

## The complaint

Mr B complains that Scottish Widows Limited (Scottish Widows) mismanaged his pension investments resulting in losses and failed to inform him about the poor performance. He wants compensation for the losses.

## What happened

Mr B has a Group Personal Pension Plan (the plan) with Scottish Widows. He says his plan value fell by around 29% between early 2021 and August 2023 (when he referred his complaint to our service), a loss of around £8,000. He says he queried the falling value via an online message in March 2023. He asked why it hadn't informed him about the losses, but he didn't receive a reply. He messaged Scottish Widows again in April 2023, again without reply, so Mr B made a complaint.

Scottish Widows sent a final response in June 2023. It apologised for not responding to Mr B's messages and sent a cheque for £200 in compensation for the distress and inconvenience this had caused him. But it said it wasn't responsible for the fall in the value of the plan, which was due to stock market movements. It said factors like the war in Ukraine and rising interest rates had negatively impacted returns on the investments his plan held. Which was around 80% in fixed interest assets. It said investing in financial markets always involved some level of risk and it couldn't guarantee a fund wouldn't suffer losses.

Mr B referred his complaint to our service. He said Scottish Widows had removed his online access to plan information in August 2022, and he'd not been able to monitor his investments, although access had been restored in March 2023. He said the investment in his plan was meant to be "*balanced*" but hadn't complied with Scottish Widows' definition of this. He didn't think the fund was "*appropriate*" for a person of his age when he'd invested in 2016. And as he was now in his seventies, he didn't have time for investment values to recover.

Our investigator looked into the complaint, but he didn't uphold it.

Our investigator said Scottish Widows had invested Mr B's fund in line with his instructions. And it wasn't responsible for the underlying performance of the investments or financial markets. He said Scottish Widows wasn't providing advice, so it couldn't make changes or monitor the investments, which was Mr B's responsibility. He said Scottish Widows' customer service hadn't been good enough in failing to respond to Mr B's queries. But he thought the offer of £200 compensation for this was fair and in-line with what our service would award in similar circumstances. Our investigator said as Mr B hadn't made Scottish Widows aware of his concerns about losing online access, he'd refer this back to it.

Mr B didn't agree. He said Scottish Widows employed "*professional fund managers*" who had "*a moral duty*" to protect investors "*and mitigate the effects of any downturn in global markets*". He said he hadn't contacted Scottish Widows over the online access issue, but as it had removed his ability to monitor his investment it should have warned the funds weren't "*performing as well as they were designed to do*".

As Mr B doesn't agree it has come to me to decide.

### **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 am not upholding the complaint.

I know this will disappoint Mr B, so I'll explain why I've reached this decision.

I understand the concern the sharp reduction in value has caused Mr B, but it isn't reasonable to hold Scottish Widows responsible for this. It wasn't providing Mr B with advice about his investments and couldn't make any changes without instructions from him. And Mr B accepts he was aware the funds he was invested in could fall in value. He was also dissatisfied with returns in March 2023, but he doesn't appear to have acted to change anything then.

There's no evidence Scottish Widows wasn't managing the investment fund according to the fund objective or "mandate" – which was to mostly hold long dated fixed interest and cash type assets. These are generally considered to be lower risk investments over the longer term. But in certain situations, such as political and economic uncertainty, the value of such investments can still fall sharply.

The background here was the expectation and then reality of rapidly rising interest rates worldwide and specific economic "shocks" such as the war in Ukraine and Liz Truss' brief Premiership which occurred during the period. And fixed interest asset prices fell sharply from December 2021. The Scottish Widows fund produced similar returns to the sector average of all funds investing in the same type of assets. And it marginally outperformed the average during the periods of greatest falls in value.

The mandate required Scottish Widows to invest 80% of the fund in one type of asset - long dated Sterling Corporate Bonds. So, I think there was little the fund managers could have done to reduce losses given the very broadly based fall in values of this type of asset. There wasn't any requirement to contact Mr B specifically to advise him of falls in the value of the investment. And it seems it sent him the annual valuation statements as required under the terms and conditions (T&Cs) of the plan.

In terms of online access to valuations this is something Scottish Widows offered. But the T&Cs state the service could be suspended or terminated "*at any time for any reason*". And, that the terms could be varied at any time to "*improve the efficiency of the service*". Mr B says he was required to download an APP to enable continued access, which he wasn't able to do at the time. But Mr B could still contact it by telephone to address any difficulty he was having. And by August 2022, when Mr B says he could no longer access online valuations, a significant reduction in the value of his plan had already occurred.

Scottish Widows accepts its service was poor in not responding to Mr B's queries. It has apologised for this. And I think the compensation it has paid here is fair in the circumstances of the complaint and it needn't do any more than it has.

### **My final decision**

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or

reject my decision before 9 January 2024.

Nigel Bracken  
**Ombudsman**