DRN-5972339

The complaint

Mrs S has complained that Scottish Equitable Plc, trading as Aegon, unnecessarily delayed the transfer of her group pension plan to her Hargreaves Lansdown self-invested personal pension (SIPP) and that this has caused her financial disadvantage.

What happened

Mrs S had a group pension with Aegon. She left the employment associated with that pension plan and wanted to transfer her pension fund to a SIPP she'd set up with Hargreaves Lansdown.

An "Origo" request was submitted on 31 October 2024. This was for a full transfer, meaning the existing pension would be closed. There were issues with the last employer contribution being added to the account. Due to this, Aegon wasn't able to progress the transfer. This delay went on for some time.

Due to the delays, a new Origo request was submitted on 4 December 2024. The transfer was processed on 20 January 2025 and Aegon used a claim date of 23 December 2024. As a result of the delays, Mrs S submitted a complaint to Aegon. It issued a response on 29 April 2025, accepting that delays had occurred. It offered £250 compensation for the upset caused. It also offered to pay the loss of interest from 27 December 2024 to 21 January 2025. This was calculated to be £381.54.

Mrs S was unhappy with this, however, as she felt that the fund value would have been higher and it didn't reflect the loss of growth due to the delays.

Aegon reviewed the complaint further and provided a new offer when the case file was sent to this service. The new offer concluded that the transfer should have completed on 18 December 2024 and the claim date should have been 6 December 2024. Therefore, the price of the units should have been as of 6 December 2024 and the transfer was delayed between 18 December 2024 to 21 January 2025.

The value was based on a claim date of 23 December 2024 and was £121,099.01. However, this should in fact have been £124,353.56 using the claim date of 6 December 2024. This meant that there has been a loss of £3,254.55.

Aegon said that a further calculation would need to be carried out to establish if there was any loss of growth at Hargreaves Lansdown. It added that any calculation would need to deduct any interest already paid.

Having considered the matter and current guidance on the timescales for the completion of transfers, the investigator thought that Aegon's offer was fair in the circumstances. In support of this position, she said the following in summary:

- Mrs S justifiably considered that the transfer would have completed a few weeks after the initial Origo request on 31 October 2025. However, this was a group pension, and the request was for a full transfer. Aegon had explained that it received a request from the employer about a payroll issue. This meant that Aegon couldn't carry out the transfer until the last employer contribution was paid. In light of this, Aegon couldn't have done anything differently, given the nature of the request and the fact that this was a pension set up to receive employer contributions. As it was the ceding scheme, it could only act on the instructions it received.

- Due to the lengthy delays, it seemed that a new request had to be submitted, and as this was for a partial transfer, it could avoid any further delays caused by the last employer contribution. Hargreaves Lansdown said it would request that only £1 would be left in the existing pension to allow the transfer to proceed.

- But whilst Hargreaves Lansdown informed Aegon of the changes through the original request on 3 December 2024, it didn't include this information on the new request that was sent over on 4 December 2024. The additional information about nominal funds to be left was only added to the request on 19 December 2024. From this point the further delays occurred at Aegon and until the transfer request was picked up on 17 January 2025.

- Aegon reviewed the situation and explained the following:

  "Firstly, I would like to explain that following an upgrade to our technology system, we are experiencing an increase in our work volumes which means we are not meeting our normal service standards. I'm very sorry [Mrs S] has been impacted by this. I can see our communication has been poor and the request wasn't picked up from 23 December 2024 to 17 January 2025.

  We have a service recovery plan; we're looking at simplifying procedures whilst training new and existing staff to get to the level of service we expect our customers to receive. I hope this shows how seriously we've taken this; however, I do appreciate this doesn't change your experience. For this type of policy we operate to a timescale of 10 working days to complete the transfer providing everything is in order to complete the transaction.

  The actual transfer amount is calculated on the second business day following the date we receive all the necessary information to proceed with the request. This is a contractual agreement. For example, if we received a transfer request today, 29 May 2025 and everything was in order, we would secure a claim date of 2 June 2025 and complete the transfer on 12 June 2025.

  Unfortunately, we were unable to proceed with the transfer request we received on 31 October 2024 because this was a full transfer request. The policy was still live to receive contributions. We prioritised the employer's request to investigate their payroll issue and get final premium confirmation.

  On 3 December 2024, Hargreaves Lansdown added a note to the original Origo request to explain they were looking to leave £1 in the plan and would send us a new request for this. They cancelled the original request, and we received the new request on 4 December 2024. Hargreaves Lansdown didn't add a note to leave £1 to the new request. They added this note on 19 December 2024, and this is why we used a claim date of 23 December for the transfer value.

  I do not agree with the claim date we used. Hargreaves Lansdown made their intentions clear on 3 December 2024. We didn't need a new request. Whilst they forgot to add a note to the new request on 4 December 2024, we should have been *proactive and contacted Hargreaves Lansdown to add this note to the new Origo request when we first picked this up on 9 December then continued with the transfer.*

Based on the above, I believe it's fair and reasonable to assume we should have completed the transfer on 18 December 2024, using a claim date of 6 December 2024. We have therefore caused a delay from 18 December 2024 to 21 January 2024. The value sent using claim date of 23 December 2024 was £121,099.01. This should have been £124,353.56 using claim date of 6 December 2024.

This was due to an upgrade of technology systems and an increase in work volumes. Meaning a delay in dealing with the request."

- This gave an adequate explanation as to the reasons behind the delay, which wasn't included in Aegon's initial final response. It was also important to note that Aegon contacted Hargreaves Lansdown several times to try to establish what growth Mrs S had missed out on. And an interest calculation was carried out as it didn't receive the information it required.

- As previously set out, Aegon couldn't have avoided the delays in the initial Origo request. And with regard to the second request, Aegon had explained that this was submitted on 4 December 2024. This was missing some information, but it recognised that it could have been more proactive and reconfirmed this with Hargreaves Lansdown. This would have added a further day but Aegon considered that the claim date would have then been 6 December 2024. This was in line with the terms and conditions as the price used would be two days from when it had all the necessary information.

- On that basis, Aegon had said that the transfer date should have been 18 December 2024. It was also useful to understand what service levels firms should be aiming for when switches take place between providers. In this regard, the sector best practice issued by the Transfers and Re-registration Industry Group (TRIG), whose membership included several trade bodies, was instructive. In 2018 it published an Industry-wide framework for improving transfers and re-registrations.

- In this publication, TRIG established what it considered to be reasonable timeframes for firms to adhere to for transactions like those being performed for Mrs S. This said the following:

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

  For pension cash transfers between two counterparties, this standard should be 10 business days, including BACS timescales. As existing industry practice is often measured in calendar days, 14 calendar days can be taken to be 10 business days for the purpose of this SLA."

- Therefore, based on this guidance the transfer should have completed on 20 December 2024, and the proposed date of 18 December 2024 was within this time frame. The new proposed date reflected what would have happened on the second transfer request had no delays occurred and was in line with current guidance. As such, the offer was reasonable.

- Aegon had also offered £250 compensation for the upset caused. The investigator considered this to be reasonable. It was clear that Mrs S had to chase the transfer several times and she had explained how many times she had needed to contact Aegon. This would have caused significant upset. Having considered cases of a similar nature, this was in line with what this service would have recommended as the errors resulted in some stress which lasted weeks.

Mrs S said that she accepted the investigator's assessment. But she also said that she'd lost £10,000 by cashing in shares early in anticipation that the Aegon money would come through, and added the employer shortfall amount hadn't been added to her pension despite the employer saying that it had paid it to Aegon, so it would be helpful if Aegon could also look into that.

But having received Aegon's explanation as to why it considered she'd suffered no financial loss as a result of the delays, Mrs S then sent a further letter in which she said the following:

- Aegon had decided to make its own calculation based on assumptions and not what actually happened. It should base its calculations on actual loss - so based on how her investment had been placed.

- If Aegon enquired further, it would see that the money was needed to pay off her mortgage. She had to sell shares to pay off the mortgage and change some pension funds to a drawdown account to do this. The mortgage payment was £95,801 and paid off on 30 January 2025.

- All of her pension plans had to be put on hold until matters had been resolved with Aegon and the mortgage.

- Aegon was trying to assert that she could have invested the full amount due from it if it had been paid at an earlier date. This wasn't right and it was a matter for her to determine when she was ready to invest. Hargreaves Lansdown paid a very good interest rate on the cash held so she wasn't losing out.

- The loss should be based on the £3,000 balance not paid and which still hadn't been paid. Aegon had exact dates to work on. The £3,000 would have earnt interest until it was invested and then if the money had been paid it would have had bought shares in April at 110.52p, which as at June were valued at 120.16p. So a loss of £284.16.

- Aegon was trying to compare losses/gains with the full value of the fund, which was incorrect. It couldn't then alter the purchase dates to suit itself and, as above, this money was earmarked to repay the mortgage and this is what would have happened if it had been received.

- Any losses must be calculated on actual losses and not be subjective. Aegon was also ignoring the loss on the sale of her shares, which she sold on the basis of the pension money coming over, which resulted in a £10,000 loss so this should be taken into account too.

There followed further correspondence between the investigator, Mrs S and Aegon, in which the latter maintained that there had been no loss and the investigator said that, on the basis of the detail of the calculation, which presumed that Mrs S would have reinvested her transferred pension funds 56 days after they were transferred, there would have been no loss due to the higher unit value when those units would have been bought.

Mrs S maintained her disagreement, however, broadly reiterating what she'd said above, in that the transferred pension funds would have been used to repay the mortgage (instead of her having to encash shares instead) and that the remaining funds would then have been retained with Hargreaves Lansdown until 16 April 2025 when the pension funds were reinvested in units.

As agreement couldn't be been reached on the matter, it was referred to me for review. I issued a provisional decision on the complaint on 10 November 2025, in which I set out my reasons for upholding it. The following is an extract from that decision.

"I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

And having done so, I have some sympathy with the points being made by Mrs S. I'll explain my reasons below.

The matter of the delays caused and the timeline which should be used doesn't appear to be disputed here. And so I'll restrict my consideration to how matters should be put right. In order to do so, Aegon would need to compare what happened here with what should have happened, had no delays been incurred. What it has done so far in terms of the redress calculation would ordinarily be correct, but for two important aspects which I think still need to be addressed.

Firstly, I don't think there's any particular significance to the 56 working day delay between the pension funds being received by Hargreaves Lansdown and Mrs S then deciding to reinvest the pension funds in units - other than Mrs S choosing a point which she would have judged to be prudent based on unit prices at that time. Had Mrs S reinvested and bought units a few days after the transfer had completed, then I agree that using that short delay as a proxy for what would also have happened, had the transfer completed sooner, would be appropriate here.

But there was a significant gap between receipt of the pension funds and reinvestment, in which Mrs S was prepared to let her pension funds accrue interest until the point at which she then chose to reinvest – and when she did so on 16 April 2025, this was at a unit price significantly below that of 14 March 2025.

There is then the matter of Mrs S planning to use the pension funds to repay her mortgage and, due to the delays, encashing other investments to do so instead. And I do think this also needs to be factored in to any loss calculation. And so my current view on the matter is that the redress calculation should be formatted as below:

Putting things right

Scottish Equitable Plc, trading as Aegon, should add the interest which would have been applicable within Hargreaves Lansdown to the amount of £124,353.56 which would have been transferred on 18 December 2024 up until 16 April 2025, at which point Mrs S reinvested in units. Scottish Equitable Plc, trading as Aegon, should determine, as at the date of any final decision along these lines, the value of those units which would then have been bought on 16 April 2025. If this is higher than the actual value at the same date, then there is a loss (A).

Scottish Equitable Plc, trading as Aegon, then needs to determine whether there's been a loss due to Mrs S needing to encash other investments to repay her mortgage. It's fair to say that whilst Mrs S felt she needed to encash those other investments, this seemed to have been on 19 December 2024, so over a month before the mortgage repayment was due (due *to a fixed rate deal ending) by 30 January 2025.*

I can understand why Mrs S wished to plan in advance, and in the absence of certainty regarding the pension transfer timing, may have wanted to ensure that she had enough funds for the repayment to be made.

But by the time the mortgage repayment fell due, the pension transfer had completed, and so she also had the pension funds at her disposal to reinvest in those same alternative investments within her SIPP if she wished.

Mrs S also benefitted from retaining her pension funds in a tax efficient wrapper. But there may still have been enhanced growth in the non-pension investments in the period between 19 December 2024 and 24 January 2025 when the funds were received into her Hargreaves Lansdown pension.

And so to establish whether there's been a loss from Mrs S needing to encash other investments to repay her mortgage, Scottish Equitable Plc, trading as Aegon, should also determine the increase in the value of the investments which were encashed from the date that they were encashed for mortgage repayment up to 24 January 2025. If that exceeds the increase which has been notionally applied above on the pension funds over the same period, then this is a further loss for which Mrs S should be compensated. The level of increase above that experienced by the pension funds should be applied to the encashed funds and that higher growth is the additional loss (B). To that loss should then be applied the rate of growth which Mrs S's pension funds have actually experienced from 24 January 2025 to the date of any final decision along these lines, so that she may reinvest this as she chooses.

If the level of growth in the encashed investments has been lower than that which will have been applied to the pension funds above (a "negative" B), then Mrs S will have benefited from retaining her pension funds instead of using them to repay her mortgage and this may be offset against any loss determined in the first part of the calculation (A). And the overall loss may in any case be reduced by the amount of interest loss already paid to Mrs S.

If there is an overall loss, Scottish Equitable Plc, trading as Aegon, should then in the first instance make a payment to make the pension fund up to the notional higher value it would have (with the addition of the overall loss figure), taking account of any available tax relief and charges which might apply for doing so.

If that's not possible or would conflict with existing protections, then the loss amount should be paid directly to Mrs S, with a notional deduction for the income tax she would pay on the post tax free cash pension proceeds (presumed to be 20%) - so a 15% deduction.

Scottish Equitable Plc, trading as Aegon, should also confirm that it ensured any final payment made by Mrs S's employer was applied to the pension plan before the transfer was made.

Scottish Equitable Plc, trading as Aegon, should also pay Mrs S £250 (as already offered) in respect of the distress and inconvenience caused to her."

In response, Mrs S has commented as follows:

- She enquired as to whether the shortfall on the original payment of £3,254.55 would be paid in full without any deduction from Aegon.

- Her mortgage was £105,801.38, with £10,000 being paid off first as this could be done without any penalty being applied, and this allowed her to do a bank transfer for the remainder of the balance.

Aegon also said the following:

- Its concern was that Hargreaves Lansdown received more than one transfer, and it may not be able to calculate the value attributable specifically to the Aegon transfer. If Hargreaves Lansdown couldn't provide the breakdown, it suggested two potential alternatives.

  Option 1
  Based on the previous interest rates provided of 4.3%, it assumed that the Aegon transfer would have increased by 4.3% for the relevant period. It would then deduct this from the actual value of the policy as at 16/04/2025. It would clarify the interest rate with Hargreaves Lansdown.

  Option 2
  Calculate the Aegon transfer as a percentage of the total amount transferred to Hargreaves Lansdown. For example, if the total of all the transfers was £200,000 and its transfer was £150,000, this represents 75%.

- If the total policy value on 16/04/2025 was, for example, £205,000, it would then assume 75% related to the Aegon transfer.

- The second part of the redress was in respect of the relevant shares and savings. It would request evidence from Mrs S regarding the shares and savings that were cashed in. However, it was concerned that the figures may not be comparing like for like values.

- For example, Mrs S had said in her letter dated 7 August 2025 that her mortgage was £105,801.39. It understood that she sold shares to the value of £62,515.50 on 19 December 2024 and then took additional funds from her savings account, although it wasn't known how much.

- As the mortgage was £105,801.39 and the value of the policy that should have been transferred was £124,353.56, it wouldn't be comparing like for like figures.

- Therefore, Aegon enquired as to whether a proportional approach would be acceptable. The value of the policy as of 19 December 2024 was £120,693.89, and it didn't know at present what the value of the policy would have been as at 25 January 2025.

- It knew that the value as at 23 December 2024 was £121,099.01, and the value of the mortgage was approximately 87.37% of the transfer paid. The growth on the policy would have been approximately £400.

- It therefore asked whether it would be acceptable to only use 87.37% of the growth on the Aegon policy and compare this against the loss in shares and savings. Aegon requested worked examples for both parts of the calculation.

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.

My view on the matter remains the same and for the reasons set out above in the provisional decision.

To answer Mrs S's question relating to the amount of £3,254.55, this will be accounted for in the overall amount of £124,353.56 which would have been transferred on 18 December 2024, to which Aegon will then need to add the interest which would have been applicable with Hargreaves Lansdown up to 16 April 2025, and then calculate the number of units which would have been bought with the resulting amount.

And then to answer Aegon's questions, I'm confident that Hargreaves Lansdown would be able to both confirm the value of £124,353.56, as at 16 April 2025, had it been transferred on 18 December 2024 and received interest at the applicable rate, along with then confirming the notional value that the proportion of the policy represented by the Aegon transfer would have had at the date of this decision, compared to its actual value. But in the unlikely event that it can't do so, and subject to Mrs S's agreement, there are other methods by which to calculate any loss by way of confirming with Hargreaves Lansdown the rate of interest which would have applied for that period.

So, for example, if the £124,353.56 which should have been transferred on 18 December 2024 would then have received interest of 4.3% up to 16 April 2025, it would have been worth approximately £126,000. Aegon should then determine the value, as at the date of this final decision, of the units which would have been bought on that date with £126,000. And this should then be compared with the actual value of the policy, at the same date, as represented by the transfer from Aegon. Hargreaves Lansdown should at the very least be able to provide the percentage of the policy which is represented by the Aegon transfer for the required comparison purposes.

With regard to the value of the shares and other assets Mrs S encashed ahead of the mortgage repayment, the amount needed to repay the mortgage was lower than the amount of the pension which would have been available. So the mortgage could have been entirely repaid by the pension fund. And so Aegon simply needs to compare the actual monetary return which would have been obtained on those encashed funds in the period 19 December 2024 to 24 January 2025 against the amount of interest which would have accrued in the Hargreaves Lansdown SIPP during the same period.

So, for example, if Mrs S provides evidence that, between 19 December 2024 and 24 January 2025, she would have gained an additional £500 on the value of shares, and an extra £300 on deposit funds which needed to be encashed to repay the mortgage, and the interest on the same amount invested with Hargreaves Lansdown would have been £700, then there's a loss from needing to encash other assets of £100.

Putting things right

My aim is to place Mrs S as closely as possible in the position she would now be, but for the transfer delays.

Scottish Equitable Plc, trading as Aegon, should add the interest which would have been applicable within Hargreaves Lansdown to the amount of £124,353.56 which would have been transferred on 18 December 2024 up until 16 April 2025, at which point Mrs S reinvested in units. Scottish Equitable Plc, trading as Aegon, should determine, as at the date of this final decision, the value of those units which would then have been bought on 16 April 2025. If this is higher than the actual value at the same date, then there is a loss (A).

Scottish Equitable Plc, trading as Aegon, then needs to determine whether there's been a loss due to Mrs S needing to encash other investments to repay her mortgage. It's fair to say that whilst Mrs S felt she needed to encash those other investments, this seemed to have been on 19 December 2024, so over a month before the mortgage repayment was due (due to a fixed rate deal ending) by 30 January 2025.

I can understand why Mrs S wished to plan in advance, and in the absence of certainty regarding the pension transfer timing, may have wanted to ensure that she had enough funds for the repayment to be made.

But by the time the mortgage repayment fell due, the pension transfer had completed, and so she also had the pension funds at her disposal to reinvest in those same alternative investments within her SIPP if she wished.

Mrs S also benefitted from retaining her pension funds in a tax efficient wrapper. But there may still have been enhanced growth in the non-pension investments in the period between 19 December 2024 and 24 January 2025 when the funds were received into her Hargreaves Lansdown pension.

And so to establish whether there's been a loss from Mrs S needing to encash other investments to repay her mortgage, Scottish Equitable Plc, trading as Aegon, should also determine the increase in the value of the investments which were encashed from the date that they were encashed for mortgage repayment up to 24 January 2025. If that exceeds the increase which has been notionally applied above on the pension funds over the same period, then this is a further loss for which Mrs S should be compensated. The level of increase above that experienced by the pension funds should be applied to the encashed funds and that higher growth is the additional loss (B). To that loss should then be applied the rate of growth which Mrs S's pension funds have actually experienced from 24 January 2025 to the date of this final decision, so that she may reinvest this as she chooses.

If the level of growth in the encashed investments has been lower than that which will have been applied to the pension funds above (a "negative" B), then Mrs S will have benefited from retaining her pension funds instead of using them to repay her mortgage and this may be offset against any loss determined in the first part of the calculation (A). And the overall loss may in any case be reduced by the amount of interest loss already paid to Mrs S.

If there is an overall loss, Scottish Equitable Plc, trading as Aegon, should then in the first instance make a payment to make the pension fund up to the notional higher value it would have (with the addition of the overall loss figure), taking account of any available tax relief and charges which might apply for doing so.

If that‘s not possible or would conflict with existing protections, then the loss amount should be paid directly to Mrs S, with a notional deduction for the income tax she would pay on the post tax free cash pension proceeds (presumed to be 20%) - so a 15% deduction.

Any overall loss should be paid within 28 days of Scottish Equitable Plc, trading as Aegon, being notified of Mrs S’s acceptance of this decision. If it’s not, interest at 8% simple pa should be applied to the loss amount from the date of this decision to the date of settlement.

Scottish Equitable Plc, trading as Aegon, should also confirm that it ensured any final payment made by Mrs S’s employer was applied to the pension plan before the transfer was made.

Scottish Equitable Plc, trading as Aegon, should also pay Mrs S £250 (as already offered) in respect of the distress and inconvenience caused to her.

My final decision

My final decision is that I uphold the complaint and direct Scottish Equitable Plc, trading as Aegon, to undertake the above.

Under the rules of the Financial Ombudsman Service, I’m required to ask Mrs S to accept or reject my decision before 29 December 2025.

Philip Miller
Ombudsman