

## The complaint

Mr H complains that he relied upon information by to him by Scottish Widows Limited (Scottish Widows) which it knew to be incorrect, and he suffered losses as a result.

## What happened

The history leading up to this complaint is well known to the parties and has been clearly set out in the investigator's assessment, which for completeness, I have largely replicated below with small additions and amendments.

In July 2021 Mr H instructed a switch within his pension plan for 100% of his funds to be invested in the Scottish Widows Cautious Portfolio (series 4) fund. Mr H provided this instruction by phone, and the agent confirmed that Mr H had reviewed the fund factsheet.

Mr H says since that switch his pension has performed poorly, losing value significantly, even though he made additional contributions.

The factsheet published at the time of the instruction, dated 31 May 2021, stated as part of the fund aims the “*fund will invest at least 80% in fixed interest security funds*”. This factsheet also stated:

*This document is provided for purpose of information only. This factsheet is intended for individuals who are familiar with investment terminology. Please contact your financial adviser if you need an explanation of the terms used. The material should not be relied upon as sufficient information to support an investment decision. The portfolio data on this factsheet is updated on a quarterly basis.*

And:

*The composition of asset mix and asset allocation may change at any time and exclude cash unless otherwise stated.*

The next fund factsheet was published on 4 August 2021, after Mr H's switch was made. This factsheet was dated 30 June 2021 and the fund aim had changed, stating “*at least 55% of the Fund will provide exposure to fixed interest securities.*”

In early 2023 Mr H began to enquire about taking tax-free cash from his plan and expressed dissatisfaction in his fund value. In an email to Scottish Widows on 15 March 2023, Mr H said he was unhappy because he wanted slightly less cautious investments.

Upon review of the updated factsheet more recently, Mr H said the aims and makeup of the underlying investments have changed significantly since when he switched his investments. He noted the changes were made before he instructed the switch, but the updated factsheet hadn't yet been published at the time, so he based his decision on outdated information.

Mr H believed his losses were caused by the change in the investments within the Cautious Portfolio and complained to Scottish Widows.

Scottish Widows didn't uphold the complaint. It explained it processed Mr H's switch instruction as he requested and said they had discretion to make changes to how each portfolio was invested and weren't not obliged to inform investors of changes in the aim. It also explained that as Mr H's funds were invested, the value could go up or down and so Scottish Widows wasn't responsible for any poor performance Mr H's plan had experienced.

Unhappy with this response, Mr H brought his complaint to our Service. One of our investigators looked into things but didn't think Scottish Widows has done anything wrong. He further explained that even if he wasn't right about this, Mr H hadn't suffered a financial loss as a result because the change in the fund aim meant that Mr H had less exposure to investments that performed poorly, and he would have lost more had the Cautious Portfolio investment aims remained 80% in fixed interest securities.

Mr H didn't agree, so his complaint has been passed to me for a 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.

Having done so, I have reached the same conclusions as the investigator and for broadly the same reasons.

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.

At the outset I think it important to explain, we are not a court. The Financial Ombudsman Service provides informal dispute resolution. Furthermore, this Service isn't intended to regulate or punish businesses for their conduct – that is the role of the industry regulator, the Financial Conduct Authority (FCA). Instead, this service looks to resolve individual complaints between a consumer and a business. In order to uphold a complaint I would need to find that something has gone wrong and that a consumer has lost out as a result. I would then ask the business to put things right by placing the consumer, as far as is possible, in the position they would have been if the problem hadn't occurred.

It's clear to me that Mr H has strong feelings about this complaint. He has provided detailed arguments to support his case which I can confirm I've read and carefully considered. However, I trust Mr H will not take the fact that my findings focus on what I consider to be the central issues, as a discourtesy. The purpose of my decision isn't to address every point raised, but instead to set out my conclusions and reasons for reaching them.

Different investment portfolios have different levels of risk and aim for different levels of growth. As I understand it, the overall purpose of the Scottish Widows Cautious portfolio was to maintain an asset composition that would see returns targeted to a cautious attitude to risk. In order to maintain this level of returns, the asset mix within the portfolio may have to be adjusted as the values of the various asset classes within change in relation to each other as a result of the overall investment market.

This is made clear on the fund factsheets where it states: "*The composition of asset mix and asset allocation may change at any time and exclude cash unless otherwise stated.*"

And these fund factsheets also clearly state that they are not to be relied upon when making investment decisions.

I appreciate that Mr H is frustrated and disappointed that he thought he was investing in a fund with the aim to invest at least 80% in fixed interest security funds and it turned out that the aims of this fund had changed nearly two months earlier, without his knowledge.

But I've seen no evidence that suggests he was guaranteed that the investments within the fund wouldn't change. In fact, he was repeatedly told the opposite.

The changes to the Cautious portfolio did not increase the level of risk associated with the overall portfolio. Therefore, Mr H was still invested in line with his attitude to risk. And in fact, as explained by the investigator, as a result of the change in asset mix, Mr H's losses were less than they would have been had the assets within the Cautious portfolio remained the same. Therefore, even if I were to find that Scottish Widows erred in not informing Mr H of this change or misrepresented the portfolio, I'm not persuaded that he has suffered a loss as a result.

So, for all these reasons, whilst I know Mr H will be disappointed with this outcome, I'm not upholding his complaint.

### **My final decision**

For the reasons I have set out above, I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 28 January 2025.

Jennifer Wood  
**Ombudsman**