

The complaint

Mr G complains that Aviva Life & Pensions UK Limited has failed to effectively manage his pension investments, resulting in them suffering a large fall in their value.

What happened

Mr G holds pension savings with Aviva. His plan is part of a workplace pension scheme provided by his employer. When Mr G first joined the plan his employer decided his pension savings should be invested using a lifestyle approach. That approach means that Mr G's pension investments are gradually moved between various investment funds as he moves closer to retirement. Mr G's plan has a retirement age of his 65th birthday in February 2027.

In July 2023 Mr G complained to Aviva about falls in the value of his pension investments, and the performance of those investments whilst they had been managed by Aviva. Aviva didn't agree with Mr G's complaint. It told Mr G that he was responsible for managing the way in which his pension savings were invested. And it said that the funds being used for investment by Mr G were operating in line with their stated objectives. So whilst it sympathised with Mr G's concerns, it didn't think any falls in the value of his pension savings were as a result of something Aviva had done wrong. Unhappy with that response Mr G brought his complaint to us.

Mr G's complaint has been assessed by one of our investigators. She also thought that Aviva had managed Mr G's pension plan in line with its terms and conditions. She didn't think that any falls in the value of Mr G's pension investments were as a result of something that Aviva had done wrong. So she didn't think Mr G's complaint should be upheld.

Mr G didn't agree with that assessment. So, as the complaint hasn't been resolved informally, it has been passed to me, an ombudsman, to decide. This is the last stage of our process.

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.

In deciding this complaint I've taken into account the law, any relevant regulatory rules and good industry practice at the time. I have also carefully considered the submissions that have been made by Mr G and by Aviva. Where the evidence is unclear, or there are conflicts, I have made my decision based on the balance of probabilities. In other words I have looked at what evidence we do have, and the surrounding circumstances, to help me decide what I think is more likely to, or should, have happened.

At the outset I think it is useful to reflect on the role of this service. This service isn't intended to regulate or punish businesses for their conduct – that is the role of the Financial Conduct Authority. Instead this service looks to resolve individual complaints between a consumer and a business. Should we decide that something has gone wrong we would ask the business to put things right by placing the consumer, as far as is possible, in the position they would have been if the problem hadn't occurred.

I think it is important to first set out the basis of the relationship between Mr G and Aviva. Mr G's pension investments are set via a lifestyling approach. That means that Mr G's pension investments alter as he approaches his normal retirement age in an attempt to reduce their risk and better mirror the costs of purchasing an annuity. Around the time Mr G made his complaint to Aviva his pension savings were invested in two separate funds – one, holding around 40% of his investments, was designed to provide long term growth through exposure to a range of asset classes, and the other, holding around 60% of his investments, designed to provide growth with a reduced level of risk.

Aviva is not Mr G's financial advisor. So it simply acts on the instructions he provides. It isn't for Aviva to ensure that any investment decisions are suitable for Mr G's needs – those were essentially decisions he needed to make for himself. And I have seen that Aviva's website (or by post on request) provides comprehensive information for investors about the range of funds that are offered.

The regulator sets out the timing and content of the regular statements that need to be issued to pension investors. Generally that sort of communication needs to be issued at least once a year. I can see that Aviva did provide that sort of information to Mr G.

There is no doubt that the performance of Mr G's pension investments will have caused him great disappointment. During 2022, the value of his pension investments fell. But those falls mirrored falls across a whole range of investment classes and were entirely outside the control of Aviva. The information provided to investors about the funds into which Mr G's pension savings were invested clearly set out that their values weren't guaranteed, and might fall.

Given that Aviva was not providing Mr G with any advice about his pension savings, it would not have been appropriate for it to contact him specifically about the change in value of any of his underlying investments. Doing so might reasonably lead a consumer to consider that Aviva was recommending a change in the chosen investments. Information about the value of a pension investment is readily available either through online reporting, or from Aviva directly.

So I don't think that I should hold Aviva responsible for general falls in the market value of investments. I am satisfied that the underlying portfolio that supported the lifestyle plan into which Mr G's pension savings were invested was suitable for that level of risk. But, in 2022 in particular, there was uncommon volatility in those asset classes that led to the falls in value Mr G experienced. Those could not have been reasonably anticipated, and so wouldn't have been mitigated by any investment approach that was taken by Aviva.

Ultimately it fell to Mr G to monitor his pension investments, and instruct Aviva to make changes to his portfolio if he felt it had become unsuitable for his circumstances. I think that Aviva has met its obligations in the information it provided to Mr G whilst he held his pension investments.

I appreciate that my decision will be disappointing for Mr G. But I don't think that Aviva has treated him unfairly, or done anything wrong. So I don't uphold his complaint.

My final decision

For the reasons given above, I don't uphold the complaint or make any award against Aviva Life & Pensions UK Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 6 February 2024.

Paul Reilly
Ombudsman