

The complaint

Mr S complains that Scottish Equitable Plc trading as Aegon (“Aegon”) treated him unfairly when it concluded a transfer he had proposed, of his pension savings to a Qualifying Recognised Overseas Pension Scheme (“QROPS”), would be subject to an overseas transfer charge (“OTC”).

What happened

Mr S has been assisted in making this complaint, and in his dealings with Aegon, by his financial advisor. But in this decision, for ease, I will generally refer to all communication as if it has been with, and from, Mr S himself.

Mr S holds pension savings with Aegon. In early 2024, following discussions with his financial advisor, he asked Aegon for information about the process for transferring his pension benefits to a QROPS. Aegon sent that information to Mr S around 12 days later on 20 February.

On 27 August Mr S confirmed to the QROPS that he wished to proceed with a transfer of his Aegon pension savings to the scheme. Aegon next heard from Mr S in respect of the transfer when he asked the firm to provide him with its pension scheme tax reference (“PSTR”) number. He said he needed that number in order for the transfer paperwork to be finalised. The QROPS sent the completed transfer paperwork to Aegon on 20 November.

The UK Government, in its budget statement on 30 October 2024, announced some changes to transfers such as that being requested by Mr S. In particular it announced that the OTC exclusion that applied to transfers to a QROPS in the European Economic Area or Gibraltar had been removed. But it said that the exclusion could still be applied to a transfer that had been requested before 30 October and that completed before 30 April 2025.

Aegon told Mr S that it didn’t think the discussions it had held with him were sufficient to meet the criteria that had been set out to evidence a “substantive request.” So, it told him that it would need to apply the OTC to his transfer. Mr S didn’t agree and complained to Aegon about its decision. As Aegon still thought it had acted correctly, Mr S brought his complaint to us.

Mr S’ complaint has been assessed by one of our investigators. She thought that Aegon had correctly interpreted the guidance HMRC had provided about when a transfer should be considered to have been requested. So, she agreed with Aegon that Mr S’ transfer hadn’t been requested before the cut off date and that an OTC should be applied.

Mr S 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 S 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.

The complaint that Mr S has made to Aegon is about whether it was reasonable for an OTC to be applied to his pension transfer. As I have set out above the deadline for transfer requests to remain exempt from the OTC was 30 October 2024. So in order to fairly decide this complaint I don't need to consider what happened after that date – I simply need to decide whether Aegon held a substantive transfer request by the relevant date, or if not, whether any delays in that instruction being provided were because of something Aegon had done wrong.

I can see that Aegon provided Mr S with the information it needed before a transfer could be arranged when he emailed the firm in February 2024. And, when Mr S asked for confirmation of Aegon's PSTR number in September 2024 it responded within a couple of weeks. The deadline for transfer requests to be exempt from the OTC was 30 October. So, I'm not persuaded that Aegon caused any material delays in receiving the transfer request from the QROPS before the deadline.

When HMRC set out the changes to the OTC rules, and the short-term exemption for existing requests, it signposted some guidance it had issued in 2017 about what it would consider to be a substantive request. I think the interpretation of that guidance forms the crux of Mr S' complaint. The 2017 guidance says;

A transfer request is when a member has made a substantive request to the scheme administrator or scheme manager of their pension scheme on which they are required to take action in relation to the transfer. This means an instruction from the member to transfer £X or X% of their pension funds to a named overseas pension scheme. A casual enquiry is not a transfer request.

The responsibility for making the transfer requested by Mr S lies with Aegon. The QROPS needs to make the request, but it is Aegon that needs to implement it. So, in respect of the guidance above I think it is Aegon that should be considered the "scheme administrator or scheme manager."

The discussions that Mr S had with Aegon did give an indication to the firm that he was actively considering a transfer to a QROPS. He asked for the forms that needed to be used, and he asked for the PSTR number to assist with their completion. But there was nothing in the conversations or emails between Mr S and Aegon that created a binding instruction on Aegon to start processing the transfer. That only came about once the completed forms were received from the QROPS.

It is clear that Mr S did submit his request to the QROPS on 27 August. And it seems that the QROPS will have started to work on that request soon afterwards as Mr S then approached Aegon for the PSTR number. But it then seems there was some delay in the final transfer request being completed as it wasn't sent to Aegon until almost two months later. But that delay doesn't seem to have been caused by Aegon.

In response to our investigator's assessment Mr S has raised some concerns about what happened after the QROPS sent the transfer instruction to Aegon. It seems there was a period of time before Aegon accepted the transfer instruction, and that the QROPS was entitled to deal with matters on behalf of Mr S. And it appears that Aegon asked Mr S for some further information to verify his identity. But as I have explained earlier, I don't think anything that happened after 30 October has a material impact on whether an OTC should be applied to this transfer. So those issues aren't something I need to consider here.

I appreciate how disappointing this decision will be for Mr S. But I agree with Aegon that it hadn't received a substantive request for the transfer before the deadline. And given that Aegon has a joint responsibility along with Mr S for the OTC being paid I think it right that it carefully applies the guidance that it has been given by HMRC. I haven't seen anything to make me think that the transfer instruction being sent to Aegon by the QROPS was delayed because of something that Aegon did wrong.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 25 February 2026.

Paul Reilly
Ombudsman