Financial Ombudsman Service

The complaint

Miss C has complained about the delays by Scottish Equitable Plc trading as Aegon (Aegon) in transferring her pension.

What happened

In August 2022 Miss C decided to transfer her pension with Aegon to a Qualifying Recognised Overseas Pension Scheme (QROPS) in New Zealand, to where Miss C had moved in 2019.

The QROPS requested the transfer from Aegon on 19 August 2022.

Aegon confirmed that in reviewing the transfer it applied the guidance included in the Combating Pension Scams: A Code of Good Practice (CPS Guide), along with applying The Pension Schemes Act 2021 pertaining to transfers. And specifically, in line with Occupational and Personal Pension Schemes (Conditions for Transfers) Regulations 2021, it said that after receiving further information about the QROPS and the process Miss C had undertaken, it decided to refuse the transfer on the basis that she hadn't received UK regulated advice.

Aegon informed Miss C of this on 5 October 2022. As Miss C was unhappy with this decision she raised a complaint. Following this, Aegon explained that in following the regulations it had identified a red flag (no UK advice) hence its refusal. But it did acknowledge the poor level of customer service it had provided to Miss C and offered £200 in recognition of this. As Miss C remained unhappy and felt Aegon was wrong in its decision she referred the complaint to this Service. She reasoned that given she was living in New Zealand, she was entitled to use an adviser regulated and based in New Zealand too and this shouldn't be viewed as being unusual.

Following the initial investigation of the complaint by this Service Aegon carried out further due diligence on Miss C's transfer request and reconsidered its position. It accepted that a red flag didn't exist and it agreed it wouldn't refuse the transfer based on the lack of UK regulated advice. It agreed to start afresh and re- assess a new transfer request, explaining that it could still be possible that it needed more information about the transfer or that there could be other reasons to not authorise the transfer.

Miss C was unhappy that she had to go through the transfer process again and felt that Aegon should act and proceed on her original instructions. She also expressed how unhappy she was with the time it had taken and also with the continued poor customer service from Aegon.

The complaint was assessed by one of our investigators who was satisfied that Aegon had carried out its due diligence in line with the guidance noted above. He was of the view that now Aegon had accepted it had made a mistake it was reasonable that a new transfer request be submitted. This was because under the regulations Aegon had to assess the whole transfer and there could be other reasons to refuse the transfer or things may have changed during the time that had passed.

However, because of the mistake and the length of the delay he felt that Aegon should pay an additional sum of £250 to recognise this.

Miss C remained unhappy stating that all she wanted was or the transfer to go ahead. She also stated she couldn't understand why we as a Service couldn't make this happen.

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 agree with the outcome reached by the investigator.
Firstly, it's important to point out that I can't tell Aegon to proceed with the transfer. As mentioned above the guidance that Aegon had to follow came into force on 30 November 2021 and provided the steps a ceding scheme had to follow for its due diligence before any transfer could be authorised. Essentially it set out that any pension transfer must be thoroughly assessed by the ceding scheme to satisfy itself that that the transferring member is not at risk of a scam. And as that is something only Aegon can do I cannot tell it to proceed with a transfer because I am not, nor should I be, involved in the due diligence process.

Therefore, all I can do is decide whether Aegon has taken the correct actions and considered the right things in the making of its decisions.

Aegon is correct in referring to the guidance above and it is correct in stating that it must adhere to these as its due diligence process. So, I am satisfied that in this respect that Aegon has acted correctly. However, the fact that that Aegon refused the transfer initially for the wrong reasons is disappointing. This has undoubtedly caused the delay. And this needs to be recognised.

Having said that, Aegon has now recognised the error and is willing to start the assessment of the transfer request again. This doesn't seem unreasonable to me – Aegon has a duty to ensure that Miss C isn't getting involved in a scam as this would be putting her pension funds at risk. So it seems fair that Aegon starts the process all over again. Also, a long time has passed since the initial request so things may have changed in terms of the receiving scheme and also there may be other characteristics of the transfer that in line with the regulation could cause Aegon some concern.

To date the transfer hasn't completed and I appreciate this is frustrating for Miss C.
But this is because Aegon is still waiting on the unique Money Helper reference number that would have been given to Miss C after she had the appointment (this is a requirement under the guidance in some transfer requests). I understand Miss C has been told about.
It seems this is causing the current delay, so I urge Miss C to provide this at her earliest opportunity. If she is having difficulty locating the number, then I suggest she contact Money Helper again and ask it to provide her with the number originally allocated to her.

I have considered that its possible had the initial mistake not happened Miss C may have transferred her pension many months ago. However, until the transfer is assessed fully again and all conditions of the regulations and guidance are met to Aegon's satisfaction
I can't know if it would have also been authorised had the initial error not taken place. Also, while I am aware of the delays incurred Miss C's pension has remained invested throughout and the pension is still accruing growth, so I am satisfied that she hasn't (currently) suffered any financial loss.

Overall, I think it's reasonable for Aegon to assess the transfer all over again based on its own merits to identify whether there are any other potential risks to Miss C's pension. The regulation and guidance that Aegon is working to is after all in place to protect Miss C, and others like her, from potentially losing all of their retirement savings.

However, due to the initial mistake Aegon made by identifying a red flag when its reasons were not relevant to this transfer, I think Aegon must pay Miss C a total of £450 in recognition of this.

Putting things right

To reiterate, Aegon must:

Reassess the transfer to the QROPS again upon the provision by Miss C all required information.

Pay Miss C a total of £450 in recognition of incorrectly blocking the transfer when she first requested it.

My final decision

My final decisions is that I uphold this complaint and I direct Scottish Equitable Plc trading as Aegon to redress Miss C as outlined above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss C to accept or reject my decision before 1 March 2024.

Ayshea Khan
Ombudsman