

The complaint

Mr T complains that Scottish Equitable plc trading as Aegon rejected his application for payment of the full lump sum allowance amount stated on his retirement benefit crystallisation event (RBCE) statement.

What happened

Mr T had a Self-Invested Personal Pension (SIPP) with Aegon.

He received a payment of £8,712.51 (net) in July 2024. Aegon sent him a closing statement on 15 July 2024. This showed that the value of his “Aegon SIPP Uncrystallised,” after the payment had been made, was zero.

In June 2025 he received a “Relevant Benefit Crystallisation Event” (RBCE) statement from Aegon. Aegon stated that this statement related to an uncrystallised funds pension lump sum (UFPLS) which Mr T had taken from his pension between 6 April 2024 and 22 July 2024. Aegon explained that this statement replaced any previous RBCE statements for this period. It said there’d been an error in the earlier statements regarding the Lump Sum Allowance (LSA) and Lump Sum and Death Benefit Allowance (LSDBA) that Mr T had used when he’d taken the UFPLS payment.

The statement issued in July 2024 included the following information:

Type of payment - Uncrystallised Funds Pension Lump sum

Date of payment - 12/07/2024

Your lump sum allowance (LSA) for 2024/2025 - £268,275.00

Your lump sum and death benefit allowance (LSDBA) for 2024/25 - £1,073,100.00

The statement set out the amount that had been paid to Mr T in July 2024. Mr T had received a net amount of £8,712.51 and he’d used £2,737.34 of his LSA.

After receiving the statement Mr T contacted Aegon and asked it for a summary of flexible drawdown options for his account. He subsequently completed a benefit crystallisation event application form (capped drawdown) and sent it to Aegon. In the form he requested that Aegon pay him the maximum pension commencement lump sum (PCLS) allowed.

Aegon wrote to Mr T. It said it could not comply with his request because he had fully withdrawn from his account and there were no further pension benefits payable under the plan.

Mr T did not agree. He said that whilst there were no further funds available in his uncrystallised pension, Aegon had told him in the RBCE statement that his pension had crystallised, and he had a lump sum allowance of £268,275.00. He said that the literal meaning of “allowance” meant this was something he should benefit from. He complained to Aegon.

Aegon investigated Mr T's complaint. It sent him its final response letter by email. By way of summary, it said:

- A relevant benefit crystallisation event statement was a document Aegon was required to provide to a customer who had accessed their pension and taken tax-free cash. Once that happened the funds in their pension became crystallised
- A lump sum allowance (LSA) was the total amount of tax-free cash an individual could take from all their pension policies over their lifetime. The standard LSA was £268,275. However, to receive that amount the total pension pot value would have to be more than one million pounds.

Aegon explained that Mr T had accessed his pension benefits in July 2024.

His total pension pot with Aegon was valued at £10,949.37. He'd received a tax-free lump sum of £2,737.34 and the remaining £8,212.03 was subject to income tax. The total tax paid was £2,236.86. So, Mr T had received a total net payment of £8,712.51. There were no further funds left in his pension. Aegon had sent him a closing statement for his account.

Aegon said that the Lump Sum Allowance was not an amount Mr T was entitled to receive from it. Instead, it reflected the maximum tax-free cash he could take across all his personal pensions provided he had sufficient funds elsewhere to support it.

Mr T said he understood. But he said Aegon should look into changing its word choice. Mr T referred his complaint to our service. He said that the use of the word "Allowance" meant he was entitled to £268,275 every year. He said that Aegon must pay him the full amount.

Our investigator looked into Mr T's complaint. He thought that the word allowance could be defined as "the amount of something that is permitted, especially within a set of regulations or for a specified purpose." He also referred to the UK Government's website which said:

"You can usually take up to 25% of the amount built up in any pension as a tax-free lump sum. The most you can take is £268,275. This is known as the lump sum allowance."

Having considered everything, he thought Aegon had acted reasonably. It had paid Mr T the total value of the pension he'd held with it.

Mr T didn't agree. So, his complaint has been referred to me to decide.

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.

Mr T's complaint is that Aegon told him in the RBCE statement that his Lump Sum Allowance for 2024/25 was £268,275 and it then refused to pay that amount to him when he asked it to.

Aegon says the Lump Sum Allowance is the maximum amount Mr T is allowed to take across all his pensions – provided he has sufficient funds in his pension pot to support that. To be able to take the full lump sum allowance Mr T would need to have over one million pounds in his total pension pots.

I can understand why Mr T asked Aegon to explain why it had used the word "allowance" in

the statement he was sent. However, in its final response letter Aegon explained why it had sent the RBCE statement to Mr T. It also explained what the phrase Lump Sum Allowance meant. Mr T said he understood – but he thought Aegon should look at changing its choice of words.

The expression “Lump Sum Allowance” is the language used by HMRC. And as our investigator explained the UK Government has set out the definition of these words on its website.

Having considered everything here, I’m satisfied that Aegon has acted fairly and reasonably. It has paid Mr T the full amount of the pension he held with it. It has explained the meaning of the words and phrases used on the RBCE statement. Mr T thanked Aegon for its detailed reply and said he now understood. So, I don’t require Aegon to have to do anything further to resolve this complaint.

My final decision

For the reasons set out above, I do not uphold this complaint about Scottish Equitable plc trading as Aegon.

Under the rules of the Financial Ombudsman Service, I’m required to ask Mr T to accept or reject my decision before 17 February 2026.

Irene Martin
Ombudsman