Mail Online

PLAY FAIR ON PENSIONS: Why we have fought for and won freedom for thousands of savers

By Money Mail Reporter For The Daily Mail

Published: 00:19, 17 June 2015 | Updated: 14:08, 17 June 2015

Money Mail has scored a stunning victory in its campaign to allow millions of savers full access to the new pension freedoms.

We have forced two of Britain's biggest names to backtrack on rules preventing people cashing in their pension pots.

Our investigation revealed Aviva and Standard Life were denying customers their savings unless they used a financial adviser. This left customers in limbo, because no specialist advisers would agree to carry out the transaction.

Blocked: Our investigation revealed Aviva and Standard Life were denying customers their savings unless they used a financial adviser

But we found firms should hand over their customers' cash when they ask for it, without need for an adviser.

Legal experts told us the insurers' rule may even be in breach of the Pension Schemes Act, which obliges insurance companies to hand over benefits saved up by customers, provided it is within the law.

It also seemed to be the type of barrier that the Work and Pensions Secretary Iain Duncan Smith has warned of.

He said: 'If we have to, we are prepared to name and shame those companies who are putting barriers in the way of people getting access to their money.'

Yesterday, though, as Money Mail went to print, both firms announced a U-turn.

Our probe focused on new pension rules which state that if your pension contract has a guaranteed annuity rate, or your pot is more than £30,000, then you must take financial advice.

When you've done this, you must take a declaration letter signed by the adviser back to your insurer. At this point, the firm should give you your money as you like.

But customers with Aviva and Standard Life told us the firms said only a qualified adviser could carry out the transaction. This posed a particular problem for those savers who wanted their cash even though an adviser recommended against it.

They couldn't find an adviser who would be prepared to carry out a transaction they had not recommended, but the insurer wouldn't give them their cash unless they did.

Legal experts suggested firms were doing this to ensure they had a 'bulletproof vest' against future claims of negligence.

Jennie Kreser, pensions partner at law firm Silverman Sherliker, says: 'If the insurer thinks there is a professional who will end up on the hook rather than them, that's another reason insurers might insist on the transaction being carried out in this way.'

Yesterday, both insurers admitted their rules were under review. Standard Life said: 'In light of our experience since April 6, we are reviewing our position on accepting pension transfers where the advice received is not to transfer.'

Aviva, Britain's biggest insurer, originally told us that 'transfer requests had to be submitted via an adviser'. However, it said its rules were an interim measure and requests would be reviewed on a case-by-case basis.

A spokesman says: 'Our priority is to make sure customers make well-informed choices on a decision that is irreversible.

'At the moment, this interim extra measure [coming to us via a financial adviser] is there to protect customers as they may be giving up a benefit that is potentially worth much more than the cash-in or transfer value.'