

## **The complaint**

Mr A has complained about the performance of his personal pension plan with Scottish Widows Limited (Scottish Widows). He is also unhappy with the lack of management of his pension and updates regarding his fund's performance.

## **What happened**

The history leading up to this complaint is well known to the parties, so I have only summarised key events below.

Mr A has a stakeholder pension with Scottish Widows. In January 2021, at Mr A's request, his retirement date was changed to February 2022. At this time, a letter was issued explaining that his policy included "lifestyle switching" as part of his investment strategy. The letter explained this meant that as Mr A approaches his retirement date (referred to by Scottish Widows as the "Lifestyle Target Date") his investments were gradually being moved into lower risk investments (Pension Protector Fund and Cash Fund) on a monthly basis. The letter informed Mr A that he could cancel the remaining switches at any time.

On 6 August 2021, Scottish Widows sent Mr A a letter explaining that he was nearing his retirement date and should start thinking about what he'd like to do with his pension. At this time the value of his plan was £147,561.76, not guaranteed.

And in December 2021 Mr A received a retirement options letter from Scottish Widows which stated his plan value was £150,992.25, not guaranteed.

Mr A didn't take benefits at his selected retirement date in February 2022, so the retirement date was automatically extended to his 75<sup>th</sup> birthday.

On 14 April 2022, Mr A received his annual statement which showed that value of his plan had decreased to £135,057.54. Mr A complained to Scottish Widows as he was unhappy that his pension value had decreased by nearly 10% since December 2021. He also complained that his pension had not been managed.

In its final response to the complaint, Scottish Widows explained, in summary, that pensions are investments which can fluctuate. So it didn't uphold the complaint.

Unhappy with this response, Mr A brought his complaint to this service for an independent assessment. One of our investigators looked into things but didn't consider that Scottish Widows had done anything wrong and so the complaint wasn't upheld.

Dissatisfied, Mr A asked for his complaint to be reviewed by an ombudsman.

## **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.

Having done so, I'm sorry to disappoint Mr A, but I agree with our investigator's conclusions, so I'm not going to uphold this complaint.

When considering what is fair and reasonable, I have taken into account relevant law and regulations; regulator's rules, guidance and codes of practice; and what I consider to have been good industry practice at the time.

It is my role to fairly and reasonably decide if the business has done anything wrong in respect of the individual circumstances of the complaint made and – if I find that the business has done something wrong – award compensation for any material loss or distress and inconvenience suffered by the complainant as a result of this.

In this case, Mr A is understandably concerned about the reduction in the value of his pension plan. However, having reviewed everything that has been provided by the parties I am unable to say this is the result of some failing by Scottish Widows.

As the investigator explained, Mr A's pension plan is an investment. This means that the value of the pension fund depends on the performance of various investments and is not guaranteed.

I've looked at the information I've been provided and I unable to agree that Scottish Widows failed to properly inform Mr A about the investments and value of the funds held within his pension plan. He was also told he could switch to different investments and/or halt the lifestyle switches that occurred prior to February 2022 (when this process was completed). I've seen no evidence that Mr A sought to make any changes to his investments or that Scottish Widows improperly managed his investments in line with the lifestyle approach that applied to his plan.

Although the lifestyle approach is used to manage investment risk as a customer's chosen retirement age approaches, it does not eliminate investment risk. In certain situations, fixed interest investments can fall in value sharply. Unforeseeable global events in late 2021 and early 2022 meant that the value of gilts fell, and by that point a significant proportion of Mr A's pension was invested in the Pension Protector Fund (in accordance with his chosen lifestyle approach) and this was impacted by the decrease in the value of gilts.

Mr A has said he is unhappy he pays a fee for Scottish Widows to manage his investments, and this was not done. But pension providers do not manage investments in the same way an adviser or discretionary fund manager might. As the pension provider, Scottish Widows' role was limited to providing Mr A with information about his investments and administering it in accordance with his instructions.

Pension providers like Scottish Widows take annual management charges for carrying out administrative tasks, providing safe custody of investments, buying and selling investments (as instructed), and providing regular updates. With this in mind, I've not seen sufficient evidence that Scottish Widows has failed in the management of Mr A's pension plan.

In summary, I can't agree that Scottish Widows treated Mr A unfairly when it followed the lifestyle approach. I'm satisfied it did enough to make him aware that his pension fund would be treated in this way and that he was responsible for monitoring his investments and instructing Scottish Widows to make any changes. And I'm satisfied Scottish Widows followed the fund switches called for by Mr A's chosen lifestyle approach. So, I'm not able to say that Scottish Widows has made not managed his pension correctly or has otherwise acted unfairly or unreasonably in these circumstances. So while I know this will come as a disappointment to Mr A, I'm not asking Scottish Widows to do anything more.

**My final decision**

For the reasons provided, I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 5 January 2024.

Jennifer Wood  
**Ombudsman**