DRN-4617952

The complaint

Mr T is unhappy with the performance of his workplace Self Invested Personal Pension (SIPP) administered by Scottish Equitable Plc trading as Aegon (Aegon).

What happened

Mr T, following advice, opted to invest into Aegon's Cautious Lifestyling fund within his SIPP. This fund uses a two-stage investment process with a glide path in the six years prior to retirement, moving holdings over to more cautious investments.

Mr T received a letter from Aegon letting him know that the Lifestyling process had automatically begun. This letter stated:

> *"Currently the fund you're invested in is on track to prepare your savings to buy an annuity, which is a guaranteed income for life, in 2026. Now's the time to review whether this is what you still want to do."*

On the second page Aegon provide information about how Mr T can access free and impartial advice.

Between March 2021 and March 2022 there was an increase in the value of Mr T's SIPP of around £4,000. Then between March 2022 and March 2023 there was a drop of around £39,000. Mr T has said his fund had dropped further by later in 2023.

I have been provided with Mr T's full annual SIPP statements. On page two of each of the last five years statements it sets out:

> ***"Review your retirement plans***
>
> *Your circumstances can change, so it's important to take an active interest in shaping your retirement plans to make sure that they're still right for you. We recommend that you;*
>
> - *regularly review your product, investment choices and retirement goals, and*
> - *get advice or guidance about the retirement options available to you. Speak to your financial adviser for advice about your options. If you don't have one visit **www.moneyadviceservice.org.uk**.*
>
> *You can shop around for different products to access your pension savings. You can find more information on how to do this at **moneyhelper.org.uk**"*

Aegon provided a final response in December 2023. They didn't uphold Mr T's complaint. They explained that there had been an increase in market volatility, all investments carry risks and they're unable to guarantee that funds will provide positive returns. In addition, Aegon explained that they were unable to provide financial advice.

An investigator reviewed Mr T's complaint, but they didn't uphold it. Mr T was unhappy with the outcome and asked for the complaint to be determined by an ombudsman.

Mr T has said that he understands that Aegon can't provide him with financial advice, but they ought to have notified him that the Lifestyling of his policy was not going to meet the intention of reducing the risk as he approached his noted retirement age.

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.

I can understand why Mr T is frustrated with the drop in value of his pension fund and why this has given him cause to worry. However, I can only uphold this complaint if I think Aegon has caused the drop in value. And based on everything I have seen I don't think they have.

The aim of Lifestyling is to lock in the investment growth which has built up in the pension as the member gets close to their retirement date. As the member gets older and closer to their chosen retirement date the pension will automatically start switching into lower risk holdings such as bonds – this is Lifestyling.

It offers a greater amount of stability to the pension, which is more important the closer someone gets to retirement. But the pension is still invested, therefore would still be subject to rises and falls in value.

The final years leading to Mr T's intended retirement date coincided with changes in the market due to the economic and political instability due to events such as the pandemic and the Russian war. These events affected the markets greatly and in turn affected the value of Mr T's pension, as well as most investment products generally.

Mr T has suggested that Aegon should have let him know that the investments weren't performing as well as they may have done in the past – or that the market was more volatile than it had been.

Aegon are not able to provide Mr T with individual advice. Within their annual statements they recommend that Mr T regularly review his investment choices, to make sure they're still appropriate for his retirement goals and recommend that he seeks advice. They provided links to MoneyHelper and the Money and Pensions Service, which provides free and impartial pensions guidance. In addition to the annual statements Aegon issued Lifestyling correspondence within which they again provided information to Mr T about where to access free and impartial advice about his pension and investments.

It's unfortunate that Mr T's fund value dropped, so close to his retirement date. However, I'm satisfied the drop in the value of the pension was due to the change in market conditions, rather than because Aegon mismanaged the fund. Aegon provided Mr T with information in order for him to access reputable financial advisers, or free guidance. And they recommended that he seek advice to make sure that his pension remained suitable for his retirement goals. This was enough, in my opinion, and it was up to Mr T to take appropriate action to ensure the retirement strategy remained suitable for him.

I appreciate that Mr T will be disappointed, but I don't think Aegon had treating him unfairly so I'm not asking them to take any further action in respect of this matter.

My final decision

I don’t uphold Mr T’s complaint against Scottish Equitable Plc trading as Aegon.

Under the rules of the Financial Ombudsman Service, I’m required to ask Mr T to accept or reject my decision before 26 March 2024.

Cassie Lauder
Ombudsman