

The complaint

Miss T has complained that Scottish Equitable Plc trading as AEGON gave her wrong information about options available on taking serious ill health retirement benefits from her pension plan and then took too long to pay these pension benefits to her.

What happened

Miss T holds a pension plan with Scottish Equitable Plc trading as AEGON (Aegon). In May 2025 Miss T suffered a serious health issue, which resulted in her no longer being able to work. Miss T was under the age of 55 so she contacted Aegon in June 2025 to find out how she could draw serious ill health early retirement benefits from her pension plan.

On 20 June 2025 Aegon wrote to Miss T and sent her a Certificate of Incapacity for her to complete and return. This Certificate needed to be stamped by Miss T's doctor. Aegon also sent Miss T a retirement pack dated 19 June 2025 through her online pension account. This gave Miss T information on her retirement options and told her that the value of her pension plan at that time was £16,647.65. This pack also explained that this value wasn't guaranteed. Miss T has said that didn't receive this retirement pack because of problems she had logging into her online pension account.

Aegon sent Miss T further retirement packs by post and through her online account, but again Miss T has said that she didn't receive any of these packs.

On 24 July 2025 Miss T returned her completed Certificate of Incapacity to Aegon, which her doctor had stamped. On 30 July 2025 Aegon confirmed that Miss T's claim to access her pension benefits early on the grounds of serious ill health had been accepted.

Miss T had a telephone call with Aegon on 31 July 2025. During this call the Aegon representative that Miss T spoke with was able to resolve the issue with Miss T being able to access her online account when it was discovered that she'd opened an initial online account with a different email address. Miss T was then able to open the retirement packs that Aegon had previously sent her.

Miss T told the Aegon representative that she was claiming her pension benefits due to serious ill health. The representative initially told Miss T that she was able to transfer her pension plan into a drawdown facility which would've allowed her to just take her tax-free lump sum, whilst moving the remainder of her pension fund into drawdown, if she wanted to. However, after the Aegon representative spoke with a supervisor, Miss T was then told she couldn't move her pension plan into drawdown and instead could only take her pension benefits through either full or partial encashment.

The Aegon representative told Miss T that she could take advice on how she should take her pension benefits and gave her details of Aegon's preferred adviser. In this decision I will refer to Aegon's preferred financial adviser as "*Firm A*". Miss T spoke with Firm A on 4 August 2025. On 11 August 2025 Firm A sent Aegon a signed Letter of Authority and asked for information on Miss T's pension plan, which Aegon sent to Firm A on 15 August 2025.

On 15 September 2025 Miss T contacted Aegon to say that she wasn't happy with the advice she'd received from Firm A, or the timescales that Firm A was taking to help her. Miss T then telephoned Aegon again on 30 September 2025 and complained that she'd been given different timescales from Aegon representatives and from Firm A about how long it would take for her ill health claim to complete. Miss T also said she'd been unaware that Firm A couldn't request pension benefits on her behalf, as this had to come directly from her. Miss T also complained that she'd been given wrong information during her 31 July 2025 telephone call.

Miss A told the Aegon representative she spoke with on this call that she wanted to withdraw £10,000 gross of tax from her pension, so the representative arranged for a partial withdrawal illustration be sent to her for this amount. However, on the following day Miss T contacted Aegon again to say that she now wanted to withdraw £13,000.

Aegon received Miss T's completed and signed withdrawal request for £13,000 on 6 October 2025. Aegon gave instructions for funds to be sold in Miss T's pension to realise the cash needed to pay Miss T her withdrawal request. Aegon said that this process can take 3 to 5 working days, so it approved a "*pre-fund*" for Miss T's payment. This meant that Aegon would pay Miss T some of her pension withdrawal before the fund sale transactions had settled to cash, with the balance then being paid once the fund sales had settled.

Aegon paid Miss T £8,077.03 on 7 October 2025 and then paid her the balance of her net withdrawal payment of £2,070.91 on 13 October 2025. Aegon deducted £2,852.06 from the withdrawal payment for tax.

Aegon responded to Miss T's complaint on 13 October 2025. In its response Aegon apologised for giving Miss T wrong information about her retirement options. Aegon explained that Miss T was in fact able to transfer her pension plan into a drawdown facility provided she received financial advice. To compensate Miss T for the inconvenience its error had caused it paid £450 into her bank account.

Miss T complained again to Aegon as she thought that the compensation it had paid her wasn't enough. Aegon responded to Miss T's further complaint on 21 October 2025 and said that having reconsidered her initial complaint it would now pay her an additional £300 in compensation for the inconvenience its error had caused on top of the £450 it had already paid her, so a total of £750. Aegon also said that if Miss T returned all the money she'd taken from her pension it would put her back in the position she would've been in if she hadn't withdrawn any money from her pension. Aegon also said that it would consider any tax implications of Miss T taking a partial withdrawal from her pension instead of drawdown. Finally, Aegon said that it would consider any financial loss its error had caused Miss T.

Miss T still wasn't happy with Aegon's response to her complaint, so she brought this to the Financial Ombudsman Service. One of our Investigators reviewed Miss T's complaint. Their view was that Aegon hadn't contributed to the length of time it had taken for Miss T to

receive money from her pension plan. and that once it received Miss T's instructions to withdraw £13,000 it had paid this to her within a reasonable timeframe.

Our Investigator also thought that the compensation of £750 that Aegon had paid Miss T for giving her wrong information on her retirement options was reasonable. They also thought that Aegon's error hadn't resulted in any financial loss for Miss T and that Aegon's offer to consider any tax implications of Miss T taking a partial withdrawal from her pension instead of drawdown was reasonable. Our Investigator concluded that they thought Aegon's offer of compensation and to put things right for Miss T was fair and reasonable and therefore Aegon didn't need to take any further action.

Miss T disagreed with our Investigator's view so asked for her complaint to be considered by an Ombudsman.

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.

I have also carefully considered and taken into account relevant law and regulations, Regulator's rules, guidance and standards and codes of practice, and what I consider to have been good industry practice at the time. This includes the Principles for Businesses ('PRIN') and the Conduct of Business Sourcebook ('COBS'). And where the evidence is incomplete, inconclusive or contradictory, I reach my conclusions on the balance of probabilities – that is, what I think is more likely than not to have happened based on the available evidence and the wider surrounding circumstances.

I think it would also be useful here to reflect on the role of this Service. This Service isn't intended to regulate or punish businesses for their conduct. 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.

In Aegon's response to Miss T's complaint on 13 October 2025 it said: *"On 31 July, you spoke with my colleague (XXX) regarding your retirement options, and you expressed interest in entering drawdown. Unfortunately, (XXX) advised that drawdown was not available due to your age. I want to sincerely apologise for this error. In fact, drawdown was an option available to you, provided it was arranged through a financial adviser. I understand how important these decisions are, and I'm sorry for any worry this may have caused"*.

I therefore don't think that there's any dispute between the parties in this complaint that Aegon did provide Miss T with wrong information during the 31 July 2025 telephone call. To compensate Miss T for its error Aegon has paid her £750. However, Miss T thinks that she should receive more compensation than this. I will therefore consider Miss T's claim.

In addition to paying Miss T compensation of £750 Aegon has offered to put her back into the same position she would have been in had she not gone ahead with a partial withdrawal from her pension plan and had instead moved her pension plan into drawdown. Aegon has explained that to do this Miss T would need to pay back the money she has withdrawn from her pension, so that it can then put her plan back into the position it would've been in if Miss T hadn't taken any money out of her pension plan. Aegon has said that Miss T could then draw money from her pension in line with her preferred option.

Aegon has also said that if Miss T isn't able to repay all the money she's withdrawn then if she isn't eligible to "*reclaim the tax back from HMRC for the withdrawal*" and provides Aegon with evidence of this then it will consider covering the tax amount.

Finally, Aegon has said that if Miss T has evidence of any financial loss she's suffered by taking her pension through a partial withdrawal, then it will consider any such evidence further. Aegon has added that this offer includes any impact its error had on Miss T claiming certain benefits or any other expenses that may arise in the future.

I think that the above offer that Aegon has made to Miss T is reasonable. I think that Aegon has said that it will put Miss T back into the position she would've been in if it hadn't made its error. I also think it's reasonable that for Aegon to be able to do this Miss T would need to return the money she's taken from her pension. Aegon has said that it will then reinvest this money back into Miss T's pension plan.

Miss T has however explained that she isn't able to return any of the money she's withdrawn from her pension plan as she has spent it, covering various bills and expenses. It's therefore not possible for Miss T to take up Aegon's offer.

However, Aegon has also said that it will consider evidence of any other financial loss, including any tax loss, that Miss T has suffered due to its error. I again think that this offer from Aegon is fair and reasonable.

Miss T contacted Aegon in June 2025 to say that she wanted to draw money from her pension plan. Miss T was under age 55 so wanted to access her pension early on the grounds of serious ill health. On 20 June 2025 Aegon sent Miss T a Certificate of Incapacity for her to complete and return. Miss T returned her completed Certificate of Incapacity to Aegon on 24 July 2025 and on 30 July 2025 Aegon confirmed her claim to access her pension benefits on the grounds of serious ill health had been accepted.

I've therefore not seen any evidence to show that Aegon delayed sending Miss T the paperwork she needed to make her claim to draw her pension on the grounds of serious ill health, or that once Aegon had received her completed paperwork it delayed accepting her application. Instead, I think that Aegon acted within a reasonable timescale when dealing with Miss T's application to take her pension on the grounds of serious ill health.

Aegon also sent Miss T a retirement pack dated 19 June 2025 through her online Aegon account. Aegon sent Miss T further retirement packs by post and online. Miss T has said that she didn't receive any of these packs.

I've seen copies of the retirement packs that Aegon sent to Miss T. These are correctly addressed. I therefore don't think it would be reasonable to hold Aegon responsible for Miss T not receiving the retirement pack that it sent to her in the post.

Miss T says she didn't receive any of the retirement packs sent to her online account either. When Miss T telephoned Aegon on 31 July 2025 the representative she spoke with was able to give her online access to her pension account by changing Miss T's email address. Aegon has told this Service that when Miss T set up her initial online account, she used a different email address. During the telephone call Aegon's representative was able to change this to Miss T's correct email address and she was then able to access the retirement packs that Aegon had sent to her.

As Miss T hadn't been able to access the retirement packs because she'd used a different email address when she set up her initial online account, I don't think it would be reasonable to conclude that Aegon was responsible for her not being able to access the retirement

packs that it had sent to Miss T's online account.

Aegon has sent this Service a recording of the 31 July 2025 telephone call. I've therefore listened very carefully to this recording. During this call the Aegon representative initially told Miss T that she could access her pension benefits through drawdown and that if she wanted to do this then she'd need to take financial advice. Miss T was told that Aegon couldn't give her advice. The Aegon representative referred Miss T to Money Helper if she wanted to look for a financial adviser and then also referred Miss T to Firm A, if she wanted to receive financial advice from them. Miss T was told that the first consultation she'd receive from Firm A would be free of charge. Miss T said that she would like Firm A to contact her.

However, during the telephone call the Aegon representative was told by a supervisor that Miss T couldn't take her pension benefits through drawdown as she was under the age of 55. As a result, Miss T was wrongly told during the telephone call that she could only access her pension through partial or full encashment.

Miss T has said that she was unhappy with the advice she received from Firm A and the length of time it took her to obtain advice. Because of this Miss T has raised a complaint with Firm A and accepted a compensation offer from it.

I've therefore considered whether Miss T was only referred to Firm A by Aegon as she'd said that she wanted to take her pension through drawdown, albeit she was then told that she couldn't do this anyway. Having listened carefully to the recording of the telephone call, I think that Miss T explains that as she's under the age of 55, she understands that her circumstances are different than if she was taking her pension later in retirement. Miss T also says that she wants to know the best way to draw her pension and asks about annuities.

I therefore don't conclude that Miss T opted to receive advice from Firm A just because she'd been told earlier in the telephone call that she needed to go through a financial adviser if she wanted to take her pension through drawdown. Instead, I think that Miss T decided to accept the referral to Firm A as she wanted general help and advice on what was the best way for her to access her pension.

I also think that Firm A is a separate business to Aegon, and Miss T has made a complaint to Firm A. I therefore don't think it would be reasonable to conclude that Firm A's actions or any delay that Firm A may or may not have caused are part of this complaint. I am therefore only addressing Aegon's actions, and not any actions of Firm A, in this decision.

Miss T contacted Aegon directly on 30 September 2025 to say that she wanted to withdraw a lump sum of £10,000 gross from her pension plan. Aegon sent Miss T a retirement pack and illustration for this amount the same day. Miss T then contacted Aegon again on 1 October 2025 to say that she now wanted to withdraw £13,000 gross, so Aegon sent her another retirement pack and illustration for this sum. I've therefore not seen any evidence to show that Aegon delayed sending Miss T her retirement pack and illustration once she told it that she wanted to withdraw £13,000 from her pension plan.

Aegon received Miss T's completed application to withdraw £13,000 on 6 October 2025. Aegon gave instructions for funds to be sold in Miss T's pension to realise cash to pay her the withdrawal that she'd requested. Aegon said that this process could take 3 to 5 working days, so it arranged for a "pre-fund" for part of Miss T's withdrawal payment. This meant that Aegon would pay Miss T some of her pension withdrawal before the fund sale transactions had settled to cash, with the balance then being paid once the fund sales had completed.

Aegon paid Miss T £8,077.03 on 7 October 2025, the day after it had received her completed withdrawal request, and the balance of her withdrawal payment of £2,070.91 on 13 October 2025. £2,852.06 was deducted from the withdrawal payment for tax.

I think that by Aegon pre-funding part of Miss T's withdrawal payment she was able to receive £8,077.03 the day after Aegon had received her completed withdrawal request. I therefore think that Miss T was able to receive some money from her pension earlier than would otherwise be the case, with the remainder being paid to her four working days later. I therefore haven't seen any evidence to show that once Miss T submitted her completed withdrawal paperwork, Aegon delayed the payment of her partial withdrawal.

As I've said above, Aegon has said that if Miss T isn't eligible to "*reclaim the tax back from HMRC for the withdrawal*" then if she provides Aegon with evidence of this then it will consider covering the tax amount. I think this offer is reasonable.

Since our Investigator issued their view, Aegon has contacted this Service to say that it has deducted a total of £3,362.06 in tax from the partial withdrawals that Miss T has taken to date. Aegon has calculated that if Miss T had instead taken her pension payments through drawdown, then it would have deducted £2,380 in tax. Aegon has also sent this Service a copy of its calculation. I think that the methodology used by Aegon in completing its calculation is reasonable.

The difference between these two tax amounts is £982.06 (£3,362.06 - £2,380) which is the additional tax Aegon has calculated Miss T has paid because of its error. Aegon has said it's now paid £982.06 into Miss T's bank account to compensate her for this additional tax that she's paid.

Aegon has also already paid Miss T £750 for the distress and inconvenience its error caused her. Aegon has paid this money into Miss T's bank account. Our Investigator thought that this amount of compensation was reasonable, but Miss T disagreed. I've therefore considered whether the compensation that Aegon has paid to Miss T for the distress and inconvenience its error caused is fair and reasonable.

Miss T submitted her claim to Aegon to draw benefits from her pension plan as she was suffering from serious ill health, which Aegon accepted. Miss T has told this Service that whilst she was trying to draw money from her Aegon pension she was also having to attend hospital appointments which added to the distress and inconvenience she suffered.

Miss T has also told this Service about problems she had paying her bills and rent whilst she waited for pension benefits to be paid to her, which also added to her distress. Miss T has told this Service that fortunately she's been able to stay living in her flat and has used the payments she received from Aegon to help towards paying her outstanding rent and bills.

As I've said above though, I don't think that Aegon was responsible for any delays in Miss T receiving the payment from her pension plan. I think that it acted within a reasonable timescale when responding to her requests and the completed paperwork it received from Miss T. But Aegon was responsible for giving Miss T wrong information about her options on drawing money from her pension plan. I think that this error has caused Miss T distress and inconvenience and therefore I think it's reasonable that Aegon should compensate Miss T for its error.

As I've said above, Aegon has already paid £750 to Miss T to compensate for the distress and inconvenience she suffered. I think that compensation of £750 would be fair where the impact of Aegon's mistake has caused considerable distress, upset and worry and/or significant inconvenience and disruption that needed a lot of extra effort from Miss T to sort

out. Typically, the impact of Aegon's mistake lasted over many weeks or months. I think that this is a fair description of the level of distress and inconvenience that Aegon's error likely caused to Miss T.

Miss T has said that she should be paid more compensation the £750 she's already received from Aegon. I think that for a higher amount of compensation to be fair then the impact of Aegon's mistake would've needed to have caused Miss T substantial distress, upset and worry or even serious offence or humiliation. There would also have needed to be serious disruption to Miss T's daily life over a sustained period, with the impact felt over many months, sometimes over a year.

But I don't think that this is a fair description of the impact that Aegon's error would likely have had on Miss T. Whilst I fully understand and appreciate the impact Aegon's error had on Miss T, I don't think it's reasonable to conclude that Aegon's actions caused Miss T offence or humiliation or that the impact of Aegon's error was felt by Miss T over many months, or even a year. I therefore don't think that it would be reasonable to ask Aegon to pay Miss T a higher amount than the £750 it's already paid to her in compensation for the distress and inconvenience she suffered.

In addition to paying Miss T £750 in compensation for the distress and inconvenience its error caused, Aegon has now also paid Miss T compensation of £982.06 for the additional tax she's paid on her pension withdrawals. Aegon has also said that if Miss T has evidence of any financial loss she's suffered by taking her pension through a partial withdrawal instead of drawdown, then it will consider any such evidence further.

Aegon has added that if Miss T wants to move the money remaining in her pension plan into drawdown, then she can do this provided she takes financial advice.

I therefore conclude that the actions that Aegon has taken to resolve Miss T's complaint are fair and reasonable and because of this I'm not asking Aegon to take any further action beyond what it has already agreed to do. I'm therefore unable to uphold Miss T's complaint.

My final decision

My final decision is that I don't uphold Miss T's complaint against Scottish Equitable Plc trading as AEGON.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss T to accept or reject my decision before 6 May 2026.

Ian Barton
Ombudsman