

## **The complaint**

Mr K is unhappy with the losses his pension fund with Scottish Equitable Plc trading as AEGON have suffered. Mr K understood his pension to be in a low risk fund but it has lost around 25% of its value. He believes it may have been mismanaged.

## **What happened**

Mr K held a personal pension with AEGON. Prior to December 2017 AEGON sent him two letters explaining why a change to a pension wrapper on its Retiready platform would be beneficial. The letter explained if Mr K didn't want the transfer to proceed, he needed to let it know – but AEGON received no response.

The transfer into the new Retiready self-invested personal pension (SIPP) wrapper occurred on 15 December 2017. The fund remained invested in the Balanced Lifestyle fund (approx. 78%) and the Scottish Equitable Universal fund (approx. 22%) that Mr K had held under the personal pension. At its highest Mr K's fund value was around £139,000. By the time he'd complained the value had dropped to £90,000.

AEGON said it was not responsible for Mr K's losses. It's told us that the information available to him on its portal, explains it is the responsibility of the customer to monitor their investments. And it's not authorised to give any form of financial advice, so it wouldn't have been able to guide him to which fund would be suitable.

It said global issues affecting the stock market was the underlying reason for the fund's volatility and with it being a lifestyle fund and Mr K approaching retirement, it then moved into very safe lower-risk investments. So the opportunity to ride out the volatility that a long term investment has, wasn't present here.

As an aside AEGON paid Mr K £350 as it took longer than eight weeks to send its response to Mr K.

Our investigator looked into matters but didn't think AEGON had done anything wrong. She felt the reduction in his fund was most likely down to market volatility affecting the whole sector and not any mismanagement on the fund manager's part.

Mr K in response said that he'd contacted AEGON when the fund had only lost about £2,000 and spoke to a lady who said he'd receive further contact but he heard nothing further. Mr K said had he been given proper information then, he would've got an adviser to help him or moved his funds to a safer environment.

Our investigator asked for the relevant evidence from both parties, AEGON had no record of this contact. And the records Mr K provided, were in line with AEGON's. And so the investigator concluded there was no evidence of this earlier contact and so she couldn't take it into account.

## **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.

I can fully understand why Mr K is unhappy, his fund has suffered a large drop in value in a fairly short space of time. But poor performance in itself is not a reason to uphold a complaint. Funds can go up and down and I'd need to see evidence of fund mismanagement or that there was an error with the administration of Mr K's pension for a complaint to be upheld.

So, while I haven't been able to consider the investment performance itself as a reason to uphold Mr K's complaint, I have considered if AEGON have made any errors in managing the investments.

Having done so, I've seen no evidence that AEGON mismanaged Mr K's pension. Or that any action or omission by AEGON caused the fall in value Mr K suffered. I agree with the investigator's view that returns from investments such as this were not guaranteed, and the amount invested can fall as well as rise. This is the very nature of investments as their performance is dependent on many external factors which can't be controlled by AEGON.

Unfortunately for Mr K at the time he suffered losses, external factors such as the war in Ukraine had meant many investments suffered large downturns. Many of these funds will have recovered but Mr K was mostly invested in a lifestyle fund and as Mr K was close to retirement, he was moved into lower risk funds. The result of this is lower volatility but also less opportunity to recover losses made at the low point of the market. It appears that the timing of Mr K's retirement age alongside world events has been very unfortunate for Mr K. But AEGON couldn't have predicted this, and it also couldn't advise or switch Mr K's funds for him.

I've checked as the investigator did the performance of the funds against industry norms for that time, and there is no evidence of fund mismanagement on the part of the fund manager. The performance of the funds has mirrored the relevant ABI sectors, (The ABI Fund Sectors is a system for the classification of unit-linked life and pension funds with similar investment strategies). And so I consider the losses are most likely down to the economic climate at the time rather than anything the fund manager did wrong.

Mr K says he was unaware he had to monitor the investments, but AEGON have provided evidence of the terms and conditions and key features document, both of which state it is the customer who controls investment decisions.

So I agree with our investigator that it was up to Mr K to decide how his pension was invested – even if he wasn't aware of this. But I can't hold AEGON responsible for that. And I also agree that although AEGON administer Mr K's pension, they don't have an ongoing advisory role. Therefore they cannot review Mr K's investments to ensure they remain suitable at all times. I've seen no evidence that Mr K's pension plans were invested incorrectly by AEGON. From what I've seen, they've remained invested in the way they were instructed. So I've found no evidence of mismanagement by AEGON.

Mr K said that he feels an opportunity to move or switch funds before the losses set in was lost, as he'd contacted AEGON prior to this but hadn't received the information he'd requested. Unfortunately Mr K has been unable to provide evidence supporting this, and the evidence he has provided supports what AEGON has told us that the first contact regarding this issue was after significant losses had already occurred. So I'm unable to place any weight on Mr K's testimony as it isn't supported by the available evidence.

In conclusion, I have every sympathy with Mr K and I'm sorry to learn of the unfortunate losses his pension fund has suffered. But this sometimes can be the reality of investing money – even in lower to medium risk funds. Funds can go up and down and around the time of his losses, unprecedented world events were causing economic uncertainty. Due to Mr K's investment strategy, his fund hasn't had as much opportunity to recover these losses, but this isn't something I can hold AEGON responsible for. I say this because the evidence supports that it has invested Mr K's fund in line with his instructions and in a suitable manner for the fund's objectives.

### **My final decision**

I do not uphold this complaint and make no award.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 5 September 2023.

Simon Hollingshead  
**Ombudsman**