

## The complaint

Mr N complains that Scottish Equitable Plc trading as Aegon (Aegon) made errors when merging his pension policies to enable him to take benefits through income drawdown, causing losses and inconvenience. He wants compensation for the losses.

## What happened

Mr N had two Personal Pension Plans (PPPs) and a Self-Invested Personal Pension Plan (SIPP) with Aegon. He wanted to take tax-free cash (TFC) from the PPPs and reinvest the balance and enquired about this on 29 August 2024. On 2 October 2024 Mr N had a telephone appointment with Aegon Assist. It was confirmed the two PPPs would be merged, then transferred to the SIPP and the TFC paid. Mr N says he provided instructions for the ongoing investment to be in the Technology fund as at present. But Mr N says the merge didn't take place, despite him repeatedly chasing for updates and he complained about the delays on 3 December 2024.

On 23 December 2024 Mr N says Aegon's online portal (the portal) showed a plan value of around over £930 but also showed a backdated transfer into his other plan on 12 September 2024 at a lower value of £775.55. On 3 January 2025 the merged plan showed a total value of £38,509.92 before updating to a zero balance. The transaction history showed a "surrender" backdated to 6 November 2024 at a value of £35,376.06. Mr N says as his SIPP wasn't showing any credit for this, he called Aegon who said it would look into it.

Mr N says despite repeated chasing no funds appeared in his SIPP until 17 January 2025, but only £35,376.06 was credited. Aegon then emailed to say it was still looking into his complaint, so Mr N referred his complaint to our service. He said he had losses of £3,288.52 and Aegon had caused him inconvenience and anxiety over what had happened. He said he understood Aegon had undertaken an upgrade to its IT systems in August 2024, which may have caused some of the problems.

Our investigator contacted Aegon and asked it for its file, but despite reminders it didn't provide this. It did call Mr N about his complaint in April and following this he liaised with it and his tax-free cash was paid on 16 April 2025 and the balance was invested on 22 April 2025. Our investigator said based on the evidence provided by Mr N, Aegon didn't appear to have kept him informed or explained what was causing problems over an extended period of time. She said it should confirm the exact dates of transfers and cover any financial loss caused, and it should pay Mr N £250 compensation for the distress and inconvenience he'd been caused.

Aegon responded and apologised for the delay. It said it had now sent Mr N a final response letter to his complaint on 7 May 2025, upholding it. It said an IT issue had impacted a small number of customers causing delays, and it had backdated the transactions to the dates they should have been actioned, using the correct values. Aegon offered Mr N £600 compensation for the distress and inconvenience caused, and £164.69 (net of income tax) for the loss of interest on the delayed payment of his TFC. And it said it had paid £418.12 into his SIPP for the loss caused by the delayed investment.

Mr N said he didn't agree with the figures as these were much lower than the values shown on the portal when the transactions actually completed. Our investigator said Aegon had now undertaken what she'd outlined in her original findings and explained the values used in the transactions. And it appeared that it had put Mr N back into the position he would have been in if the problems and delays hadn't occurred, which was fair. She said Aegon had offered more compensation for the distress and inconvenience than she would have recommended. And she didn't think it needed to do any more than it had. Mr N said the loss on the smaller merged plan and his instruction to continue to invest in the Technology fund hadn't been considered in calculating the losses, which were based on a cash investment instead.

As Mr N doesn't agree it has come to me to decide.

### **My provisional decision**

I issued my provision decision on; 2 September 2025, I explained the reasons why I was planning to uphold the complaint. I said:

*I understand the frustration Mr N feels and why he thinks he has lost out on investment returns. I asked Aegon for further details about the corrections and loss calculations, as I didn't think these covered all aspects. It provided a more detailed explanation and evidence from its systems to show how it had backdated the various transfers, and when the tax-free cash could have been paid but for the errors.*

*Aegon completed the first transfer on 23 December 2024 and backdated this to 11 September 2024. It has shown evidence that the correct fund price was used for this. It actioned the second transfer into the SIPP on 16 January 2025 and backdated this to 6 November 2024. Effectively, then, all of Mr N's funds were in the SIPP ready for him to access his tax-free cash from 6 November 2024. But as this wasn't actually confirmed until 24 January 2025 he wasn't in a position to do anything before then. And he'd already complained about delays and fund values he couldn't reconcile, weeks previously, and was waiting on explanations from Aegon. Unfortunately, these weren't forthcoming, and then I think only in part, before 7 May 2025.*

*Aegon has now clarified that once it completed the transfer into the SIPP it was waiting for Mr N to come back to it to action taking his tax-free cash. And all the transferred funds were by default invested in cash pending this. It says the various documents sent to Mr N confirmed this,*

*“However, Mr N didn't take any action with regards to taking his tax-free cash and transferring/investing the rest to his drawdown, seemingly due to disputing the value of the transfer he had received”*

*So, the subsequent loss calculations Aegon has undertaken are on the basis that Mr N's transferred funds were wholly invested in cash from 6 November 2024 until 22 April 2025, when the reinvestment process was completed after he did take his TFC on 16 April 2025, which he appears to have done following Aegon finally contacting him about his complaint.*

*When our service considers the financial consequences of errors and delays, we think it is fair to put the consumer back into the position they would have been in if no errors were made. I think Aegon has partly done that by backdating the various transfers to the date they should have taken place. It has also calculated a loss of interest on the delayed payment of TFC which it says would have been paid on 18 November 2024. What it hasn't done, is to consider the actual investment consequences for Mr N.*

*I don't think it is fair that the reworking Aegon has completed left Mr N's funds wholly invested in cash for such an extensive period of time. It didn't provide any information about the reworked position for the SIPP until 24 January 2025, this effectively left Mr N unknowingly investing in cash for around 11 weeks to that point. I think the delay in Mr N then actioning his TFC payment was (as Aegon appears to agree) because he was (correctly) disputing the values being presented and waiting for it to respond. But Mr N doesn't appear to have been provided with any update until April 2025 when Aegon called him over his complaint, after which he actioned the tax-free cash.*

*I think Mr N wanted to take his TFC and he provided instructions that he wanted to continue to invest in the Technology fund at an early stage. When the TFC was paid on 16 April, Aegon completed its process and re-invested, in line with Mr N's new investment instruction, on 22 April 2025, so four working days later. So, based on this, if there hadn't been any errors and therefore nothing for Mr N to query, if it was reasonable for the TFC to have been paid on 18 November 2024, then the re-investment exercise should also have been completed four working days later, on 22 November 2024.*

*But for the errors Mr N's PPP funds would have been invested in the Technology fund until transferred, then held in the SIPP's default cash fund from 6 November, with the TFC paid on 18 November, and the remainder then invested in the Technology fund on 22 November 2024. Mr N subsequently provided different investment instructions, probably on 14 April 2025, to hold cash. And it's likely he would have been switched out of the Technology fund the next day. So, I think it's fair that Aegon should undertake calculations to establish whether Mr N has suffered financial losses by comparing what should have happened to what did happen.*

### **Putting things right**

*I said my aim in awarding compensation is to put Mr N as closely back into the position he should be in but for Aegon's errors and it,*

- *Should calculate the current notional value of Mr N's plan had the SIPP transfer completed on 6 November 2024, with the default cash fund held, the TFC paid on 18 November, and investment into the Technology fund made on 22 November 2024, before then being switched to cash on 15 April 2025. The notional value should then be compared to the actual value of Mr N's plan. If the notional value is higher, then Mr N has suffered a loss and should be compensated accordingly. Allowance may be made for any compensation already paid in respect of this.*
- *If compensation is due, it should if possible be paid into Mr N's plan. If that wasn't possible, compensation should be paid directly to Mr N as a lump sum after making a notional reduction to allow for future income tax that would otherwise have been paid.*
- *As Mr N's TFC sum should have been paid on 18 November 2024 Aegon should calculate interest on the late payment at the rate of 8% per year simple to the date of settlement and pay this to Mr N. It may make allowance for any interest already paid to Mr N in respect of this.*
- *Aegon should provide Mr N with a simple calculation of how it worked out the figures.*
- *Mr N was caused distress and inconvenience by what happened, but I think the £600 compensation it has already offered for this is fair and it should now pay this unless it has already done so.*

I asked both parties to send me any further information or comments they would like me to consider.

### **Response to provisional decision**

Mr N said he wanted to know how Aegon responded to my provisional decision.

Aegon accepted my provisional decision. It provided comparison calculations including a spreadsheet had everything been completed on 18 November 2024 as I thought it should have been. It said these showed that Mr N hadn't suffered a loss through not being invested in the Technology fund, as his plan value was £4,046.01 higher because of being in the Cash Pathway fund instead.

I asked that this information be shared with Mr N for his comments and he made several points, which I'll set out below. I replied to Mr N explaining why I thought what Aegon had set out was fair and in keeping with what I'd asked it to do, and he requested that I issue this final decision to settle the complaint.

### **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.

Having done so, I've decided to uphold the complaint.

I think Aegon made several errors, and it didn't initially consider the impact of all of these. This caused Mr N distress and uncertainty over a long period of time without it being clear he was in the financial position he should have been in. But together with the earlier corrections Aegon made, I think these further calculations show that Mr N hasn't suffered any investment loss.

In response to Aegon's figures Mr N said it would need an accountant to understand the spreadsheet and calculations. But that he was surprised that the figures showed a gain, compared to being invested in the Technology fund. He said Aegon still didn't seem to be reflecting the initial delays in consolidating his plans where the values had increased during the delays. And that he carefully managed his investments and would have acted to mitigate the market falls in early 2025 had his plans been accessible. He said the errors and problems stemming from the IT upgrade had caused him considerable upset.

Unfortunately, the calculations involved are quite complex, although Aegon's summary is I think simply set out as it should be. Whilst our service doesn't check loss calculations, they appear to reflect what I requested be done. As I said in my provisional decision I think Aegon had already properly corrected the problems with the original pension consolidations being the period before 6 November 2024, the date to which it backdated to using the appropriate fund prices and values.

The new calculations showed that had Mr N been invested in the Technology fund from 22 November 2024, which I thought was reasonable, the fund price would have increased before falling sharply from mid-February 2025, to less than the initial purchase price by the end of February 2025. The peak gain in that period was about nine percent and stockmarkets in general fell by a similar amount from mid-February 2025. So, Mr N would have had a limited window to capture this upside and that obviously required the benefit of hindsight to fully identify. And as any investment instructions given for this type of investment fund will usually be processed one or even two days later, I don't think it would be reasonable to say Mr N would have been able to time investment markets perfectly, from his

point of view, without hindsight. And Aegon's calculations showed that when Mr N confirmed he now wanted to hold cash rather than the Technology fund on 14 April 2025 (although due to the errors made he had been in cash) he was £4,046.01 better off over the period from 22 November 2024, so no further loss has been suffered here and this is a fair outcome.

However Mr N's TFC should have been paid on 18 November 2024, and that may have impacted the amount paid, which should be clarified and compensated as necessary. And Mr N has been caused distress, inconvenience and frustration by what happened and for those reasons, I am upholding his complaint.

### **Putting things right**

- Mr N's TFC should have been paid on 18 November 2024, although he may have received more TFC when it was actually paid in April 2025. Aegon must calculate whether Mr N has suffered a loss as a consequence. And if so, as he has been deprived of the use of that money, it's fair that it adds interest to any shortfall at 8% per year simple, until the date it makes settlement to Mr N.
- It must provide Mr N with a simple calculation of how it worked out the figures.
- Aegon should pay Mr N a total of £600 in compensation for the distress and inconvenience he's been caused, unless it has already done so, which I consider to be fair in the circumstances of the complaint.
- Income tax may be payable on any interest paid. If Aegon deducts income tax from the interest, it should tell Mr N how much has been taken off. Aegon should give Mr N a tax deduction certificate in respect of interest if Mr N asks for one, so he can reclaim the tax on interest from HM Revenue & Customs if appropriate.

### **My final decision**

For the reasons I've given above and in my provisional decision, my final decision is that I uphold this complaint against Scottish Equitable Plc trading as Aegon.

I direct Scottish Equitable Plc trading as Aegon to undertake the calculation as set out above and pay any compensation due.

I further direct Scottish Equitable Plc trading as Aegon to pay Mr N a total of £600 in compensation for the distress and inconvenience he's been caused, unless it has already done so, which I consider to be fair in all the circumstances of this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr N to accept or reject my decision before 4 March 2026.

Nigel Bracken  
**Ombudsman**