DRN-4839897

Financial Ombudsman Service

The complaint

Mr T complains that Scottish Equitable Plc trading as AEGON ("Aegon") failed to provide him with information he requested in a timely manner. And he further complains that Aegon later provided him with incorrect information about the value of his pension savings when he was considering switching them to an alternative investment.

What happened

Mr T holds pension savings with Aegon in a TargetPlan Retirement Income Account. In this decision I am dealing with two separate complaints made by Mr T over the space of around six weeks. Although I acknowledge those two matters are not directly related, Aegon dealt with both complaints in a single response. I don't think it unreasonable that, for reasons of efficiency, I deal with both matters here.

On 3 November 2023 Mr T sent an email to Aegon to ask for information about taking a pension commencement lump sum ("PCLS" – often called tax free cash) from his pension savings. It appears that Aegon incorrectly linked that request to a closed pension plan held by Mr T that had a zero balance. So Aegon failed to respond to the query until Mr T called to chase a response on 22 November. A response was then issued to Mr T the following day.

On 15 December Mr T attempted to switch the fund into which his pension savings were invested using Aegon's online systems. But he faced problems making that change so called Aegon for support. The call successfully resolved Mr T's problems and he was able to complete the switch. But as the call was concluding Mr T asked for confirmation of the amount that would be switched. Aegon incorrectly told Mr T that it would be the current value shown on his online account. Instead it should have told him that the value would be determined when the switch was actioned – up to two working days later. Due to changes in the market, the amount that was ultimately switched by Mr T's instruction was approximately £1,088 less than he had been told on the phone call.

As I said earlier, Aegon responded to both complaints in a single letter. It apologised to Mr T for the delay in providing the information he had requested about his PCLS. Although it noted that ultimately Mr T hadn't decided to proceed with that transaction. And it agreed that it had provided Mr T with incorrect information about the fund value that would be switched when he called in December. But Aegon said that it didn't think that information had caused Mr T to act any differently – it thought he would have completed the switch regardless. Aegon did offer to reverse the switch, but Mr T declined that offer. Aegon paid Mr T £250 for the inconvenience he'd been caused by the two errors. Unhappy with that outcome Mr T brought his complaint to us.

Mr T's complaint has been assessed by one of our investigators. He thought it was clear that Aegon had made errors in the way it had dealt with Mr T's two requests. But he didn't think Mr T ever had any entitlement to the higher unit value for the switch that had been incorrectly quoted on the call with Aegon. He thought Aegon had dealt with the switch in line with the terms and conditions of Mr T's pension plan. And the investigator thought that the compensation Aegon had paid to Mr T for his inconvenience was reasonable. So he didn't think the complaint should be upheld.

Mr T didn't agree with that assessment. So, as the complaint hasn't been resolved informally, it has been passed to me, an ombudsman, to decide. This is the last stage of our process.

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.

In deciding this complaint I've taken into account the law, any relevant regulatory rules and good industry practice at the time. I have also carefully considered the submissions that have been made by Mr T and by Aegon. Where the evidence is unclear, or there are conflicts, I have made my decision based on the balance of probabilities. In other words I have looked at what evidence we do have, and the surrounding circumstances, to help me decide what I think is more likely to, or should, have happened.

At the outset I think it is useful to reflect on the role of this service. This service isn't intended to regulate or punish businesses for their conduct – that is the role of the Financial Conduct Authority. 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.

On both parts of Mr T's complaint, Aegon has accepted that it didn't provide him with the service that it would have expected. It agrees that it failed to respond to Mr T's request for information on his PCLS until he chased for an update almost three weeks later. And Aegon accepts that it failed to provide Mr T with correct information when he called about his investment switch. So what I need to decide here is whether the Aegon's errors caused Mr T to act differently, and most importantly whether they have caused Mr T to lose out.

The questions Mr T asked about his PCLS were relatively routine. As can be seen from the response that Aegon ultimately sent to Mr T they could be answered relatively quickly, and the appropriate application forms could be sent. It seems clear to me that, as Aegon says, its failure to respond was as a result of an administrative oversight.

Ultimately it seems that Mr T decided not to take a PCLS at that time. And I've not seen anything that makes me think his decision would have been different had the information he'd requested been provided more promptly by Aegon. So whilst there is no doubt that Aegon's failure to respond to Mr T's request in a timely manner would have been greatly frustrating for him, I don't think it has caused him to lose out.

In December 2023 Mr T decided to change the way in which his pension funds were invested. Up until that point the entirety of his pension savings had been invested in a single UK Equity based fund. Mr T decided to change his investments, moving all his pension savings into a cash-based fund. He first attempted to make that switch online, but later needed some support from Aegon to complete the transfer.

I think I should first note that Mr T did not seek, or receive, any advice from Aegon about his investment choices. Those were entirely decisions that he needed to make for himself when considering how his pension savings were invested and whether those investments were suitable both for his attitude to risk, and his retirement plans. So Aegon's responsibility here was simply to execute the instructions Mr T provided in an efficient manner.

I have listened carefully to the whole of the phone call that Mr T had with Aegon. From that call I think that, had he faced no problems with the online instructions, Mr T would have completed his transfer request without any input from Aegon. He only called the firm when he was unsure how his instruction should be completed. And, for the most part, the call only dealt with the input of the instruction.

But, at the very end of the call, Mr T asked Aegon about how the funds being switched into the new investment would be valued. It does seem, from the comments Mr T initially made, that he expected any value to be set in the future, and potentially be affected by market changes. But, incorrectly, Aegon told Mr T that the value of the funds being switched would be that shown on his online account at that time.

Our investigator has set out for Mr T the relevant parts of the terms and conditions that apply to investment switches of this nature. In brief those terms set out that the unit price that will be used is that of when any switch instruction is approved. It warns consumers that approval might not take place on the day any instruction is provided – but does say that approval will take place within the next two working days.

I am satisfied that Aegon has processed Mr T's switch instruction in line with the relevant terms and conditions of his pension plan. He submitted his instruction on a Friday, and the switch was processed, and valued, the following Monday. I'm not persuaded that, despite the incorrect information Mr T was given by Aegon, he was entitled to the switch being processed at the higher unit price. For that price to have been applicable, Mr T's switch instruction would have needed to be submitted one, or two, days earlier.

As I said earlier, I don't think the value of the investments being switched was a fundamental part of Mr T's decision making. I think that he would have completed the switch even if he'd received correct information on the phone call – or if he hadn't faced problems with the online input and completed the transaction without talking to Aegon. I'm not persuaded that there are any grounds to conclude that Mr T would have acted differently had Aegon not provided incorrect information to him.

I do think however, that the errors that led to both parts of this complaint, will have caused a degree of inconvenience to Mr T. I can see that Aegon has recognised this inconvenience and paid Mr T £250 as compensation. That payment is in line with what I would expect to direct in circumstances such as these. So I think the payment Aegon has already made for the inconvenience caused to Mr T is fair and reasonable.

I appreciate that these findings will be disappointing for Mr T. But I do not think the errors that Aegon made, in respect of either part of his complaint, caused him to lose out. And I think the compensation it has paid for Mr T's inconvenience is fair. So I don't think Aegon needs to pay any further compensation to Mr T.

My final decision

For the reasons given above, I don't uphold the complaint or make any further award against 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 11 September 2024.

Paul Reilly
Ombudsman