

## The complaint

Mr R has complained about the explanation of his pension investments and their performance provided by Scottish Widows Limited. Mr R has stated that this was poor and lacked the detail required to enable him to make informed decisions about his pension and the underlying investments.

## What happened

On 8 November 2022 Mr R queried the performance of his pension as it had dropped 16% over the previous year.

The pension was split between two funds, the Scottish Widows Pension Portfolio Four (around 80%) and Scottish Widows Pension Portfolio Five (around 20%). The fund guide shows that both funds were managed by Schroder Investment Management Limited on behalf of Scottish Widows.

The documentation for pension portfolio four showed this had an “*emphasis on fixed interest*” and whilst Mr R was aware that significant world events were impacting investment values, he noted that the FTSE 100 was largely unaffected, with this contrasting with the performance of his pension funds.

A response to the query was provided by Scottish Widows on 17 November 2022. This noted that current market conditions were unpredictable and that if Mr R was concerned, he should reach out to the Pension Wise service or a financial adviser. In addition, links were provided to the Pension Wise service and various parts of the Scottish Widows website where documents giving information on fund prices and charges, fund updates, dealing with uncertainty, and stock market updates could be sourced.

Mr R believed the answers provided to his query were too generic. In response he confirmed he required specific information to explain the fund performance and why this differed to other indices which did not seem to have been as badly affected by world events.

Scottish Widows issued an acknowledgement to Mr R's complaint on 6 December 2022 and followed this with a holding letter on 29 December 2022. On 23 January 2023 Scottish Widows contacted Mr R again to explain that the investigation into his complaint had not been finalised, however as it had now been eight weeks since his complaint, he had the right to refer the issue to this service without further delay. It was also confirmed that Scottish Widows expected to be able to provide a full response to Mr R's complaint points within the next four weeks.

The actual complaint response was issued on 13 February 2023. This repeated some of the original response provided to Mr R on 17 November 2022 and explained that current market conditions were unpredictable and that if Mr R was worried about his pension he should speak to a financial adviser or Pension Wise.

Additional commentary provided also explained that whilst the pension funds are held with Scottish Widows, they are managed by a third-party fund manager. This fund manager does

provide a quarterly update on the underlying fund with Scottish Widows not being able to provide anything further. It was also clarified that whilst the FTSE 100 had been recovering, this performance was not linked to the pension investments.

Finally, Scottish Widows explained that they had not received Mr R's reply to the 17 November 2022 query response. The reason for this was unclear at that time however Scottish Widows apologised for the time Mr R had to wait for a response.

Unhappy with this outcome, on 3 March 2023 Mr R referred his complaint to this service.

In addition to the original complaint point around the inadequate explanation Scottish Widows had provided about his pension investments and their performance, Mr R additionally noted he had an issue with how his complaint had been handled and the fact this was not dealt with within the eight-week timeframe.

Our investigator looked into things and noted whilst Scottish Widows' response to the complaint had been delayed, complaint handling itself was not a regulated activity and did not fall within our jurisdiction. It was also detailed that Scottish Widows had done all that we would expect of them in relation to explaining the investment fund performance, and whilst Mr R had found news articles which were more detailed and provided explanations he thought more appropriate, Scottish Widows had met the standards we would expect.

Mr R did not accept our investigators findings and asked if the investigator had uncovered any evidence of what actions Scottish Widows took between his complaint being registered and the final response letter being issued in February 2023.

The investigator explained that the rules detailing the timescales within which a business must respond to a complaint were not laid out by this service, with this being the responsibility of the financial regulator – The Financial Conduct Authority (FCA). In addition, the FCA set out the rules under which we operate, including what types of complaint we can (and cannot) consider. One area which falls outside of our jurisdiction are complaints made about complaint handling itself, and as such the investigator re-confirmed that Mr R's issues with Scottish Widows' investigation of his complaint were not something we could consider.

Mr R remained of the opinion that the way in which Scottish Widows had dealt with his complaint should be considered and noted that in a conversation with Scottish Widows he had been informed his complaint was in a queue, which contradicted the holding letters issued in December 2022 and January 2023 which indicated his complaint was still being investigated.

Mr R additionally noted that he considered some of the Scottish Widows information about his investments contradictory. In the November 2022 response Scottish Widows had explained that the value of the pension could fluctuate due to "*stock performance*" however in February 2023 they had explained that the performance of the FTSE 100 was not linked to the pension investments. However, as the FTSE 100 deals in stock and shares Mr R considered the two responses contradictory.

Scottish Widows response also pointed Mr R towards web links to various sources of additional information, with those web pages also containing further links elsewhere. Mr R noted that this could have been difficult to navigate for those not "*tech savvy*" and a more appropriate response from Scottish Widows would remove the need for such links to be provided.

In response our investigator explained that the rules covering what complaints we can consider are clear, and that complaint handling itself is not a regulated activity. Given this,

we could not investigate Mr R's concerns about how long it took Scottish Widows to investigate this complaint. The investigator also explained that they remained of the opinion that Scottish Widows had acted appropriately in providing Mr R with information about his pension investments. Whilst it was accepted Scottish Widows could have explained things in a different way, they were not Mr R's financial advisers and were under no obligation to provide personalised explanations of the underlying investments.

As no agreement could be reached the case has been passed to me.

### **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.

Dealing firstly with the issue of Scottish Widows handling of Mr R's complaint, I would echo the information provided by our investigator.

Complaint handling itself is not a regulated activity and does not fall within this service's jurisdiction. As such, how Scottish Widows investigated this complaint is not something I can look into.

I would additionally note that the original complaint forwarded to this service made no mention of the complaint handling process being an issue of concern, with this being raised whilst our investigation was in progress. The issue around the way in which Scottish Widows dealt with the complaint, and what specific actions they took throughout their investigation is a new issue that was not forwarded as part of the initial complaint.

This service is a complaint resolution service which investigates issues between businesses and their consumers when they cannot agree on a complaint outcome. As Mr R has not registered this specific complaint point before, Scottish Widows have not had a chance to investigate and resolve the issue. As such even if this were a regulated activity, it would be inappropriate for me to comment further.

Moving on to the issue around the information provided by Scottish Widows and the explanation of how and why the underlying investments had performed the way they had, here, I also agree with the outcome reached by our investigator.

Mr R has accepted that Scottish Widows are not his financial advisers, with them acting as a product provider only. As such, I would not expect them to provide bespoke, personalised explanations of the underlying investments or their performance. The provision of fund fact sheets including the quarterly updates from the fund managers (Schroder Investment Management Limited) is a reasonable response to a request for more information about the fund and its performance. The funds themselves were selected by Mr R and as such it is also reasonable for Scottish Widows to assume a certain level of understanding on his part.

I appreciate that the articles sourced by Mr R contained more of the detail and explanation he was looking for, however I don't believe Scottish Widows are required to provide similar detail. As above, Scottish Widows are not authorised to provide advice and as such their communications with policyholders will be closely monitored with any documentation issued carefully checked to ensure it provides clear information that could in no way be misinterpreted as advice or as an opinion.

I have looked at the letters issued to Mr R to establish if there were contradictions in the explanations given however, whilst there are some terminology changes, I don't consider the information to be contradictory.

The November 2022 letter stated that the pension value fluctuated due to “*stock performance*” and with the February 2023 letter stating that the performance of the pension was not linked to the FTSE 100.

Whilst the FTSE 100 is widely quoted and is possibly the most publicised figure when the stock market is discussed, it is only one sector of the overall London Stock exchange. The FTSE 100 represents the largest 100 companies (by market capitalisation) traded on the London Stock Exchange. However, there are many other companies traded both on that exchange and other exchanges around the world. It is possible to hold significant investments in stocks and shares, none of which are included within the FTSE 100. As such, the statements within the November 2022 and February 2023 are not considered contradictory.

Having looked at the Scottish Widows Pension Portfolio Four factsheet I can see that this invested primarily in fixed interest securities from around the world. Fixed interest securities are typically considered safer investments than equities, however these securities are still traded daily and can still fluctuate in value. Some factors that can have a negative impact on the value of fixed interest securities are increases in inflation and interest rates. Unfortunately for Mr R, a significant proportion of his pension was held in these investments at a time when both inflation and interest rates have been rising.

Finally, I have noted Mr R’s concerns that the provision of links to fund facts via email may leave less “*tech savvy*” customers without access to the information they have requested, there is no indication that this was an issue for Mr R personally. The Financial Ombudsman Service is here to resolve complaints between one business and one consumer, not make judgements on a business’s internal processes (this falls within the FCA’s remit as the regulator). As this was not an issue for Mr R in this case no further comment is required here.

Whilst I hope that the content of this decision, the investigators findings and his own research throughout this complaint process has provided Mr R with the explanations he wanted, I must reiterate that I do not consider it Scottish Widows responsibility to provide such explanations to him.

As such I am not upholding this complaint.

### **My final decision**

As per the rationale above, I am not upholding this complaint.

Under the rules of the Financial Ombudsman Service, I’m required to ask Mr R to accept or reject my decision before 20 November 2023.

John Rogowski  
**Ombudsman**