

The complaint

Mrs P says Scottish Equitable Plc, trading as Aegon, has failed to apply monthly contributions to her Group Personal Pension appropriately or at all in many instances. She raises concerns about the competence of the firm and its general handling of her interests. She says this has caused her financial detriment and has had other negative impacts.

What happened

Mrs P became a member of her employer's Group Personal Pension with effect from 7 March 2022. She made a monthly contribution worth 5% of her pensionable earnings, and her employer added a further 3%.

Unfortunately, things didn't work as smoothly as they should've. In May 2025 Mrs P raised a complaint about her experience with Scottish Equitable. She said from the outset there were problems with how contributions from her and her employer were attributed to her pension plan. And from August 2024 Scottish Equitable stopped adding any payments altogether. She didn't know if it was a case of maladministration, mismanagement of funds or misappropriation.

Mrs P says the problems have caused her upheaval, stress and inconvenience. She told this Service that although not the primary reason for changing her job in 2025, it was a factor in her decision.

Mrs P also noted having to meet the cost of roof repairs using taxable income from another of her pensions. She says because she didn't know the correct value of her Scottish Equitable plan, she wasn't able to use the tax-free cash (TFC) from it. That meant she'd overpaid tax as a result.

Mrs P referred to the call she and her husband had with Scottish Equitable's call handler in May 2025 where he acknowledged the problems the firm was having with pension plans like hers. She says he indicated Scottish Equitable was deliberately dragging out complaints with the hope that some people would give up.

Despite Mrs P complaining to Scottish Equitable in May 2025 it was unable to respond within eight weeks. As such it informed her of her right to involve this Service, which she did in August 2025.

Although there were some communications from Scottish Equitable to update Mrs P, it wasn't until 30 September 2025 that it provided a partial response to her complaint. It accepted there had been a delay in applying some of her pension contributions. And it set out action it would be taking to make sure she wasn't financially disadvantaged. But it didn't provide an audit trail so that Mrs P could see what had happened to which payments. And it didn't provide any redress for the trouble and upset she'd experienced.

After being chased by this Service several times for its file on Mrs P's case, Scottish Equitable provided it on 19 November 2025. This also set out its final response and how it proposed to put things right. The proposal was shared with Mrs P.

Mrs P wasn't satisfied with Scottish Equitable's response. She found it unacceptable the firm still hadn't resolved matters and thought the offer for the trouble and upset it had caused insulting.

An Investigator considered Mrs P's case. He didn't think Scottish Equitable needed to take any further action. He summarised in the following terms:

"...having reviewed the evidence provided, I'm satisfied that Scottish Equitable have applied your pre-August 2024 contributions correctly when they were received from your former employer. I also think their offer to undertake the review and remediation work is fair and in line with what I'd ask them to do had no offer been on the table. I also think their offer of £500 is fair and accounts for the impact their delays and mistakes had on you."

Mrs P disagreed. She didn't think the Investigator had addressed several of the issues raised adequately, including for example about the behaviour of Scottish Equitable in its handling of customer complaints, the reconciliation of payments into her pension prior to August 2024, his conclusions in relation to her access to tax-free cash (TFC) from her pension and lack of clarity about when the firm would carry out its remediation of her pension and the level of the award made for distress and inconvenience.

The Investigator made further responses to Mrs P setting out why the points she'd raised hadn't changed his view. She wasn't satisfied with his arguments.

As both parties couldn't agree with the Investigator's view Mrs P's complaint has been passed to me to review afresh and to provide a final decision.

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.

Where there's conflicting information about the events complained about and gaps in what we know, my role is to weigh the evidence we do have and to decide, on the balance of probabilities, what's most likely to have happened.

I've not provided a detailed response to all the points raised in this case. That's deliberate; ours is an informal service for resolving disputes between financial businesses and their customers. While I've taken into account all submissions, I've concentrated my findings on what I think is relevant and at the heart of this complaint.

I think Scottish Equitable's proposal to put things right for Mrs P is fair. I'll explain why.

I've considered the extensive regulation around the services like those performed by Scottish Equitable for Mrs P. The FCA Handbook contains twelve Principles for businesses, which it says are fundamental obligations firms must adhere to (PRIN 2.1.1 R in the FCA Handbook). These include:

- Principle 2, which requires a firm to conduct its business with due skill, care and diligence.
- Principle 6, which requires a firm to pay due regard to the interests of its customers and treat them fairly.
- Principle 7, which requires a firm to pay due regard to the information needs of its clients, and communicate information to them in a way which is clear, fair and not misleading.

- Principle 12, which requires a firm to act to deliver good outcomes for retail customers.

So, the Principles are important and form part of the regulatory framework that existed at the relevant time. They must always be complied with by regulated firms. As such, I need to have regard to them in deciding Mrs P's complaint.

My starting point is Scottish Equitable's response to Mrs P's complaint from November 2025. In responding to this Service it said:

"As you may already be aware, we carried out a planned upgrade to our technology platform for some of our pension and bond contracts in August 2024. This did not go according to plan and the upgrade caused significant issues with specific schemes and members. This included problems with our SmartPay and SmartEnrol systems which schemes use to submit contributions and upload new members.

The fix to our system was complex, and we could not just revert to the previous system. It took longer than we originally anticipated to complete the corrective work including applying the contributions received into the individual plans of scheme members.

System upgrades, even if thoroughly and carefully tested in advance, can throw up unexpected errors and issues. Unfortunately, that's what's happened in this case and I'd like to apologise for the inconvenience this has caused Mrs P."

Scottish Equitable went on to confirm the action it would take to make sure its customers didn't lose out, including Mrs P. It said:

"To make sure our customers have not been financially affected, we're carrying out a review – this is called 'remediation'. We're checking if the delay meant fewer units were bought than if the contributions had been applied on time.

We're fixing any pricing issues caused by delays in adding contributions to pension plans. Our main goal is to make sure customers have at least the number of units they would have had if everything had been processed on time. This way, no one loses out financially. If the delay resulted in a gain, customers will keep this gain. This reflects our commitment to fairness and accuracy.

We have reported ourselves to the Pension Regulator and informed them of the system issues we have experienced. We have continued to update them with the actions we are taking to resolve the underlying issues as well as the actions we are taking to ensure our customers are not financially impacted as a result.

I can confirm that Mrs P's complaint case is still open on our systems and will remain so until we've completed the remediation work on their policy. Due to the number of policies requiring remediation work by us, we don't currently have a timescale for when this will be completed. However, we will keep Mrs P updated as the work progresses."

Scottish Equitable also provided information about what it says had happened with Mrs P's contributions prior to August 2024. It said:

"I note Mrs P's complaint refers to way before the upgrade issues of August 2024, as she believes contributions are missing, dating back to March 2022. As you'll see from the attached contribution history, we've applied contributions on the dates we received them. This means some contributions were applied in different months from the payroll they represented.

For example, we received two payments in November 2022 – representing September and October payroll. November payroll contribution was received 5 April 2023. This is why Mrs P

has complained about receiving no contributions some months [multiple] contributions in others.

In this respect, we can only apply contributions as and when we receive them – if Mrs P feels any contributions prior to August 2024 are missing, she may wish to take this up with [her former employer]. However, I appreciate this doesn't excuse what happened since our upgrade issues of August 2024.

We haven't applied any monthly contributions since August 2024 (except May 2025) to her plan. You'll see from another supporting file I've attached that we have received monthly contributions from [her former employer] and they are sitting unallocated in our suspense account."

Scottish Equitable concluded in the following terms:

"We acknowledge that the delay in applying Mrs P's contributions will have caused them considerable distress and inconvenience, and I apologise again for any concern this has caused. We'd also like to reassure Mrs P we're aware of the issues affecting their policy and that we're in the process of taking the relevant steps to ensure they do not lose out financially because of this.

In addition to carrying out the remediation work detailed above, we'd also like to offer Mrs P £500 in compensation for the trouble and upset they will have felt throughout this process. This bears in mind the comments Mrs P made in an email of 30 September, and her application form to yourselves, outlining the level of impact this has had on her."

It is clear then that Scottish Equitable accepts in this correspondence and through the actions it has taken or is committed to, including self-referral to the Pensions Regulator, undertaking to make sure Mrs P doesn't lose out as a result of its failures and its acknowledgement of the trouble and upset it had caused her and the award for this, that it has failed to meet the relevant FCA Principles.

Unlike the Investigator, Mrs P didn't accept Scottish Equitable's response, setting out her detailed reasons for not doing so. So, what I need to do is address the main outstanding matters she has raised and in doing so determine whether the firm has gone far enough in putting things right.

Scottish Equitable coaching of their people to 'push-back' customers

Mrs P has referred to a call her husband had on her behalf with an Scottish Equitable staff member in May 2025. She says this confirmed call handlers were being coached to deter people from complaining. I've listened to the call very carefully.

For understandable reasons Mr and Mrs P's feelings about what had happened were conveyed assertively - not rudely - in the call. Their worry, frustration and anger about the situation was clear. And the call handler was empathetic. He acknowledged the problem Scottish Equitable was having following system changes, its poor communications and noted Mrs P's case was the worst he'd heard about. At one point he said:

"...I do understand where you are coming from to the point where I actually reconsider doing customer service here...I want to help customers but the way we get told to tell customers it is still being worked on and to give the timescales...it doesn't work for me, I know I'm just pushing customers back..."

In the context of the conversation, I don't find this shows call handlers were being coached by Scottish Equitable to deter people from complaining. I think they were being told to provide customers with information about how long things might take and to manage

expectations of the service in the short term. I found the call-handler's approach refreshingly human and open about his own views about how Mrs P had been treated.

Reconciliation of Mrs P's employee and employer contributions prior to August 2024

Mrs P was concerned that prior to the system problems Scottish Equitable were having with certain pension plans including her own from August 2024 onwards, in actuality she'd experienced problems since the inception of her policy in terms of missing, delayed and multiple contributions.

To try to put her mind at rest, the Investigator shared with her a Scottish Equitable spreadsheet showing the gross employer and employee contributions made from the start of her pension. This also showed the dates contributions were due and the date of receipt of funds from her employer.

Mrs P wasn't satisfied with the information provided. She submitted her own evidence taken from Scottish Equitable's portal which appeared to show different values for her contributions and only the payment dates. And she noted the employer contributions were missing from the record.

The Investigator asked the firm to explain the discrepancy. It said the online portal was combining her employee and employer contributions but showing these as employee-only. This matter has been raised internally because customers should be able to see the correct split or a properly labelled column showing what the sums represented.

Looking at a random sample of contributions from 2022, 2023 and 2024 and comparing Scottish Equitable's spreadsheet with the printout Mrs P has obtained from the portal, this bears out what Scottish Equitable has told us. The payment dates and total gross contributions are the same.

Further, Scottish Equitable has provided two example letters it sent Mrs P from November and December 2022 which notified that her employer had missed certain payments. This supports the firm's position that it wasn't responsible for the irregularity of some of the contributions it had received from her employer.

If Mrs P wants to challenge the apparent delay in her former employer providing Scottish Equitable with contributions given when they were due, this is a matter she now needs to take up with it. Scottish Equitable will supply her any further information it has that is not yet in her possession that she needs to make her enquiry.

The impact on Mrs P taking tax-free cash from her pension

Mrs P had to withdraw money from another of her pensions in August 2025 to pay for repairs to her roof. She accessed around £2,700 in TFC and a taxable lump-sum of £7,000. She didn't access TFC from her Scottish Equitable pot because of the problems with its administration as already stated.

The Investigator concluded on this matter in the following terms:

"I've thought about what you've said about not being able to take the TFC from your Scottish Equitable pension due to the contribution issue and not knowing what the current correct value of your pension was. As a result, you had to take a taxable lump sum from [another] pension. So, I've considered whether Scottish Equitable should make up any additional tax or financial loss you've incurred as a result.

Having done so, I don't think Scottish Equitable need to make up any loss here. While I understand your argument about why you didn't approach Scottish Equitable to try and take the TFC, I can only consider what did happen or would have happened, not what could have happened. Ultimately, you chose not to contact Scottish Equitable to attempt to take the TFC from your pension.

So, it wouldn't be fair for me to hold Scottish Equitable responsible for a loss that they had no prior knowledge of and where they weren't directly responsible for you not being able to take the TFC. Additionally, I've not been provided with any evidence to suggest that Scottish Equitable wouldn't have been able to process the payment and still undertake the above remediation work."

Mrs P thought the Investigator had missed the point she was trying to make. That was, had her Scottish Equitable pension arrangements been up to date and in good order, she would've had confidence the TFC available was the maximum available to her. She could've taken this and reduced the call on the taxable element of the funds she withdrew from her other pot.

Mrs P says that once she'd used her 25% TFC allowance, she wouldn't have got another opportunity to do so. So, the value of her Scottish Equitable pot would've been crucial information, but the firm couldn't give her an accurate assessment given all the problems it was having with making contributions.

I think Mrs P's plans to meet her repair bill were complicated by the position on her Scottish Equitable pension. But the firm makes some reasonable points to consider here. It says Mrs P may've had to pay tax on the income she took from her other pension at some point in the future in any case. It says she retained her Scottish Equitable TFC.

Scottish Equitable also says if Mrs P had taken TFC before her unallocated contributions had been sorted out, she would've been entitled to the extra allowance on these. That's because any unallocated funds would've been considered as uncrystallised funds, from which Mrs P could take 25% as TFC.

Although Mrs P gives short shrift to the Investigator's finding that she didn't pursue taking her TFC with Scottish Equitable, I do find it is relevant. Had she done so the onus would've been on the firm to make sure it got the calculation right. Had it not done so, this would've been another complaint point for which she would've undoubtedly been compensated.

That said, I have no doubt that Scottish Equitable's poor handling of her pension made her wary of any dealings with it. I think Mrs P was inconvenienced by Scottish Equitable in this regard. But I think concluding she will suffer financial detriment is too far removed to determine. That will depend on various factors including investment returns, inflation rates, tax policy and when she decides to take her TFC from her Scottish Equitable plan.

When will the promised remediation of her pension take place?

In response to the Investigator's view Mrs P reasonably made the point that she was still waiting for Scottish Equitable to complete its remediation of her policy. And that there were still no indications of when this would be completed.

Scottish Equitable have since told this Service:

"I appreciate why Mrs P is understandably keen to know when the contributions on her plan/her employer's group pension scheme will be remediated by. We don't have a set date for when we will be working on this plan/scheme. However, we've committed to the Financial Conduct Authority that all schemes will be remediated by the end of March 2026."

So, if Scottish Equitable hasn't yet managed to put things right for Mrs P, she now knows the latest date by which it has undertaken to the Regulator that it will have done so.

Putting things right

When I'm considering a complaint like Mrs P's I think about whether it's fair to award compensation for distress and inconvenience. This isn't intended to fine or punish a business – which is the job of the Regulator. But when something's gone wrong, recognition of the emotional and practical impact can make a real difference.

We're all inconvenienced at times in our day-to-day lives – and in our dealings with other people, businesses and organisations. When a firm considers what's happened, it needs to reflect on whether the impact of its actions was greater than just a minor inconvenience or upset. Considering the worry, uncertainty, frustration and distress it had caused, Scottish Equitable Plc acknowledged this was the case for Mrs P.

Scottish Equitable Plc has offered an apology, a commitment to make sure Mrs P doesn't lose out financially from its poor handling of her pension arrangements and it awarded her £500 for the trouble and upset it caused her. I think this is a reasonable settlement.

My final decision

For the reasons I've set out, I've concluded the offer made by Scottish Equitable Plc is fair. Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs P to accept or reject my decision before 2 March 2026.

Kevin Williamson

Ombudsman