

Ombudsman's Determination

Applicant	Miss R
Scheme	Aegon Individual Pension Plan (IPP)
Respondent	Aegon (Scottish Equitable plc) (Aegon)

Outcome

1. I do not uphold Miss R's complaint and no further action is required by Aegon.

Complaint summary

2. Miss R has complained that Aegon's failure to process her fund switch, which she believed had been submitted on the morning of 17 March 2020, has caused her a financial loss.

Background information, including submissions from the parties and timeline of events

3. The sequence of events is not in dispute, so I have only set out the salient points. I acknowledge there were other exchanges of information between all the parties.
4. In 2015, Aegon made an amendment to Miss R's personal pension plan, which had originally been set up with a previous employer as a group pension plan. As a result of her current employer starting to make contributions to the plan, it had been necessary to convert it to an IPP.
5. The 'Flexible Pension Plan Policy Conditions Booklet (IPP FPP V12)' states in section 5.14.c regarding fund switches:

"The transactions will be effected at Fund Prices as follows:

The Fund Price of the Unit cancelled is that at the second valuation of the relevant Investment Fund following the actual receipt of the Switch Instruction at AEGON Scottish Equitable's Registered Office."

6. In section 5.5.b, 'Valuation', it states:

"AEGON Scottish Equitable shall calculate Fund Value for each Asset Fund at 12 o'clock noon (the time at the Registered Office) on each Business Day..."

7. Miss R's holding in the IPP was solely invested in the Aegon BlackRock UK Index-Linked Gilt Index Fund (**Gilt Index Fund**).
8. On the morning of 17 March 2020, Miss R telephoned Aegon and spoke to a call handler. She requested assistance with the fund switch process. The call handler went through the process with her while she carried out the necessary steps online. Miss R says that she then submitted the request which related to a switch to the Cash Fund.
9. During the telephone call, Miss R was informed that the price used for the switch would be based on the following day's close of business price, if the switch was submitted prior to noon.
10. The call handler did not explain to Miss R that she should receive an email confirming the switch had been successfully submitted. However, an on-screen message to this effect did appear. This message did not give a timeline for receipt of the confirmation email.
11. Aegon said that the value of Miss R's units as at noon on 17 March 2020 was £286,444.00.
12. An extract from the 'Switch Terms and Conditions' online form can be found in the Appendix.
13. Aegon said that the value of Miss R's units as at noon on 18 March 2020 was £271,455.10.
14. On the afternoon of 18 March 2020, Miss R telephoned Aegon as she had not received a switch confirmation email and the online portal indicated that her fund had not been switched to cash. She spoke to a second Aegon call handler. During the call:-
 - Miss R was informed the fund switch request she understood she had made on 17 March 2020 had not been processed, as no switch request had been received.
 - On the advice of the call handler, Miss R raised a complaint regarding her switch not having been processed.
 - Miss R submitted a further switch request during the call.
 - Miss R explained that she wanted to receive the price that would have applied on 17 March 2020 for the request she had just submitted.
 - Aegon's call handler provided verbal confirmation to Miss R that this switch request had been received.

15. On the same day, at 16.34, an email was automatically sent to Miss R acknowledging her switch request.
16. Aegon said that the value of Miss R's units as at noon on 19 March 2020 was £255,460.91.
17. Aegon said that the value of Miss R's units as at noon on 20 March 2020 was £270,934.42. The amount that was disinvested as part of the switch was £270,929.42.
18. On 20 March 2020, Miss R telephoned Aegon and spoke to a third Aegon call handler. Miss R said she had not been provided with a complaint reference number. The call handler advised that her complaint was still open. Miss R asked that a second complaint be raised concerning the fact that she had received no notification of the complaint number for her first complaint.
19. The call handler confirmed that the switch request that Miss R raised on 18 March 2020 had been received and that it could be fast-tracked. However, the call handler spoke to the switch team, and Miss R was informed that her switch was being processed and it was no longer possible to fast-track it. Miss R said that she was unhappy that she had not been told that her switch could be fast-tracked earlier. The call handler suggested that this may have been due to the call handler on the telephone call of 18 March 2020 having been unable to contact the switch team during that call.
20. On 23 March 2020, Aegon issued its response to Miss R's complaints. It said:-
 - It did not receive a fund switch instruction from Miss R on 17 March 2020.
 - It did not agree to backdate her fund switch, submitted on 18 March 2020, to 17 March 2020, as no online submission was received on 17 March 2020.
 - An acknowledgement email would only have been issued to Miss R if the switch instruction had been submitted correctly.
21. On the same day, Miss R emailed Aegon to disagree with the complaint outcome. She said:-
 - Aegon had made errors. She sought assistance from Aegon in a telephone call when submitting her fund switch request, but no acknowledgement email was received.
 - She telephoned on 18 March 2020, as the switch she had requested had not been completed. She also asked about the fund switch acknowledgement email which she had not received.
 - As she was told the fund switch had not occurred, she resubmitted the request and received a confirmation email.

- She asked whether the switch could be processed using the price that would have applied on 17 March 2020, but was informed this was not possible.
 - She expressed her dissatisfaction with the way in which her complaints had been dealt with and the lack of acknowledgements being issued.
 - She had telephoned Aegon again on 20 March 2020, as she had not received a complaint reference number by email. She was not provided with a reason for this. This indicated that Aegon's systems were not functioning correctly, and it was a reason why her fund switch request of 17 March 2020 was not processed.
 - She believed she had been financially disadvantaged by the delay in processing her fund switch request by £27,966.13. This was based on the difference between the fund value on the morning of 17 March 2020 of £298,895.55 and the value she received of £270,929.42.
22. On 24 March 2020, Aegon issued its response. It explained that it had listened to recordings of Miss R's telephone calls with its call handlers and said:-
- During the call on the morning of 17 March 2020 it was explained, if a switch request was submitted prior to mid-day, the price received would be the one at the close of business the following day. However, no switch request was received.
 - On the afternoon of 18 March 2020 when Miss R telephoned and submitted a switch request, it was successful. An automatic acknowledgement email was generated. As the request was placed in the afternoon, the price that would apply was the one for the close of business on the second business day.
23. Miss R has since said that her financial loss was £15,509.30. This being the difference between £286,438.72, which is what she believed the fund value to have been on 18 March 2020, and the value that was realised of £270,929.42.

Adjudicator's Opinion

24. Miss R's complaint was considered by one of our Adjudicators who concluded that no further action was required by Aegon. The Adjudicator's findings are summarised below:-
- Miss R complained that the fund switch she maintained she submitted on the morning of 17 March 2020 was not processed. She contends this failure to process her switch request caused her a financial loss of £15,509.30.

- In the Adjudicator's opinion, for Miss R to have received a value of £286,438.72, she would have needed to place her instruction to switch out of the Gilt Index Fund on the morning of 16 March 2020; she did not do so. So, Miss R is not entitled to receive this value.
 - Miss R had a telephone conversation with an Aegon call handler on 17 March 2020 in which the process of a fund switch was discussed. Having listened to this telephone call, the Adjudicator was of the view there was insufficient evidence to indicate that Miss R successfully submitted a switch request at that time. This was because Aegon's call handler explained the switch process to Miss R, but no confirmation was provided as to whether the switch process had been successful. Miss R did not ask for such confirmation on the telephone call but said the explanation had been helpful.
 - Although Miss R has doubted the reliability of Aegon's computer systems, she had not provided any evidence which would demonstrate any failure of the fund switch systems.
 - The online switch form specifically stipulated in section four that Aegon did not guarantee receipt of the switching message. It also explained the responsibility for ensuring the message had been safely received was with the user. It additionally clarified that if the user did not receive a notification that the instruction had been carried out a further instruction should be submitted.
 - Miss R accepted these terms in order for the switch request to be processed. However, Miss R said she received no such confirmation message that her switch request had been received. This should have given her an indication that the switch request had not been successfully received by Aegon.
 - Miss R should reasonably have been aware of the importance of ensuring that the instruction had been received successfully. However, Miss R did not contact Aegon regarding this matter until the afternoon of 18 March 2020.
 - If Miss R had made a successful switch request on the morning of 17 March 2020, she would have received a value of £271,455.10. This is £525.68 higher than what she actually received.
 - In the Adjudicator's opinion, Miss R had not provided any supporting evidence to demonstrate that she had submitted a valid switch request until the afternoon of 18 March 2020. So, the Adjudicator was satisfied it was correct that Miss R received the fund price based on the noon valuation point on 20 March 2020.
25. Miss R did not accept the Adjudicator's Opinion and the complaint was passed to me to consider.

26. Miss R provided some further comments in response to the Opinion. In summary, she said:-

- She had submitted a valid switch request on the morning of 17 March 2020. The reason it was not processed could have been due to one or a combination of errors at Aegon's end including system, email and team member errors.
- While the switch process warned her to expect an email acknowledgement of her request, it did not advise when this email would be sent to her. It was reasonable for her to assume that the switch acknowledgement email could be sent any time between when she submitted the request and close of business on 18 March 2020. This was when the price was determined.
- During the telephone calls of 18 and 20 March 2020, she had been put on hold while the call handlers discussed the situation with other teams within Aegon, including the switch team. During these conversations it was said that "something went wrong" and "get her to do another switch". It was also acknowledged that there had been a price run failure and Aegon was not sure when the switch would be processed. Miss R believes that these comments relate to the switch request that she tried to raise on 17 March 2020.
- Other errors had occurred when she had been dealing with Aegon on other matters which demonstrated that the problems with her switch were not isolated incidents. These included:
 - emails not being sent when they should have;
 - emails being sent when they should not have;
 - a number of system errors; and
 - errors made by Aegon's staff.
- The Adjudicator was incorrect when he said that she would have received a value of £271,455.10 if she had made a successful switch request on the morning of 17 March 2020. The correct figure was £286,438.72, as seen in a screenshot of Aegon's online system taken on 18 March 2020. The actual value she received was £15,509.30 less than this.
- The Adjudicator referred to an 'Aegon Individual Pension Plan' which is incorrect. Her pension was originally set up as a Group Personal Pension Plan by her employer. She has not changed her pension arrangement since then.

27. I have considered the additional points raised by Miss R, however they do not change the outcome. I agree with the Adjudicator's Opinion.

Ombudsman's decision

28. Miss R's complaint concerns a switch request that she considers was made to Aegon on 17 March 2020. She maintains that Aegon's failure to process the request has caused her a financial loss.
29. Miss R initially attempted to submit a switch request on the morning of 17 March 2020. While working through the switch request process online, she was told to expect an acknowledgement email which would have been the confirmation that her request had been successfully submitted and received by Aegon. She did not receive this email.
30. While the online message did not advise Miss R when she would receive the acknowledgement email, its lack of receipt was an indication that something may have gone wrong. If, from Miss R's perspective, the switch was time critical, then I would have expected her to have taken some action to verify whether her request had been received. She did this on the afternoon of 18 March 2020.
31. Miss R has said that the failure of Aegon to process her initial switch request could have been due to a number of different factors at its end. However, there is no evidence to prove that the request was received by Aegon. So, I do not agree that Aegon can be held at fault for the fact that the request Miss R attempted to submit was not actioned.
32. Miss R has drawn attention to comments made by Aegon's staff in internal telephone conversations while she had been on hold. I do not agree that these comments are an acknowledgement that the problem with the switch, that she tried to raise on 17 March 2020, was at Aegon's end. The comment that something went wrong was a general acknowledgement by Aegon that it had not received a valid switch request from Miss R. The comments relating to a price run failure more likely than not refer to the switch raised on 18 March 2020. While this may have caused a delay in the processing of this switch request, the prices used were not affected by any delay.
33. Miss R has referred to other errors she had encountered when interacting with Aegon, as evidence that the problem she encountered with her switch request on 17 March 2020 was not an isolated incident. However, my investigation is limited to the specific issue that Miss R has raised in her application to us, and I am not willing to take these other matters into account.
34. I do not find that Aegon is responsible for the switch request that Miss R attempted to raise on 17 March 2020 not being processed. So, I have not considered in any detail any loss which Miss R claims she has suffered. However, I find that, had a switch request been successfully raised on the morning of 17 March 2020, the value realised would have been £525.68 more than that actually realised by Miss R. This is because, had a valid request been raised, the price used would have been at the second valuation after the request had been received. Valuations take place at noon so the price that came into force at noon on 18 March 2020 would have been used. This would have resulted in a fund value of £271,455.10. The value Miss R is

claiming of £286,438.72 appeared on Aegon's website on 18 March 2020. However, both the website and any figures advised by Aegon's call handlers are based on the price that came into force at noon on the previous day. Miss R would have had to raise a switch request before noon on 16 March 2020 to have obtained this higher value.

35. Miss R has said that she was not told during the telephone call of 18 March 2020 that the switch request she raised on that day could be prioritised. She was not advised of this until 20 March 2020, by which time it was too late as the request was already in progress. I can understand that this would have been frustrating for Miss R. However, the prioritisation of a request does not make any difference to the value that is realised, it just means that the request is completed quicker.
36. Miss R said that her arrangement is not an IPP but is instead a Group Personal Pension Plan. However, Aegon has confirmed that it was changed into an IPP when Miss R's new employer started paying contributions to it in 2015.
37. I do not uphold Miss R's complaint.

Anthony Arter

Pensions Ombudsman
28 November 2022

Appendix

38. Extract from the Switch Terms and Conditions online form

“1. Aegon offers an online switching facility (the ‘Facility’). To make use of the Facility, you need to read and accept the following terms and conditions which apply to the use of the Facility. These terms and conditions are in addition to the main terms of service which you, or if you are an adviser, which your client accepted on registering for the Aegon online service. [...]

3. Switch procedures

Switch instructions submitted through the Facility will be processed in accordance with the provisions for switch of investment in your or your client’s plan conditions booklet. For the purposes of these provisions, a request in writing shall include the Facility, and a message sent to Aegon using the Facility will be deemed a switch instruction.

4. Validity of message

Submitting the online switch form through the Facility sends a message to the relevant Aegon department containing the details in the online switch form. While Aegon cannot guarantee receipt of the message to the relevant Aegon department if it becomes obvious to Aegon that a message has been sent through the Facility but it hasn’t been properly or validly received Aegon will take reasonable steps to notify you. If you receive a notification from Aegon that the online switch form hasn’t been properly or validly received or if you don’t receive notification that either the switch instruction has been carried out, or Aegon has been unable to complete the switch instruction, you should submit a further instruction. If you have to submit a further online switch form, and assuming this online switch form is properly and validly received, this will be treated as a new instruction and the switch will be actioned based on the date and time of receipt of this new switch instruction. Responsibility for ensuring the message has been fully and safely received rests with you. [...]

I confirm that I’ve read the terms and conditions which apply to using the Facility and I agree to the terms.”