

complaint

Mr B complains that Scottish Equitable plc (trading as Aegon ("Aegon")) reduced his transfer value and terminal bonus after he asked to transfer.

background

Mr B had a pension plan that was invested with Aegon in a with-profit fund. He transferred his plan to another provider in September 2014.

Mr B complained to Aegon. He was unhappy that the amount transferred to his new provider was approximately £6,000 less than the transfer value shown on his December 2013 annual statement.

Aegon said that the difference in value was because the terminal bonus rates had changed. It explained that the rates were assessed quarterly, and the latest set of rates came into force in July 2014.

Mr B complained to this service. He said that Aegon should have told him that the bonus was being reduced. And he said that the reduction seemed excessive.

Our adjudicator did not recommend that Mr B's complaint should be upheld. She said:

- terminal bonuses could go up or down;
- the terminal bonus changed three times between December 2013 and August 2014;
- Mr B had been provided with several documents that said the terminal bonus and transfer value weren't guaranteed.

Mr B didn't agree. He said:

- Aegon didn't tell him that the bonus had changed after December 2013;
- Aegon had deliberately chosen to reduce the bonus when he transferred his benefits;
- Aegon had breached its own requirement that it would not complete the transfer unless a transfer value had been obtained in the six months prior to the request.

The adjudicator responded and said:

- Aegon's documentation made it clear that the bonus rates would be reviewed every three months. So Mr B should have been aware that he needed to obtain an up to date valuation for a more accurate transfer value;
- She didn't agree that Aegon had deliberately chosen to reduce the bonus when Mr B transferred his benefits; and
- She hadn't seen anything to change her view of Mr B's complaint.

Mr B has asked for his complaint to be considered by an ombudsman. He says in particular:

- The annual statement was misleading as it said that a certain amount could be transferred;
- The discharge form showed that he was relying on the December 2013 statement. If Aegon didn't realise that this was more than six months before the date of Mr B's request to transfer then it was negligent. If it did realise then it acted in contravention of its own policy.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Mr B has raised a number of issues. I have considered everything he has to say. But I have concentrated my decision on those issues that I consider to be central to his complaint.

Mr B says that the annual statement he received in December 2013 was misleading, as it said that a particular value could be transferred. But I don't agree. The annual statement made it clear that the value of the investment could fall as well as rise and was not guaranteed. And it also said that benefits from payments invested in the fund weren't guaranteed and depended on the bonuses that were declared.

The transfer instruction form that Mr B completed also said that the transfer value was not guaranteed. And it recommended Mr B to contact Aegon for a new transfer valuation if he had not obtained one within the last three months.

The transfer instruction form did say that Aegon would not complete the transfer unless a transfer valuation had been obtained in the six months prior to the request. I note that Mr B says that the fact that Aegon completed the transfer even though the valuation was over six months old was either negligent or a contravention of its own policy.

Aegon accepts that it did not follow its process correctly. And it has agreed to offer Mr B £100 compensation for its failure to do so.

I agree that Aegon did complete the transfer even though the valuation had clearly been completed more than six months earlier. But I'm persuaded that the transfer instruction form contained clear warnings that the transfer value was not guaranteed, and that Mr B should obtain an up-to-date valuation. Mr B appears to have had an independent financial adviser (IFA). And his IFA should have advised him to do so. Mr B also signed a declaration confirming that he agreed that the actual value settled might be different from the value quoted.

I think that Mr B and his adviser should have taken note of the warnings in the instruction form. Mr B should have obtained a new valuation before proceeding with the transfer.

On balance, I don't find it fair and reasonable to require Aegon to pay Mr B more than the £100 it has offered.

I note that Mr B has said that he feels that Aegon acted improperly. He says that it reduced the terminal bonus because he was transferring out. But Aegon has to operate its with-profits fund in accordance with its Principles and Practices of Financial Management (PPFM) document. The regulator monitors the management of it. And I'm not aware that the FCA has raised any concerns about the way in which Aegon operates the fund. So I'm not persuaded that Aegon has acted improperly.

my final decision

My decision is that I don't uphold this complaint. I leave it to Mr B to decide whether he wishes to accept the £100 compensation that Scottish Equitable plc (trading as Aegon) has offered him.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 11 April 2016.

Alison Cribbs
ombudsman