

The complaint

In 2021 Mr B changed the retirement date on his Scottish Equitable Plc trading as Aegon ('Aegon') pension from 65 to 58 years of age.

As the pension was invested into a Cautious Lifestyle Strategy the change in retirement date resulted in a change to the underlying investments within the pension.

Mr B has stated he was not made aware of this at the time, with the changes made causing financial loss. Mr B has complained he was not made aware of the implications of the change to his retirement date and had this been done he would not have amended the date.

What happened

In August 2021 Mr B changed the retirement date on his Aegon pension from 65 to 58 years of age. Given the pension was invested in the Cautious Lifestyle Strategy, and the change moved Mr B to within six years of the new retirement date, the underlying investments were amended automatically in line with the lifestyle strategy.

On 17 August 2021 Aegon wrote to Mr B to confirm that the investments within his pension had been switched.

In October 2021 Mr B conducted an online chat with Aegon. Within this Mr B said he had not knowingly changed his pension investments and queried why this had occurred. Aegon stated that the changes to the underlying investment funds were automatic moves with the investments moving towards lower risk as retirement approached to make the fund more "stable".

As the value of Mr B's pension had reduced since the changes above, a complaint was registered with Aegon in May 2022.

Aegon issued their response to the complaint on 24 November 2022. Within this response it was noted that the complaint was not being upheld however as the response had taken longer to issue than Aegon would have wanted a £200 voucher was offered to Mr B.

Mr B was unhappy with the response provided.

Mr B stated that there had been no warning shown when he changed the retirement date, that he had thought the changes were for illustration purposes only, and that the online chat he had held with Aegon in October 2021 had confirmed he was unaware any changes had been made.

In addition, Mr B stated that comments made by Aegon during that chat stating that the funds had been moved to make them safe amounted to advice, and that as such Aegon should have provided more detail on the switches that had been made and suggested Mr B take advice if he was unsure about what had changed.

Mr B also said he did not believe Aegon's verbal confirmation that warnings would have been provided to him when the changes were made was sufficient.

Aegon did not change their outcome and as such Mr B referred his complaint to this service in May 2023.

Our investigator looked into things and concluded that Aegon had acted reasonably when switching the investments within Mr B's pension.

As part of their submissions to this service Aegon had provided screenshots of the warnings which would have been present when Mr B altered his pension, and in addition provided a copy of the letter sent on 17 August 2021, with our investigator concluding that these were sufficient evidence to state that Aegon had acted appropriately.

Mr B did not agree and said that whilst Aegon had provided screenshots of warnings which would have been given when the retirement date was changed, these were not shown to him at the time, and that the August 2021 letter had not been received.

Mr B said that in his subsequent conversation with Aegon they had stated the investments were "safe", that he had not received any encouragement to seek independent financial advice to ensure any changes were suitable for him, and that limited information had been provided to him about the new investment fund or its level of risk.

The investigator remained of the opinion that the screenshots and copy letter were sufficient evidence and as such did not change their outcome.

With regard to the online chat the investigator did not believe the content of this constituted advice and additionally stated that whilst providers do recommend policyholders seek financial advice in certain circumstances, they do not have an obligation to make such a recommendation every time a consumer makes a change to their policy. The investigator also provided Mr B with a copy of the Cautious Lifestyle Strategy factsheet which explained how the product works.

Mr B did not agree and remained of the opinion that no warnings were provided when he amended his policy and that the follow up letter was not received.

Mr B also restated that he believed the content of his webchat with Aegon (where the pension investments were described as "stable") constituted advice, that Aegon owed him a duty of care, and that Aegon should have prompted him to seek financial advice when making such a significant change to his pension.

As no agreement could be reached the complaint has been passed to me for a final decision.

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.

Within the commentary provided to this service both before and after our investigator issued their findings, Mr B has stated that there were no warnings or prompts shown on the Aegon website to make him aware of the implications of the change to his retirement date.

Additionally, Mr B has stated that he did not receive the 17 August 2021 letter notifying him that changes to the underlying investments had been made and has questioned why this letter was not referred to by Aegon in their complaint responses.

When I make a decision in cases such as this, I rely upon the evidence provided by all parties, and, where that evidence is incomplete, I make my decision based on the balance of probabilities and what I consider most likely based on that evidence which is available.

I have firstly considered the warnings which were (or were not) shown when Mr B made the initial change to his retirement age in 2021.

Before reaching this decision, I asked Aegon if they could interrogate their IT system to evidence the exact warning shown to Mr B when his retirement date was changed.

Unfortunately, Aegon have explained that they do not have a test account which exactly replicates Mr B's account. They did however explain that the screenshots previously provided to both Mr B and this service were taken from the online log-in for one of their test accounts, and did show what warning would have been provided to customers invested in a lifestyle strategy who amend their retirement age.

This warning states that *"If you're invested in a Lifestyle or Workplace Target Fund, this will automatically adjust based on your new retirement age"*.

For his part Mr B has stated that there were no warnings explaining the implications of his actions when he changed his retirement age to 58, although warnings were provided when he subsequently changed the date back to age 65.

Given the incomplete evidence in this regard it is impossible for me to know for sure what was or was not shown to Mr B in 2021, and as such I must base my decision on what I consider most likely based on the evidence available.

Overall, whilst I see no reason to doubt the fact that Mr B did not see any warnings, I have decided the weight of evidence supports the conclusion that they were there.

This conclusion is based on the fact that all parties agree that warnings were present when the second change was made by Mr B, and whilst Aegon have not been able to provide a copy of the exact warning shown to Mr B within his online account, the test account screenshot does support the conclusion that warnings were present.

I have gone on to consider Mr B's subsequent point that the 17 August 2021 letter from Aegon (confirming that changes to the investments had been made) was not received, and the additional question as to why Aegon did not refer to this letter in their complaint response.

I see no reason to doubt Mr B's statement that this letter was never received. However, I also see no reason to doubt that Aegon produced and sent the letter in good faith. I do not believe it is reasonable to conclude that Aegon would produce a letter and not send it, nor that the letter was produced after the fact in response to Mr B's complaint.

Whilst Aegon did not refer to this letter in their complaint responses to Mr B, I do not consider this to be a material issue, nor do I consider it an indicator that the letter was not produced or sent. There is no requirement for a business to refer to all the evidence available in a complaint response to a consumer.

Moving on to the webchat in October 2021 I accept that the content of this does support the

fact that Mr B did not see any warnings when changing his retirement age and did not receive the letter informing him of the investment changes. However, as above, this does not mean that warnings were not present at the time the change was made, nor that the letter was not sent by Aegon.

Within this webchat Mr B said *"I noticed yesterday that the fund my pension is invested in was charged in august. I did not knowingly change the fund as I was happy where it was"* with Aegon confirming that the fund was moved "automatically" and that given the type of fund Mr B was invested in *"it goes into lower risk closer to retirement to make this more 'stable'."* Aegon also confirmed that the retirement date on the policy was recorded as being 58.

Having considered the content of this chat I do not believe Aegon acted inappropriately, nor do I believe the content of the chat constituted financial advice on Aegon's part. The information provided by Aegon during the webchat is in keeping with the information provided in the Cautious Lifestyle Strategy fact sheet which states:

"The lifestyle stage starts six years before the start of your target retirement year and recognises that your priorities may change as retirement approaches. It assumes you'll buy an annuity, to provide yourself with an income for life (or a specified number of years), when you retire. We'll progressively start switching your investment into our Long Gilt fund, with the aim of giving you more certainty about the level of annuity you'll be able to buy when you retire."

Aegon are the product provider and not Mr B's financial adviser, as such they bear no responsibility for the suitability of the pension or the underlying investments. Aegon's statements were an explanation of what had happened, and the aims of the Lifestyle strategy included in Mr B's policy.

It is unfortunate that the changes to the underlying investments held within Mr B's pension were made at a time when those assets typically considered lower risk and less volatile were experiencing significant reductions in value due to wider economic changes. However, this is not something which I could reasonably hold Aegon responsible for.

Aegon have a duty to manage the pension in line with Mr B's instructions and whilst they could have provided additional information about how the change in underlying investments had resulted from the amended retirement age and subsequent implementation of the Lifestyle strategy, they were not required to do so. Additionally, whilst there are circumstances where a business is required to refer a policyholder for financial advice before a transaction is completed (for example where a policy has certain safeguarded benefits which would be lost) this was not the case here.

Having considered the chain of events above, I have reached the same conclusion as our investigator and for broadly the same reasons. Whilst I sympathise with Mr B's circumstances and the investment losses suffered, I do not believe Aegon have acted unreasonably. 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 B to accept or reject my decision before 16 February 2024.

John Rogowski
Ombudsman