DRN-4282183

Financial Ombudsman Service

The complaint

Mr P complains about the way that Scottish Equitable Plc trading as Aegon (referred to as Aegon throughout this decision) administered his pension account.

What happened

Through his former employment, Mr P became a member of a group personal pension plan administered by Aegon with effect from 1 June 2020. The funds were invested in a *"SE Universal 2023"* fund as selected by his employer. Aegon sent Mr P various policy documents in August 2020. Those explained, amongst other things, that 100% of the contributions would be invested in the SE fund. It also referred to the charges that would apply.

Aegon wrote to Mr P in September 2022 and said that his plan's value was £4,572.53. As Mr P's employer had stopped making contributions into the plan (it appears that Mr P had too) it was for Mr P to decide what to do with his pension. It set out various options for him.

In a statement sent in December 2022, Aegon confirmed the following in relation to Mr P's account:

- Mr P had paid in £113.34;
- An additional £6,333.15 had been added through employer contributions and available tax relief;
- 'Changes' had been made to the plan amounting to an overall reduction of £1,461.78. Aegon described 'changes' as things like charges; rebates, additional payments and the impact of investment performance.

It said that the total amount of money in Mr P's plan in 2022 was £4,984.71 (up from £4,421.21 in December 2021). This amount accounted for charges of £16.72 and reflected the fact that Mr P's investments had decreased in value by £1,700.07 that year.

Aegon said that at age 65, the fund value could be worth £4,950.58.

In January 2023 Mr P attempted to access his online account. Those attempts weren't successful, so he called Aegon. During the call, it came to light that some of the personal information Aegon held about Mr P wasn't correct. Aegon required Mr P to verify his identity. Mr P says he provided the documents Aegon wanted, but it didn't contact him in response. He complained to Aegon about that and said he wanted a full breakdown of the funds deposited along with dates. He also asked for other information such as the profit made from the investment of his pension contributions. Finally, Mr P said he wanted access to his online account to be restored and he then intended to withdraw the entirety of his pension fund and close his Aegon account.

Aegon responded on 1 February 2023. Whilst it appreciated Mr P's frustration, it said that having investigated his concerns, it was satisfied it hadn't made a mistake. It explained that when setting the plan up, Mr P's employer had provided the wrong date of birth. And, after receiving Mr P's identity documents in order to correct the mistake, its team had 10 working days to sort things out and issue the necessary paperwork to Mr P.

Aegon sent Mr P a retirement pack the same day and told him that the plan's value at that point was £4,783.68. It said the value wasn't guaranteed and "*can fall as well as rise".* Mr P then needed to decide which option to choose and complete a settlement form.

Mr P first complained to our Service in early February 2023 citing the issues with his account.

Aegon sent Mr P another response on 11 February 2023. It mentioned the retirement quote sent on 1 February 2023 showing the various ways for him to access his plan. It added that the values mentioned weren't guaranteed, meaning Mr P might be paid more or less than the amount quoted.

Mr P confirmed that he wanted to take his full fund as cash. So, Aegon made a payment of £4,093.73 to him, which was received in his bank account on 16 March 2023. It sent him a breakdown of the transactions on his account on 12 April 2023.

One of our Investigators looked into the complaint, but she didn't uphold it. The Investigator noted that Mr P's employer quoted the wrong date of birth for Mr P when his policy was first set up on Aegon's system. So, when Mr P tried to log into Aegon's online system, he wasn't able to due to a mis-match in his personal details. And Mr P also wasn't able to pass Aegon's security checks when he called it. That meant he had to verify his identity by other means. The Investigator thought it was reasonable for Aegon to take additional steps to safeguard Mr P's pension funds. And she was also satisfied that it sent him the required forms to access his pension within a reasonable timescale. Similarly, the Investigator was satisfied that Aegon explained the plan's value wasn't guaranteed and that Mr P might get back less than the amount invested.

Mr P made a number of comments in response. Those included that Aegon had applied a charge of 35% for a service it hadn't performed. He also suggested that had he been aware of the full features of the plan, he wouldn't have allowed his employer to enroll him in the pension scheme. Instead, he said he'd have deposited the same amounts elsewhere, so he had more control over the amount deposited. He said he wanted this Service to investigate Aegon's actions further.

The Investigator considered Mr P's comments. She recognised his disappointment about the way the fund had performed, but again said why she didn't think Aegon had done anything wrong. She reminded Mr P that his employer selected the fund choice, not Aegon. Mr P's comments didn't cause the Investigator to change her opinion. So, as no agreement was reached, the complaint has been passed 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.

And, having done so, for broadly the same reasons our Investigator gave, I'm not intending to uphold this complaint.

Problems accessing the online account

Mr P said he encountered problems in January 2023 when he tried to access his online account. The personal details he input weren't recognised. This led to Mr P having to call Aegon and then submit various identity documents as his details couldn't be verified by phone either. I can understand that must have been frustrating for him especially when Mr P hadn't made any mistakes when providing personal details. He says many of those details, such as his address and phone number, hadn't changed over the years.

But it's clear from the evidence I've seen that Mr P's employer did make a mistake when providing his personal details to enable Aegon to set up his pension policy. And although the policy documents that Aegon sent to Mr P also contained the wrong date of birth, it appears that Mr P hadn't noticed the error at the time.

It's quite common for pension providers to require policyholders to verify certain personal information to access their policy details. I don't think that's unreasonable, especially as it helps to safeguard the policyholder's pension fund. So, when it became clear that the details Mr P submitted didn't match those held on Aegon's file, I think it was incumbent upon Aegon to satisfy itself that it was the policyholder himself who was trying to access his account. I don't think Aegon did anything wrong here.

Mr P also thinks Aegon took too long to process the documents he sent confirming his identity and to issue settlement forms. According to the postal tracking information that Mr P supplied, Aegon received his documents on 20 January 2023 (a Friday). According to what Aegon said, it typically processes actions such as this within 10 working days. That doesn't seem an unreasonable timescale to me. In any event, in Mr P's case, it updated its records and sent him the information to enable him to consider his options on 1 February 2023 which was within nine working days. I'm satisfied based on the evidence I've seen that there were no delays on Aegon's part when processing information in light of Mr P's request.

Is there evidence of wrongdoing/ mismanagement on Aegon's part causing the value of Mr P's fund to reduce?

It's clear that Mr P expected to receive a greater amount from his pension than he did. Bearing in mind Aegon told him in December 2022 that his employer had paid over £6,000 into his pension pot, I can appreciate why Mr P might have been concerned and disappointed to receive £4,093.73 in March 2023.

Mr P's made a number of points to demonstrate why he thinks Aegon is at fault. I'm not proposing to address each and every one in detail. Instead, I'll focus on those that I believe go to the heart of Mr P's complaint. Mr P's gone as far as saying that had he known the full details regarding his plan, he wouldn't have joined the pension scheme. He also says he didn't know that his funds could potentially suffer from investment risk.

Having carefully considered the evidence, I'm not persuaded by that position. And for the reasons I'll later set out, I'm satisfied that Aegon did give Mr P information about his plan and told him that his funds could be at risk.

I don't know all of the detail about the circumstances leading to the group personal pension plan being set up in Mr P's place of work at the time. But it's evident that this was something arranged by Mr P's employer (possibly as a result of changes to legislation and the requirements made of employers). According to the policy documentation that Aegon sent Mr P, contributions were expected to be made by him and his employer. But from the statements I've seen, it appears that the employer paid the lion's share of the contributions, before stopping them altogether around September 2022. I'm inclined to agree with our Investigator here in saying that had Mr P not joined the scheme, he'd likely have missed out on those contributions from his employer altogether. His pension may therefore have been worth less than it was. And as our Investigator also said, it isn't usual for an employer to make contributions to an employee directly in lieu of paying them into a pension.

It’s also evident that the employer, rather than Aegon, decided which funds the contributions should be invested in. So, despite what Mr P might think, this wasn’t a situation where Aegon chose the funds on his behalf. And I can see that within the policy documentation Aegon sent Mr P, it clearly set out the name of the fund the contributions were to be invested in (the SE Universal 2023 fund). It also explained that was the default investment strategy for the plan and that Mr P could change the investment funds at any time in the future, as set out within the policy booklet that was also enclosed. Therefore, if Mr P wasn’t happy with the fund choice, it seems he had the option to change it if he’d wanted to. Based on these factors, I think Mr P did have information relating to the policy.

Also, as I’ve already mentioned, on balance, I think Mr P probably did know his fund could be at risk from investment losses. I say that because when Aegon sent Mr P policy documents after it was set up, it enclosed other material such as a policy booklet describing the general contractual provisions of his plan. It advised Mr P to read policy booklet *“GPP V13B”.* I’ve taken this to mean version 13B of the policy booklet relating to Aegon’s group personal pension plan.

I’ve been given a fact-sheet relating to the fund. That’s the type of information that’s often included with policy documentation. And whilst the version I’ve seen appears to be from a later date, I’ve no reason to believe, on balance, that key details such as “*The value of an investment can fall as well as rise and investors could get back less than they originally invested. All funds carry a level of risk”* would have been any different in an earlier version. I say that because it’s a risk that comes with many investments and is information that providers are expected to clearly highlight.

But even if I was persuaded that Mr P didn’t already know there could be some risk to his investment (I’ve already said why I’m not) I’m satisfied that before he took his pension benefits, he knew there was some risk involved. I say that for a couple of different reasons.

First, when it sent Mr P a statement in December 2022 Aegon clearly showed that the value of the investment had decreased by about £1,700 that year. And whilst it seems there had been some recovery compared to the previous year (the net value was £4,984.71 compared to £4,421.21 in December 2021) it clearly hadn’t recovered to the extent that it matched the contributions paid in overall.

Second, when Aegon wrote to Mr P in early February 2023, it set out the value of his pension fund at that time. And it explained that “*the value of your fund isn’t guaranteed – it can fall as well as rise. When you choose to take your benefits, the value of your plan may be less than has been paid in”.* Therefore, in addition to the likely forewarning that Mr P had from the outset, I’m satisfied that these additional explanations alerted Mr P to the risk of investment loss before he accessed his retirement fund.

Mr P also seems to be suggesting that Aegon didn’t clearly show that his fund suffered from poor investment performance, but instead tried to present the losses as a ‘fee’ of around 35%. That position isn’t supported by the evidence I’ve seen. Apart from the fact that the December 2022 statement showed the relatively small charges that had been applied, it also showed that in 2022 alone, investment losses of around £1,7007 were a factor in the plan’s value reducing overall. So, contrary to what Mr P thinks, I’m satisfied that Aegon did explain the position.

In summary, I do understand why Mr P isn’t happy that he received less from his fund than the amount paid in or expected. There are many things that can influence market performance. So, if I was to uphold this part of Mr P’s complaint, I’d need to be satisfied that Aegon mismanaged the fund or otherwise did something wrong to drive poor performance. I’ve seen no evidence to suggest that’s the case.

For all of the reasons I've set out, I don't uphold Mr P's complaint. So, I won't be directing Aegon to do anything else.

My final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 28 September 2023.

Amanda Scott
Ombudsman