (as here) to get the matter resolved. So, although I know it will disappoint Mr G, I don't intend to require Aegon to have to pay him anything more than the £200 (in total) which it has already offered to pay.

My provisional decision

For the reasons set out above my provisional decision is that I intend to uphold this complaint about Scottish Equitable plc trading as Aegon.

I intend to require Scottish Equitable plc trading as Aegon to take the following action to resolve this complaint:

- *Pay Mr G an amount (as set out below) by way of compensation for the missed annuity payment he would have received during the month of October 2024 had there not been an unreasonable delay in his transfer.*

The amount that should be paid to Mr G is the net amount that would have been payable after deduction of income tax.

The gross amount of the missing payment would have been £3,874.61. Mr G should provide his tax code to Scottish Equitable plc trading as Aegon so that it can calculate what the net amount would have been had income tax been deducted from this amount and it should pay him the net amount.

- *If it has not done so already, pay Mr G an additional £50 (being £200 in total) by way of compensation for the distress and inconvenience he experienced as a result of what happened here."*

Aegon responded to my provisional decision. It said it accepted the decision.

Mr G also responded to my provisional decision. He made further submissions which by way of summary were:

- He pointed out that our investigator had not reached the same conclusion as I had. He referred to the fact that our investigator's conclusion had only changed after Aegon made its revised offer.
- He believed that the two policies had been merged. He referred to the information on his statement dated March 2024.
- He provided details about letters he'd received from Aegon in the period since his 50th birthday. He didn't think Aegon had complied with the provisions in COBS 19.4. In my provisional decision, I'd focused only on COBS 19.4.5A(2)(b) which was the requirement to send an Open Market Options statement in the period between four and six months prior to the intended retirement date.
- Having looked at the Open Market Options statements he'd been sent Mr G didn't agree that Aegon had complied with the regulatory requirements.
- Mr G said that if Aegon had sent him a clear statement saying that as a result of legislative changes there was now a requirement to request an ad hoc retirement quotation before it could process any transfer request, he would have taken action. He said that to the best of his knowledge there was no such legislative requirement.
- He did not agree that it was fair and reasonable to say that it would have taken the new provider ten working days to re-submit the Origo request with the correct policy numbers. He asked for more clarification concerning this.
- He pointed out that Aegon's target times to process transfer requests were not in line with the timeframes set out in TRIG.

I asked Aegon to provide further comments about what Mr G had said. By way of summary it said:

- It had not merged Mr G's policies. The March 2024 statement had "just reflected the fund value of both plans in one document." Although the plans were linked they were not merged.
- It confirmed that the requirement to send an ad-hoc retirement quotation was its own requirement, rather than a legislative requirement. It said this requirement was to ensure customers were sufficiently aware of the action they were taking and the benefits they will receive – or any guarantees they may potentially lose out on upon settling their plans. Ensuring that customers have a retirement quote in the last twelve months gave it this reassurance. It said it believed it had introduced this requirement in 2015 when pension freedoms legislation had been enacted.
- In respect of the policies which Mr G held, these were administered under a book of traditional pension products and the system this book was held on didn't support same day payments without significant manual intervention. In any event the new provider set its annuity rate on the 1st day of each month. Even if the funds had been received by the new provider on 2 October 2024, applying the hypothetical timeline, the annuity he would have received would have been the same as the amount quoted for an annuity start date of 7 October 2024.

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.

I've looked at everything again, but I haven't changed my view about how this complaint should be resolved. I'll explain why:

- First, I'd just comment about what Mr G says concerning the "dual policy." He says he believed based on a statement received in March 2024 that the two policies had merged. He hadn't requested any such merger and Aegon says the policies were not merged. It says the statement issued in March 2024 merely detailed both policies in one document.

I've not seen any evidence that the two policies had merged. And as Mr G says, when he asked for the transfer, he chose to identify both policies. So, I'm not persuaded that the policies had merged or that this changed Mr G's understanding that there were two policies in existence.

- When the Origo request was first received Aegon could not process it since one of the policy numbers quoted was incorrect. Mr G accepts that he had incorrectly quoted the policy number on the application to the new provider.

Aegon picked up on this error on 21 October 2024 and asked the new provider to resubmit the request for both policies. As I said in my provisional decision the new provider did submit the new request for policy **793 but in error cancelled the request for policy **668. On 31 October 2024, Aegon told Mr G it had sent a reminder to the new provider "at the start of this week." I'm satisfied, on balance, that was a reasonable timeframe to have elapsed before Aegon sent a reminder. The amended Origo request was received on 4 November 2024. So, it took ten working days to submit the amended request.

I remain of the view that it's fair and reasonable to assume it would have taken ten working days to resubmit the Origo request – even if Aegon had asked the new provider to submit the new request on 18 September 2024. Because I remain of this view, it's not necessary to consider the issues that arose because Aegon required Mr G to request an ad hoc retirement quotation. I have nevertheless commented again on these issues for the sake of completeness only.

- For the reasons set out in my provisional decision, I remain of the view that Mr G was sent an Open Market Options statement for policy **668 in June 2024. Mr G accepts he received this letter. And he accepts that it included the paragraph set out in my provisional decision entitled "Taking income from your plan."

I remain of the view that this paragraph set out Aegon's requirement that Mr G needed to request a full breakdown of his retirement options before he could take income from his pension.

Mr G didn't ask Aegon for a full breakdown of his retirement options after receiving the letter in June. He's put forward several points regarding that:

- He doesn't think there is any legislative requirement to issue an ad hoc retirement quotation before a transfer can be initiated

As I said in my provisional decision, I was satisfied that Aegon had issued an Open Market Options statement for policy ***668 in June 2024. And in that statement it had set out its requirement that a full breakdown of the retirement options should be requested before any income could be taken from the plan.

Although there is a regulatory requirement to issue Open Market Options statements, Aegon was wrong to suggest that its requirement to issue a full breakdown of retirement options or an ad hoc retirement quotation was a legislative or regulatory requirement. Nevertheless, it was a requirement that Aegon included in its own processes. So, I remain satisfied, on balance it didn't do anything wrong when, in line with its own processes, it told Mr G it needed to issue further information to him setting out a full breakdown of his retirement options for both plans, before it could process his transfer request.

After receiving Mr G's response to my provisional decision, I asked Aegon to provide further information about the reasons for its requirement.

Aegon says it can't find an exact reference to when it introduced this requirement, but it believes it was after pension freedoms legislation was enacted in 2015. It did this, it says, because it wanted to be assured that its policyholders were sufficiently aware of the action they were taking and the benefits they would receive – or any guarantees they might potentially lose out on – before settling their plans. And although, as Mr G says, the requirement doesn't appear to have been included in Open Market Options letters issued prior to 2024, it is the case that it was part of Aegon's processes.

Having thought about what Aegon has said, I think the explanation it has given here for its requirement is fair and reasonable. And I'm also satisfied Mr G was made aware of the requirement in the letter he was sent in June 2024.

- Mr G doesn't think the letter Aegon issued in October 2024 did set out all of his retirement options

Mr G says that, in any event, the quotation he received didn't give him a full breakdown of his retirement options. However, as I said in my provisional decision the letter dated 18 October 2024 did set out up to date valuation amounts for his policies and explained the next steps. It also set out details about taking the full amount as a single lump sum payment and provided contact details if Mr G wanted more information about a flexible income or guaranteed income. Those were his retirement options.

- He doesn't think Aegon issued Open Market Options statements in line with the regulatory requirements

In my provisional decision I had commented on the fact that an Open Market Options statement for policy **793 hadn't been issued in June 2024. However, Mr G hadn't requested a full breakdown for policy **668 and I didn't think, on balance, he would have done anything differently even if he'd been sent an Open Market Options statement for policy **793. Mr G says that when he didn't receive a letter in June 2024 for policy **793 he concluded that Aegon "*was back to [its] previous inconsistent self.*" However, that doesn't explain why he didn't pay cognisance to the paragraph in the letter he did receive about "Taking income from your plan."

Mr G has also disputed whether he received Open Market Options statements in line with other requirements set out in COBS 19.4. I make no comment about whether Aegon, in general, meets the regulator's requirements within its Open Market Options correspondence. We are not the regulator and it is for the regulator (the FCA), not our service, to determine whether Aegon has complied with all of the requirements in COBS. What I've considered in this complaint is whether Mr G received what he needed in order to achieve what he wanted to do, which was transfer his policies for

the sake of converting them to an annuity – bearing in mind that his complaint to our service was about his transfer request, rather than a failure to properly set out his available options and any implication that this prevented him from doing something different.

Having considered everything again I remain of the view that although Aegon acknowledged it made errors when it told Mr G it needed to issue a “quotation” to him because of “new legislation,” I’m satisfied, on balance it didn’t do anything wrong when it told him it needed to issue further information to him setting out a full breakdown of his retirement options for both plans, before it could process his transfer request. That was in line with what it had stated in the Open Market Options statement it sent to him in June 2024. And Mr G then had what he needed to progress the transfer, albeit later than should have been the case, which I address further below.

- The revised timeline

For the reasons set out in my provisional decision, and above, I remain of the view that it’s reasonable to say that if Aegon had acted without undue delay, the new Origo request would have been received on 18 September 2024. At that point in time, Aegon should have received all of its requirements to complete the transfer to the new provider.

The FCA requires firms to process transfer requests within a reasonable time and in an efficient manner. The TRIG Framework sets out the “expected” timescales. It’s not mandatory – but it does set expectations for end-to-end standards. And, as I said in my provisional decision I would expect Aegon to aim to meet the timescales set out, including the expectation that for cash transfers between two counterparties the timescale should be ten working days – including BACS timescales.

I thought about whether the hypothetical timescale put forward by Aegon was fair and reasonable in all the circumstances and I concluded that it was.

Out of an abundance of caution after receiving Mr G’s responses to my provisional decision, I asked Aegon for further information. It has explained that Mr G’s policies are administered on a system for its older book of policies. That system does not support same day payments without significant manual intervention. So, that means it does take longer than the average timescale to process transfer requests for the type of policy Mr G held.

I’ve then considered whether it would have made a difference to the annuity amount which Mr G would have received (on the hypothetical timeline) if the funds had been received by the new provider ten working days after 18 September 2024 – that would’ve been 2 October 2024. Aegon has confirmed that the annuity amount would have been the same as it was on 7 October 2024. That’s because the annuity rates were set by the new provider on 1 October 2024 and hadn’t changed. So, even if a ten working day timescale was applied to create the hypothetical timeline it wouldn’t change my view here about the actions that Aegon needs to take to resolve this complaint.

Putting things right

When a business makes an error, or as here, causes a delay, it’s not our role to fine or punish it. We look to see whether the actions it has taken, or proposes to take to put things right, are fair and reasonable in all the circumstances of the complaint.

My aim in awarding fair compensation is to put Mr G as closely as possible into the position he would probably now be in if Aegon hadn't caused an undue delay when processing his transfer request. In my provisional decision I set out the reasons why I thought that Aegon needed to take certain actions here to put things right.

Having considered everything again, I haven't changed my view or the reasons for my view about what Aegon needs to do to put things right here.

My final decision

For the reasons set out above, I uphold this complaint about Scottish Equitable plc trading as Aegon. I now require it to take the following actions to resolve this complaint:

- Pay Mr G an amount (as set out below) by way of compensation for the missed annuity payment he would have received during the month of October 2024 had there not been an unreasonable delay in his transfer.

The amount that should be paid to Mr G is the net amount that would have been payable after deduction of income tax.

The gross amount of the missing payment would have been £3,874.61. Mr G should provide his tax code to Scottish Equitable plc trading as Aegon so that it can calculate what the net amount would have been had income tax been deducted from this amount and it should pay him the net amount.

- If it has not done so already, pay Mr G an additional £50 (being £200 in total) by way of compensation for the distress and inconvenience he experienced as a result of what happened here.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 9 December 2025.

Irene Martin
Ombudsman