

The complaint

Mr G complains that Scottish Equitable Plc trading as Aegon (Aegon) wouldn't pay the lump sum benefits from his personal pension plan (PPP) on his written instructions. He said it didn't make it clear that he needed to be in possession of a retirement options pack before he could access his benefits. He says that, when he initially contacted Aegon in June 2022 to claim his pension benefits, it ought to have sent him a quotation at that point. Mr G also complains that Aegon didn't address him correctly within his PPP documents.

What happened

Mr G held a PPP with Aegon which had a selected retirement date of 3 August 2032. In June 2022 Mr G contacted Aegon asking it to pay him his pension benefits as a lump sum on his 55th birthday. But, following the information he was provided with during the conversation, he told Aegon not to issue the quotation that he needed to be provided with - and said he would contact Aegon nearer the time. Mr G says he delayed taking his benefits because of market conditions, but on 7 March 2023 he wrote to Aegon giving a written instruction to pay his PPP benefits. Aegon said it received this request on 10 March 2023 but wasn't able to act upon the written instruction without also receiving Mr G's authorisation through a valid retirement illustration, which was a regulatory requirement for it to provide prior to settling a claim. It sent the illustration to Mr G on the same day. The value of the plan at that time was £10,149.21.

When he received the retirement options pack Mr G complained that he needed to have received the retirement quotation before he could withdraw his funds and that he had to wait for the quotation to arrive in the post. He said these requirements were never made clear to him. He said he'd already made Aegon aware of his intentions in June 2022 and now wanted to claim his benefits in the current tax year and believed Aegon was making it difficult for him to do so.

Aegon said it was a regulatory requirement that he was issued with a valid quotation as it needed to provide him with all the information required to consider his various options. In addition it needed to make him aware of all the risks involved in making his decision. It also said that, although Mr G wanted his claim to be settled within the 2022-2023 tax year, it didn't receive his written request until 10 March 2023.

Aegon said it offered to email the illustration to Mr G and then to go through the options to help him make his choice. But it said he declined this offer and to date hadn't instructed it on how he wished to access his benefits – despite the offer of alternative “workarounds”.

In July 2023 Mr G complained that he hadn't received a response to his complaint and also that Aegon had set out his name incorrectly within the PPP documents.

Aegon said that it had sent a complaint response in March 2023 – but would resend the letter, although it said it wasn't responsible for the non-delivery of the original reply. It also confirmed it had amended the way in which his name was set out within correspondence.

Mr G remained unhappy with the outcome, so he brought his complaint to us where one of our investigators looked into the matter. He didn't think the complaint should be upheld. He made the following points in support of his assessment:

- He noted the relevant regulatory frameworks under which Aegon must operate. He said that the regulator's principles for business required Aegon to "*conduct its business with due skill, care and diligence*." He said this was supported by the Conduct of Business Sourcebook (COBS) requirement around open market options necessitating Aegon to provide a retirement options statement at certain times.
- He was satisfied that when Mr G spoke with Aegon in June 2022 – which was the first time Mr G had spoke about accessing his benefits – Aegon stated that a quote would be needed and would be valid for 12 months. He thought this was within the regulations. But he thought that Mr G had made it clear that he didn't want Aegon to issue the quotation, so he thought Aegon acted reasonably in not sending the quote against Mr G's wishes.
- He considered whether Aegon had acted within another COBS rule but thought that referred to sending out an illustration every five years following Mr G's 50th birthday – which he didn't think applied in this case.
- He noted that Aegon sent a retirement illustration as soon as it could following Mr G's written request in March 2023 – which he thought fulfilled its duty. But he said he couldn't hold Aegon responsible if it hadn't been delivered by a third party.
- He also noted Mr G's concerns that Aegon wasn't able to call him back when he raised concerns about the need for the retirement illustration. But he didn't think this affected Aegon's ability to address his complaint at the time.

Mr G didn't agree. He said that:

- Aegon ought to have sent him a retirement quotation in June 2022 regardless. He thought that call left him unclear about the process for claiming his benefits. He wasn't made aware of the requirements.
- If Aegon had been unable to send illustrations in June 2022 because he hadn't given agreement, how was Aegon able to provide the illustration in March 2023 as he hadn't requested that one either.
- He wasn't provided with a timely response to his written request of 7 March 2023. Aegon's post is sent using "business post" which he thought meant extra days were lost unnecessarily in trying to claim his benefits.
- In some letters his name was set out using lower case letters instead of capitals.
- As he hasn't been able to draw his benefits, he thought he'd suffered a financial loss.
- He was concerned about how Aegon had handled his complaint.

The investigator responded making the following points:

- He noted that there was an inconsistency in Aegon's description of the documents that it would require to settle the claim, but thought that Aegon did make it clear that something would be required – not simply a written instruction from Mr G. This was also confirmed in the call from June 2022, even though the call was somewhat unclear in its content.
- He thought Mr G had made it perfectly clear in that call that he didn't want the illustration to be sent and would contact Aegon nearer to his retirement date.
- He thought Aegon acted fairly in sending the retirement pack at the earliest opportunity when it received Mr G's written request. And Aegon offered to send the quote by email and discuss the options with Mr G when he called on 15 March 2023 to initially complain. He thought that was a reasonable offer from Aegon and didn't constitute an admission that it hadn't already sent the illustration by post.

- He thought Aegon's apology for the incorrect setting out of Mr G's name in its correspondence was fair and didn't warrant the award of a compensatory payment.

Mr G didn't agree and the complaint was referred to an ombudsman – so it's been passed to me to review.

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.

And having done so I agree with the outcome reached by the investigator. I know this is an outcome that will disappoint Mr G - and I've seen the strength of his feelings about the matter. But I don't think Aegon has done anything wrong here, so I'll set out my reasons below.

Any relevant laws, regulations, regulatory rules, guidance, standards, codes of practice and good industry practice have been taken into account when reaching this outcome. But I should also explain that we're an informal dispute resolution service, set up as a free alternative to the courts. In deciding this complaint I've focused on what I consider to be the heart of the matter, rather than commenting on every issue raised by Mr G in turn. This isn't intended as a discourtesy to Mr G, but rather it reflects the informal nature of our service, its remit and my role in it.

Did Aegon make Mr G aware of its requirements to access his pension benefits before March 2023 and should it have issued a quotation beforehand regardless?

In May 2022 Aegon sent Mr G a letter entitled "*getting to know your options with your Aegon pension*" in anticipation of his 55th birthday – which was the earliest age he could access his pension benefits. The letter set out the fund value – and surrender value of his plan, as well as providing several leaflets about the options he had and the opportunity to seek financial advice or free advice from Pensionwise. It also provided an online link to the process involved if Mr G wanted "*to get started*".

I've looked carefully at the information provided within the link which set out the journey that Mr G would need to go through when he wanted to access his benefits. And I think the information made it clear that Mr G would need to consider a number of things before he should decide what to do. Under a section headed "*make it happen*", Aegon set out that

"before applying you must:

- ***Read and understand the risks of each pension option – you'll find them at the top of each section.***
- ***Know your current contract type – you can find this in the right-hand column of your Option letter or you can contact us.***
- ***Have received details of all the retirement options available to you – This would normally be sent out to you from age 50 then every five years and approximately six months before your estimated retirement date. You can see an example of these communications here. If you're not near your retirement date, but are eligible to access your pension pot, then please contact us and we'll arrange to send a retirement options pack to you.***

- **Be aware that the lump sum options have no cancellation rights** – once we've paid you it can't be reversed and you can't pay the money back to us.
- ***Understand what financial advice or guidance is available.*** See our [Get help and guidance section](#) for further information.
- ***Understand what supporting documents we require*** – We may not be able to process your application without evidence. Please see our [FAQ](#) for full details.

So as well as explaining the documents Mr G might need to provide - and the things he would need to consider, it explicitly set out that he must “*have received details of all the retirement options available to you*”. This bullet point explained that these options would normally be sent out at age 50 and then every five years - as well as six months before his retirement date.

I've also considered this information in conjunction with the regulatory requirements that Aegon had. As the investigator previously explained the COBS section 19.4 explained Aegon's responsibilities around open market options – which was the situation Mr G was in.

COBS 19.4.3 says,

- 1) *A firm must give a retail client an open market options statement:*
 - (a) *within two months after the client reaches 50 years of age; and*
 - (b) *between four to ten weeks before the client reaches each birthday that is at five year intervals after the client's 50th birthday.*
- (1A) *The requirement in (1) does not apply if:*
 - (a) *the firm has given the client such a statement in the last 12 months;*
or
 - (b) *the client's pension fund is fully crystallised; or*
 - (c) *the firm has received a request from the client for their pension fund to be paid by way of a serious ill-health lump sum and that request has not been rejected.*
- (2) *A firm must also give a retail client an open market options statement:*
 - (a) *if the client asks a firm for a retirement quotation more than four months before the client's intended retirement date; or*
 - (d) *if the retail client requests to access their pension savings for the first time, except where the retail client requests that their pension fund is paid to them by way of a serious ill-health lump sum;*

So I'm satisfied that in May 2022 Aegon satisfied its regulatory requirements in sending this letter to Mr G and, crucially, provided the information he needed to consider before he accessed his benefits – including a clear indication that he must be in possession of a valid pack including all his retirement options – which would have included an illustration.

Mr G referred to this “statement” when he contacted Aegon in June 2022 to request a “cash in” of his pension, so he ought to have been aware that he needed to be in possession of some documentation – even if he didn't fully understand the technical term used for that documentation – before Aegon could pay his benefits. The May 2022 letter also directed Mr G to examples of this documentation and encouraged him to contact it to arrange the retirement options pack to be sent.

So Mr G was right to contact Aegon a month later when he started a discussion with an adviser by saying that he wanted to “*surrender his plan and cash it in*”. Mr G has told us that the conversation he had at that time was confusing to the point that he was unclear exactly what the process was, so I’ve listened carefully to it. What I’ve set out below are the relevant extracts of the conversation about the next stage of the process.

The adviser first asked Mr G if he had received a quote to which Mr G said, “*no I’ve received my statement*”. The adviser then confirmed that, “*in order to get your money out you have to receive a quote first*”. Mr G replied, “*I asked you to send me a form and I will fill it out and return it to you.*” The adviser then confirmed that, “*all you need to do is have the quote, once you receive the quote from us...*”.

There followed a discussion about whether the May 2022 letter constituted a quote, but it was quickly established “*ok so that means you might not have received the quote from us but I will just double check...*”. The adviser then confirmed, “*just to let you know that you haven’t received a quote from us so for legal reasons you will need a quote, so I’ll send that out for you...*”.

So by this point I’m satisfied that Aegon had made a number of references to the fact that Mr G would need to receive the quote before he could access his benefits, and this was for regulatory reasons apart from anything else. After this there was some confusion about whether the quote would remain valid for 12 months and whether the fund value would also remain fixed. I think initially the adviser was unclear about this matter but within a very short space of time he was able to confirm that the quote would be valid for 12 months – and Mr G wouldn’t need to ask for another one – but that the fund value could fluctuate up to the point he drew the benefits.

The adviser then reaffirmed what had been sent out in May 2022, and, after several more references to sending out a quotation and after confirming the fund value could fluctuate, he said, “*do you want me to send you out one now? It’s a legal requirement you have to receive a quote from us in order to take the money out*” Mr G’s response was “right right”, but in my view he had become confused about the benefit of receiving a quote if the fund value remained fixed stating, “*if you send me a quote or something things are going to change in 2 months’ time aren’t they?*”

Mr G said he wasn’t confident in what the adviser had said and, despite the adviser saying he was confident in his information, Mr G concluded by stating that he would “*call you nearer the time, I think.*” When the adviser asked if Mr G was sure he stated, “*don’t do anything*”.

I’ve set out this summary of extracts from the call because, in my view, it builds on the retirement journey information that Aegon had already provided in its letter from May 2022 and confirmed that the adviser stated Aegon’s position clearly and that Mr G would need to be in possession of a retirement options pack – including an illustration - before he could progress matters. I’m satisfied that, despite Mr G’s views to the contrary, it was established that what he already received wasn’t an options pack, and he would require additional documentation before he could proceed.

I’m also satisfied that Aegon complied with its regulatory duty in offering to send out the pack, but Mr G’s resistance to that, and his definitive statement that Aegon shouldn’t “*do anything*” meant that it didn’t do so. Mr G has said that Aegon should have sent out a quotation regardless and this would have meant he wouldn’t have been in the position he found himself in March 2023. But I don’t think it’s reasonable to conclude that should have happened, expressly against Mr G’s wishes. Mr G also wanted to go on and make a complaint about other matters during this telephone call and, in my view, had the adviser

insisted on sending out the quote, Mr G would have included that as a further complaint point. From what I've heard, albeit it was for reasons of confusion and a loss of confidence, Mr G was adamant that nothing should be sent to him, and he would contact Aegon at a later date nearer to his retirement.

So when considering all the events leading up to March 2023, I think Aegon did explain the process Mr G would need to undertake when accessing his benefits clearly – and this was in line with its statutory requirements. And I think to have sent the options pack regardless would have caused Mr G even more distress and upset than he had displayed because of the frustration he said he had experienced up to that point.

The issues in March 2023

I've seen a copy of Mr G's written request to take his pension benefits from 7 March 2023 - which said, *"following the receipt of my latest annual statement, I have decided to surrender the Personal Pension Plan that I hold with you. Please expedite this request without delay, as I would like to have the funds available by the end of this financial year."*

Mr G says that Aegon didn't carry out this request but instead sent him some further documents which he needed to sign and return. This was the retirement options pack. He said that this delayed the whole process and meant he was unable to draw the benefits before the end of the tax year. But based on the evidence that I've been presented with I don't think Aegon acted unfairly or did anything wrong at this point. I say that for several reasons.

Firstly, as was explained to Mr G a number of times, it was regulatory requirement for Aegon to issue him with a retirement options pack – which he needed to sign and return, in order to release the funds. It simply wasn't possible for Aegon to meet its regulatory duty without that process being undertaken.

Then, as I've set out previously, I think Aegon set out its process for making a claim to his benefits very clearly to Mr G in its written and verbal communications. So it's not clear to me why Mr G thought he would be able to surrender his pension with a written instruction alone. During the telephone call of June 2022 the adviser stated a number of times that Mr G would need to receive a quote from Aegon before he could progress matters. I've heard that on the occasions when Mr G was told this he acknowledged that fact and accepted it. As supported by his statement *"right, right"* when the adviser stated clearly that it was a legal requirement. But Mr G also ended that conversation by stating emphatically that he would contact Aegon again when he was ready to draw his benefits, and I think he ought to have known that he would have to do that in order to request the illustration – which was also confirmed in the website link within the May 2022 letter.

So I think Mr G had been provided with enough information prior to March 2023 to demonstrate that he would need to request the illustration. Of course Mr G might argue that he found that conversation unclear and inconclusive around what documentation he might need and that Aegon ought to have explained its requirements more clearly to him. But even if that were the case, Aegon didn't suggest that one of the ways he could request his benefits was through a simple written instruction.

All the evidence I've seen would support the idea that he was made aware that some documentation would be issued to him – even if he was confused by the different terms used for the documents. There's simply nothing to support the idea that Aegon gave Mr G the impression or the idea that a written instruction to "surrender the plan" would be acceptable to it or sufficient authorisation to release the funds.

But even if I am wrong in my interpretation of what Mr G understood, I don't think it was possible for Aegon to have processed the written request in any case as it didn't set out the basis on which the funds should be paid or confirm the particular option that Mr G preferred. So even if it hadn't been a regulatory requirement to provide an illustration Aegon still wouldn't have been able to pay the benefits without further information from Mr G about his options – which he wouldn't have been aware of without seeing the retirement pack.

Of course it could be argued that Mr G simply wanted to surrender the plan and receive his benefits as a lump sum without any further communication. But Aegon wasn't able to do that because it had an obligation to make Mr G aware of all the risks involved in taking that course of action as well as making him aware of the other available options. Regulatory and identification requirements meant that paying the benefits according to Mr G's written instruction simply wasn't possible without Aegon not adhering to these obligations.

There has been a suggestion during his complaint that Mr G didn't receive the options pack that was sent to him on 10 March, and that's why he had to chase things up on 15 March 2023. I'm satisfied, based on what I've seen, that Aegon sent the pack to the same address it held for Mr G and had sent all the other correspondence to, but I can't make Aegon responsible if this wasn't delivered by a third party. I haven't seen anything to suggest Aegon had agreed to send Mr G correspondence by any other means, so I can't reasonably say it did anything wrong. But in any case, when Mr G chased up the options pack Aegon offered to email it to him and has said it offered alternative solutions for how to get the information to him, which I think was a reasonable course of action.

I know Mr G has said that he is unwilling to accept unencrypted emails for sensitive information such as this, and I understand why he feels this way. But I think this was Mr G's opportunity to mitigate his position and work with Aegon to find a way to get the quote he required and sign and return it so that it could be processed within the tax year – which I think could have been achieved. I note that when Mr G made the call on 15 March 2023 there had only been a delay of five days from when Aegon said it sent out the options pack, so I think it was entirely possible to still receive the benefits within the timescale Mr G had specified. Of course I can't know for sure whether this would have been the case and I completely accept Mr G's right to receive information in a form that's acceptable to him. But I would have expected him to work with Aegon to find a solution so that he could claim his benefits and to minimise any losses that he may have suffered.

The other complaint points

During his interactions with Aegon Mr G also raised two other complaint points. The first was that when he contacted Aegon, having waited around 40 minutes to get through, he asked it to call him back on a landline as his mobile phone battery was running low and he also didn't want to incur further call costs. Aegon said it couldn't call him back because the number he'd called was an inbound one only.

I can understand why this would have annoyed Mr G and added to his frustration after the long wait time. But it's not unusual for a business to operate an inbound only line for client calls for customer service reasons - and to ensure that consumers can get through and aren't prevented from doing so because outbound calls are being made. And Mr G himself said that he did have another number he could call directly to register his complaint. So while I can understand Mr G's frustration here, I don't think Aegon treated him unfairly or could have taken any other course of action. And while long wait times are frustrating, they are generally accepted as being part and parcel of trying to contact larger organisations.

Mr G also complained about the way in which Aegon had set out his name in various documents and communications. He said it had used lower case letters instead of capital letters at the start of each of his names.

But while I understand it would be frustrating for Mr G to be incorrectly addressed, I understand Aegon apologised for this administrative error and corrected it as soon as it was made aware. We all subject to the occasional everyday administrative mistake from businesses and while I don't take lightly how Mr G felt about this, I think Aegon's apology and corrective action is probably sufficient here and I don't think this warrants the award of any compensatory payment as a resolution.

My final decision

For the reasons that I've given I don't uphold Mr G's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 7 February 2024.

Keith Lawrence
Ombudsman