DRN-4668717

The complaint

Mr H complains that his pension with Scottish Equitable plc, trading as Aegon, fell in value close to his retirement. Mr H says that he doesn't believe that Aegon have provided adequate information to him to enable an informed decision to be made about his retirement planning.

Mr H would now like Aegon to recompense him for his investment loses and refund all of the fund charges to him that he's paid since 2015.

What happened

In 1996, Mr H took out a personal pension with Aegon and at the time, his monies were invested in a managed equity fund. In 2019, Mr H says he altered the plan's retirement date to 2023 on Aegon's platform. Mr H went on to say that when he made the retirement date alteration, Aegon's platform generated a switch statement and at the same time, a fund fact sheet appeared in his online documents.

In 2020, Mr H's pension was valued at £99,959 but by January 2023, the value of his pot had fallen to £90,473. Concerned by the size of the fall, Mr H called Aegon to try and understand the background to the loss and more specifically, where his monies had been invested, so that a reasoned judgement could be made on whether the pension should remain where it was or be transferred to another provider.

After not receiving a satisfactory response to his queries, in February 2023 Mr H contacted Aegon again, but this time to complain. In summary, he said he was surprised that Aegon hadn't been able to provide the information that he was looking for and he wanted them to demonstrate how his monies were invested. After looking into Mr H's concerns, Aegon said that they weren't upholding his complaint because, they believed, the fund fact sheet that he had already been provided with adequately set out how the fund worked and as he was less than six years away from his chosen retirement age, the units in the investment had already started to be moved in to long gilts. Whilst Aegon didn't uphold Mr H's complaint, they did offer a £50 M&S voucher to say sorry for the time they took to respond to his concerns.

Mr H was unhappy with Aegon's response, so he referred his complaint to this service. In summary, he said he was concerned by the amount his fund had fallen by and that Aegon hadn't provided him with the information that he felt that they should have done to enable him to make informed judgements about his pension. He raised a further complaint point to the one raised in his original letter to Aegon. Mr H told us that he didn't recall ever selecting the funds his pension was invested in and he felt that as he neared retirement, he would've expected Aegon to have moved his monies into safer, lower risk investments.

As Mr H had raised a new issue that Aegon hadn't been given the opportunity to respond to, our Investigator approached them for comment. Aegon explained that Mr H's pension included their lifestyle feature. This meant that as he neared retirement, his monies were gradually moved to lower risk investments but they weren't totally risk free. Aegon explained that they didn't think they had done anything wrong.

The complaint was then considered by one of our Investigators. He concluded that Aegon had treated Mr H fairly. Given the nature of the lifestyle feature on Mr H's plan, his monies had been phased to lower risk investments, but as Aegon had already pointed out, those weren't totally risk free and meant that his funds could still fall in value.

Mr H, however, disagreed with our Investigator's findings. In summary, he said that he still didn't see how Aegon were able to switch his funds without first telling him. He says that had the monies been switched to cash or gilts, that would've been fine but they weren't. He went on to say that he'd have preferred Aegon to have kept his monies where they were.

Our Investigator was not persuaded to change his view as he didn't believe that Mr H had presented any new arguments that he'd not already considered or responded to. Mr H then asked the Investigator to pass the case to an Ombudsman to review that outcome.

After carefully considering the complaint, I issued a provisional decision on this case as I explained that, whilst I was minded to not uphold Mr H's complaint, I added wider context to that provided by our Investigator in light of the information that I had reviewed on the file and wanted to give both parties the opportunity to respond.

<u>What I said in my provisional decision:</u>

I think it's important for me to note that I very much recognise Mr H's strength of feeling about this matter. He has provided submissions to support his complaint, which I've read and considered very carefully. However, I hope that Mr H won't take the fact that my findings focus on what I consider to be the central issues, and not in as much detail as he has outlined, as a discourtesy.

The purpose of my decision isn't to address every single point raised. My role is to consider the evidence presented by Mr H and Aegon to reach what I think is an independent, fair and reasonable decision based on the facts of the case. In deciding what's fair and reasonable, I must consider the relevant law, regulation and best industry practice, but it is for me to decide, based on the available information that I've been given, what's more likely than not to have happened.

I can imagine how concerned Mr H must have been, seeing the value of his pension fund fall in value as he neared taking his retirement benefits. Losing money at any time can be worrisome, and that's even more so when nearing retirement. But, having carefully considered both sets of submissions, I'm broadly in agreement with our Investigator and for the same reasons – and as such, I am not upholding Mr H's complaint and I'll explain why below.

Our Investigator has already explained in some detail to Mr H how the lifestyle option, which applies to his pension plan, works. There's not an awful lot I can add other than to briefly summarise the management approach that's taken with the feature. Life styling is where investments within the pension plan are gradually moved into lower risk funds, such as fixed interest funds or gilts, as the scheme member approaches their selected retirement date. The result is that when the member wants to start taking benefits upon retirement, their pension is invested largely in a mix of investments which are less exposed to stock market volatility, but still offer some growth potential. But importantly, this approach doesn't remove all of the risks and that's because those fixed interest funds are impacted by changes in interest rates. As interest rates rise, as they have done on a number of occasions over the last two to three years, a fall in the value of those fixed interest funds is *then often seen.*

But importantly, at the same time there will typically be an increase in annuity rates (an annuity is a product that provides the consumer with a guaranteed income for life in exchange for their pension lump sum). So, although Mr H's fund value had fallen, its annuity purchasing power may appreciate. This is different to a loss that might be incurred in a higher risk fund when annuity rates might be falling. Obviously, that would only be beneficial if Mr H was taking a guaranteed income rather than accessing his monies flexibly.

I also think that it's important to acknowledge that Aegon have no control over how investment markets perform and unfortunately, Mr H's pension, like those of many other consumers, has been impacted by significant world events such as the pandemic, the war in Ukraine and the wider economy in general over the last 24 months. So, this issue isn't just confined to Aegon; consumers at other financial firms have also experienced drops in the value of their pension funds too.

Consumers need to ensure that they keep an eye on their funds, more so as retirement nears. I've looked carefully at three years' worth of annual statements that Aegon provided to Mr H. The statements all provide clear warnings that the benefits from the plan aren't guaranteed and that Mr H should regularly review his investments to ensure that they're on track to meet his objectives. They also highlight that if Mr H is in any doubt about how his pension is being managed, he should contact them, or importantly, speak to a financial adviser. So, I'm satisfied that Aegon were indicating the need for Mr H to consider his options, and this can be seen in the statements they've shared with this service.

I think it's important to be clear about the level of service that Mr H was paying for. The costs associated with his plan covered the management of the underlying monies and a separate charge for the wrapper (or plan) that his monies were sat in. It appears that Mr H wasn't paying Aegon to provide him with any financial advice. As such, their primary responsibility was to manage his pension to his selected fund and risk choice – and from what I can see, they've done just that. Aegon did move his monies into lower risk funds as he neared his chosen retirement age, but they weren't zero risk funds. Had Mr H wanted personalised guidance on whether the funds he was invested in were appropriate for his circumstances, he would've needed to have paid for either a financial adviser to provide that guidance to him or sought fact-based information from Aegon.

I say that because Aegon's role is to manage the money in line with the risk profile of the fund until they've been specifically told to do so otherwise by the plan holder or their financial adviser. Mr H has explained in his interactions with this service that he does have access to a financial adviser, but it was Mr H who selected the specific fund that he found himself in. He's acknowledged as much and he's also confirmed that he was provided with a fund fact sheet by Aegon. Importantly, information about the fund Mr H selected was provided on Aegon's website and before selecting the investment, it was his responsibility to ensure that the fund he was choosing would meet his needs. In his interactions with our Investigator, Mr H explained that as he neared retirement, he would've expected Aegon to have moved his monies in to safe, low risk investments, but that wasn't Aegon's job – their responsibility was to manage the fund Mr H was in to the mandate set. If he had wanted someone to select funds specifically for his needs, he would've needed to speak to a financial adviser who would've then instructed Aegon.

I wouldn't expect Aegon to provide bespoke, personalised explanations of the underlying investments or their performance. The provision of fund fact sheets including regular updates form the fund manager is a reasonable response to a request for more information about the fund and its performance. The fund was selected by Mr H and as such, it is also *reasonable for Aegon to assume a certain level of understanding on his part. Aegon 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 an opinion.*

As I've already explained, I can well appreciate how concerned Mr H must've have been seeing the value of his pension fall so close to his intended retirement age. Whilst I can consider complaints about investment performance, in most instances, I would need to see evidence that Aegon had done something wrong, and I can't just rely on actual or perceived poor performance. That's because, even if the fund has underperformed compared to the rest of the market, we don't usually think this proves that the fund was mismanaged.

According to the statements that Aegon sent to Mr H, he was invested in Aegon's Universal Lifestyle 2023 (RR)Pn fund and subsequently, the 2028 fund. The dates in the fund name signify the point at which the consumer anticipates taking their benefits. I've looked closely at the Universal Lifestyle Collection fund fact sheet that's readily available to consumers online. It states that the fund uses a two-stage investment process – in the early years of the consumer's investment, it invests wholly in Aegon's Universal Balanced Collection of funds and those are selected from a mix of different fund managers. But as the consumer reaches six years from their target retirement year, their monies are gradually switched out of those investments and into Aegon's long gilt fund and in the sixth year, their cash fund. As Mr H had selected his 55th birthday as his intended retirement age, that meant Aegon started the transition to their gilt fund around his 49th birthday.

Having looked at Aegon's fund fact sheet, it seems clear to me what the objectives of the fund are and, had Mr H not wished for his monies to be moved into the Gilt and cash funds, he could have made his wishes known to Aegon sooner, or have opted for a different fund. The information provided to investors about the funds into which Mr H's pension savings were invested clearly set out that their values weren't guaranteed and might fall.

Mr H says that in the years 2019 to 2023, there's no evidence of any trading or transaction history, so Aegon can't demonstrate that they've acted within the remit of the fund objectives. However, when a fund manager makes a decision to buy or sell an underlying investment within a managed fund, that transaction isn't reflected on the consumer's statement; it's reflected within the unit price of the fund itself. In addition, trading and transaction information on managed funds isn't typically published on factsheets or made available to consumers – the factsheets provide only an overview of the aims of the fund and its general holdings. So, whilst Mr H says he would like to see evidence of the transactions that Aegon have made so he can better understand the breakdown of where his monies are invested, Aegon aren't obligated to provide that level of detail to him.

Mr H has said that he believes Aegon should have a different fund factsheet for each life styling year of their Universal Lifestyle Collection fund. But, from what I've seen, they only have the one fund factsheet, which I've looked at closely. The factsheet clearly shows Aegon moves the consumer's investments progressively into long gilt, once they reach six years before their chosen retirement date. And then the year before the consumer's chosen retirement date, they move the investments into a cash fund.

When Mr H spoke to Aegon's customer helpline on 31 January 2023, he was advised that if he didn't wish for his monies to be invested in long gilts, he'd need to change his retirement age on the Aegon platform. Whilst Mr H said he was left with little choice but to extend his retirement date by a further five years, as he was within six years of his new chosen retirement age at the point he made that decision, his monies were still going to be transitioned in to Aegon's long gilt investment. So, whilst Mr H may feel that he was given inaccurate information when he spoke to Aegon, he was told what would happen to his *monies if his retirement age was within six years in that specific fund – so, his monies were still being invested in the same fund, albeit the split of long gilt and rate at which they were investing at was slightly different to take account of the differing retirement age.*

I appreciate that Aegon have offered Mr H a £50 M&S voucher in acknowledgment of the time it took them to respond to his complaint. But I'm afraid that I can't say Aegon have acted unfairly, nor can I hold them responsible for a fall in value of a pension fund due to the current market conditions. Ultimately it fell to Mr H to monitor his pension investments and seek professional financial advice if he was unsure about the suitability of the fund he was investing in. I think that Aegon has met its obligations in the information it provided to Mr H and in carrying out the investment strategy set, with regard to the particular funds he has invested in.

And, whilst I appreciate that Mr H will be disappointed and I understand his worry with regards to the fund, I don't agree that Aegon have treated him unfairly I'm not upholding his complaint.

Following receipt of my provisional decision, Mr H submitted additional comments disagreeing with the outcome. Given his feedback, I updated my provisional decision and gave both parties the opportunity to provide any final comments. I decided to take this step because Mr H stated that he believes there's a number of errors in the original assessment of his complaint and he was reluctant to provide his 'final' comments before I issued any further decision, so I wanted him to feel assured that all of his comments have been factored into my decision.

<u>Responses to my provisional decision</u>

Aegon responded that they didn't have any further comments to add to the provisional decision.

Mr H responded to the provisional decision explaining that he didn't agree with the outcome. He also said, in summary, that:

- He is unhappy that Aegon have not been able to provide an investment summary breaking down the transactions that they have undertaken on his fund. He also said that he did not think that the progressive movement into gilts and cash had occurred because he could not see any transactions on his statement.

- He doesn't believe that Aegon have met their regulatory compliance obligations in relation to his fund because they have no audit or details of the approved people that have worked on his pension and in what capacity. He's concerned that Aegon don't have in place sufficient governance to protect his investments.

- From the information that he'd obtained from Aegon, he says he was concerned that there was no customer data below the main investment fund. That means, he says, that every investor in the Aegon Lifestyle 2023 portfolio must have the same portfolio.

- He went on to say that it is impossible for the fund to handle different retirement dates with the single portfolio as Aegon define and also, there are no records to split the yearly funds by customer.

- He says he's never received a definitive answer of when his investment was transferred to the cash fund.

- He also explained that he's unhappy with the way in which Aegon have handled his complaint.

My supplementary comments

As I've already explained in my provisional decision, I do very much appreciate Mr H's strength of feeling about this issue and I wanted to highlight that I've considered very carefully the additional submissions that he has made to this service following receipt of my provisional decision. But, the purpose of my decision isn't to address every single point raised; my role is to consider the evidence presented by Mr H and Aegon to reach what I think is an independent, fair and reasonable decision based on the facts of the case.

Given the volume of emails that have been exchanged, I think that it's prudent to revisit the main crux of Mr H's complaint – he says that he's unhappy that his '*pension had fallen significantly over the last year and together with my financial adviser, we wanted to know where the investment was placed so that a reasoned judgement could be made whether the pension should remain where it was or should it be transferred to a different provider*'. Mr H also said that '*There is no evidence that the fund has followed a lifecycle approach, and no one can confirm whether this is the case or not. I think it is safe to assume it hasn't*'. Various email interactions have followed that complaint about wider concerns that Mr H has, but this decision focuses on the original points that he raised with Aegon.

Seeing an investment fall in value can be alarming, especially so close to retirement. And, whilst I sympathise with Mr H seeing his fund decrease, there have been some very challenging world economic conditions impacting most consumers' pension funds over the last 24 to 36 months. Those economic conditions have impacted most asset classes, and funds that were typically considered lower risk have also seen their values fall. And, whilst most consumers have seen their pension funds impacted by those events, that doesn't mean that Aegon has done something wrong or prove that the fund Mr H is invested in was mismanaged.

I do appreciate Mr H's desire for greater insight into the decision making at Aegon and to better understand how his investment has turned out the way it has. However, as I've already highlighted above, I don't think Aegon are able to give Mr H the level of information that he believes he needs. Mr H says he doesn't believe that Aegon have undertaken any life cycling (life styling) on his plan. But, I don't agree. In the Universal Lifestyle Collection (ULC) – the mix of underlying investments within the lifestyle stage of the fund starts to gradually change 6 years before the consumer's selected retirement – that's stated in the fund objective. These changes gradually move the mix of underlying investments from the main ULC growth stage fund into long gilts and in the last year, cash, in-line with the stated fund objective. That's reflected in the correspondence that Mr H received from Aegon which prompted his telephone call to them on 30 January 2023.

This table shows the asset allocation (mix of investments) at the start of the relevant year and this will change gradually over that to match the mix at the start of the following year. Mr H's statements show that in 2022 he was in the 2023 version of the fund (GB00BYXVR842) and in February 2023 he moved from that version of the fund to the 2028 version. This meant that in 2023, 75% of his monies were invested in long gilts and 25% in cash:

	Years to retirement	**7+**	**6**	**5**	**4**	**3**	**2**	**1**	**0**
SE Universal Lifestyle Collection (growth fund)	ULC	100	100	80	60	50	40	25	0
SE Long Gilt	LGF	0	0	20	40	50	60	75	75
SE Cash	CSH	0	0	0	0	0	0	0	25

The switches within the glidepath for any lifestyle year variant (which is the funds with the retirement year included at the end of the fund name, which in Mr H's case was 2023 but then changed to 2028) happen monthly. Aegon say this process is system driven and traded on an aggregated basis. And, whilst Mr H has said that he's seen no evidence that Aegon have moved his monies into lower risk investments because there's no evidence of trading on his statement, when the fund manager makes a decision to buy or sell an underlying investment within the fund, that transaction isn't reflected on individual level policyholder statements. What this means in practice is that plan holders won't see those transactions taking place and they'll happen automatically. But, as I've already said, just because the fund switched Mr H's monies into what in ordinary times might be considered lower risk investments, that doesn't mean they were zero risk. Because of the unusual economic conditions that markets have experienced, even lower risk assets were severely impacted by world events.

In addition, trading and transaction information on managed funds isn't typically published on factsheets or made available to consumers – the factsheets provide only an overview of the aims of the fund and its general holdings. And, it's those factsheets (which are typically presented in a uniform format across providers), which consumers need to refer to, to aide their decision making.

Mr H says that in his phone call with Aegon on 31 January 2023, he was given product information that wasn't correct. In his correspondence with this service, he explained that he was told that he could '*retain the investment exactly as it is by changing my retirement date'*. However, having listened again to that telephone call, Mr H explained that having received a letter, it explained that Aegon were going to switch him into some other funds, and he didn't want to change anything whilst he decided what to do. He then asked the Aegon representative that if he altered his retirement age to 58 or 59, whether that would stop anything happening or would the investments stay the same. Whilst the representative initially stated that changing the retirement age would keep the investments the same, later during the conversation, she did explain that because of the fund that Mr H was invested in, his monies had already started on the glidepath and been moved to gilts and cash. She also explained that he could prevent a switch to cash from happening by altering his retirement age. So, I don't think what Mr H was told was inaccurate because by altering the target retirement date by five years from 2023 to 2028, meant that Mr H's monies would be moved out of predominantly gilt and cash based investments and into growth funds but importantly, within the same fund. And, it seems that was Mr H's wishes because he didn't want his monies going into cash whilst he worked out what he wanted to do.

Mr H has said from the information that he'd obtained from Aegon, he was concerned that there was no customer data below the main investment fund. That means, he says, every investor in the Aegon Lifestyle 2023 portfolio must have the same portfolio. However, ownership of the fund is actually demonstrated by the number of units that the consumer holds in the specific fund (which is shown on Mr H's statement) – and it's that unit holding that sets out the value of his investment (based on the current unit price) which Aegon use to determine ownership. And, despite what Mr H may think, Aegon don't need the personal data of individual investors attached to the fund to determine what proportion should be allocated to gilts and cash. By nature of the fact that he is in the 2023 or 2028 fund, this will drive the allocation.

Mr H says that he doesn't believe that Aegon have met their regulatory obligations because they weren't able to demonstrate which individuals had worked on his pension and in what capacity. Allied to this, he also didn't believe that the fund had met its objectives by moving into lower risk funds. I think it's worth explaining about investment funds and how they are regulated - it can be very difficult for policyholders to understand often complex and lengthy documentation and to be satisfied that they are receiving their proper entitlement under the terms and conditions of that particular product. But those difficulties do not necessarily mean that Aegon has done something wrong or is not acting in accordance with its regulatory obligations.

The industry regulator, the Financial Conduct Authority (FCA), has made providers accountable for the way in which these funds are managed. The regulator's Principle 6 requires that regulated firms "…must pay due regard to the interests of its customers and treat them fairly". Aegon is accountable to the regulator for the way in which it operates its funds and the regulator monitors the management of those funds very closely. Aegon has provided a detailed explanation of its fund governance on its website, where it sets out the controls and frameworks it has in place to ensure the integrity of its offerings. Whilst I won't repeat it here, it is typical of what I would expect to see.

So, it seems to me that Aegon has checks and measures in place to demonstrate to the regulator that their funds provide consumers with what is expected, but importantly, whilst I am not aware of the regulator having any concerns about the operation of Aegon's fund at issue here, the responsibility for auditing Aegon and its funds falls on the regulator and not this service.

In his correspondence with this service, Mr H has explained that he's unhappy with how Aegon have handled his complaint along with the service that he received from their complaints team. Whilst I do fully appreciate Mr H's frustrations, I've not explored those comments further and that's because complaint handling is not a regulated activity and as such, it is not within the scope of this service to consider such feedback.

It seems to me that Aegon have moved Mr H's monies into lower risk funds as he neared his chosen retirement age, but they weren't zero risk funds. Unfortunately, given the financial events of the last 24 to 36 months, many consumers have felt the impact of those market conditions on their pension funds, including those who have invested in what would typically be considered lower risk funds too. But importantly, it wasn't Aegon who selected the investments that Mr H was in – that was his decision. Mr H has acknowledged as much and he's also confirmed that he was provided with a fund fact sheet by Aegon that explained the fund's aims, his commitment and it's risks which were primarily that the values weren't guaranteed and might fall. And, whilst Mr H states that he would like Aegon to refund the investment losses he's suffered as a consequence of his fund falling in value, from what I've seen, the losses had already occurred at the point at which he contacted them (in January 2023) to decide what action he could take - so altering his retirement year wouldn't have made any difference to the position that he found himself in, other than giving his funds the opportunity to recover some of their losses.

<u>Responses to my supplementary comments</u>

After reviewing my additional comments, Mr H explained that he still didn't agree with the outcome. Mr H stated that:

- Aegon cannot prove that they are compliant with their regulatory framework. He went on to say that they should be able to provide audit documentation demonstrating as much.

- He wanted copies of all the information that this service has received from Aegon.

- There appeared to be errors between what Aegon had initially told our Investigator his monies were invested in and what it stated on his switch statement.

- He says his complaint is about the lack of clear and accurate information provided by Aegon. He went on to say that this leads him to the conclusion that they have acted negligently and that they have mismanaged his pension investment.

Mr H also went through the earlier provisional decision and set out why he believed it was inaccurate:

- He says that he didn't select the 2023 fund; he simply changed his retirement date to 2023 and the fund selection was done by the Aegon system.

- The Investigator failed to demonstrate how the 2023 and 2028 funds with different ISIN identifiers were said to be the same fund. In addition, the Investigator explained that he had requested details of Aegon's Diversified fund which had not been received.

- The complaint is not primarily concerned with the value of the investment, it was prompted by Aegon's inability to provide information regarding the investment.

- He didn't feel that the fund fact sheets demonstrate that Aegon have managed the fund effectively or followed the set risk choice.

- He says that he was concerned that the firm managing his pension did not know the status of his investment, the funds it was invested in, and proportion invested in each fund.

- He went on to say that the Aegon staff providing the information have struggled to provide any meaningful information.

- He doesn't believe that Aegon have complied with the Data Protection Act 2018.

- He cannot understand Aegon's explanation about the way trades are undertaken ('the process is system driven and traded on an aggregated basis') because the terms and conditions state that there are records kept for aggregated trades.

- He cannot understand why no one at Aegon, who are managing the investment, can define the investment but expect him or a financial adviser to be able to do so.

- He says he finds it strange that funds are monitored but there are no records or details of that monitoring or governance.

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 should reiterate, the purpose of my decision isn't to address every single point raised; my role is to consider the evidence presented by Mr H and Aegon to reach what I think is an independent, fair and reasonable decision based on the facts of the case.

I want to again acknowledge Mr H's strength of feeling about the case, but having carefully considered his further comments, I don't believe that there's a great deal more that I can add over what I've already set out. It therefore follows that I've reached the same decision for the same reasons that I've already explained.

Mr H says that Aegon cannot prove that they are compliant with their regulatory framework because they should be able to provide audit documentation demonstrating as much. But, as I've already explained in my earlier provisional decision, it isn't the role of this service to undertake assurance work on the activities of Aegon and its fund managers. That responsibility rests with the Financial Conduct Authority. The FCA has set out comprehensive rules that fund managers must follow, covering everything from the responsibilities of senior personnel (at Aegon), dealing rules and importantly, risk controls and internal reporting along with the records that firms must keep.

Aegon's own compliance team are expected to undertake internal assurance work on the activities of their fund management teams. But, I don't think it's reasonable for Aegon to share that work externally because its content is only designed for the consumption of its own various risk committees and the regulator. And, I well suspect given it's likely to be commercially sensitive, combined with the fact that Aegon are listed on the stock exchange, I don't think it's reasonable to ask Aegon to share the output of that work outside of the audiences it's already provided to. So, just because Aegon haven't provided details of any risk or audit assurance work that they've undertaken (outside of what's already published on their website), I don't believe it's fair to conclude that they have failed to adhere to the rules that the FCA expect of them.

In his latest correspondence, Mr H explained that he wanted copies of all the information that this service has received from Aegon. However, our Investigator has already submitted all of the documents that this service received from Aegon which were used to reach our decision making.

Mr H says that the lack of clear and accurate information provided by Aegon leads him to the conclusion that they have acted negligently and that they have mismanaged his pension investment. However, I don't agree and that's because regardless of what a helpline operator at Aegon has told Mr H, it doesn't then follow that the fund managers there have then mismanaged his monies. As I've already set out above, the management of investment funds is closely scrutinised by the regulator and Aegon are directly accountable to them to ensure that they manage consumers' monies in line with the mandate of the fund. But, just because Aegon can't provide Mr H with the further information he says he needs, it doesn't mean that they've mismanaged his pension.

I can understand Mr H's desire to understand what his monies are invested in. As Mr H is already well aware, Aegon only provide a single key investor information document (KIID) for their lifestyle fund. That means that the 2023 and 2028 version of the KIID are the same. The only difference is the point at which the underlying monies within the fund gradually start to transition into lower risk investments. But, as Aegon have already explained, they simply don't provide year specific fund fact sheets. I think Aegon set that fact out well during their call with Mr H on 19 April 2023. Regardless of which provider, and more specifically which fund Mr H were to invest his monies through, the information he would be provided with would generally be the same, wherever he went. That's because the regulator has asked all fund managers to present fund information to consumers in a uniform manner. But, outside of the fund fact sheet, I can't ask Aegon to give information to Mr H that they simply don't have and just because they don't have any further information to give, it doesn't follow that they've done something wrong; they haven't. They're simply not required to do so.

So, despite what Mr H says about the information on the fund fact sheet being incorrect, I don't agree. I've looked closely at the fact sheet, and it seems clear to me what the fund aims to achieve, by when and how it intends to do that. As Mr H edges closer to his chosen retirement year, Aegon migrate more of his monies into lower risk investments.

Mr H has said that the Aegon staff providing the information have struggled to provide any meaningful information to him. But, from what I've seen, Aegon offers its consumers a significant choice of different funds. I wouldn't therefore expect its helpline operatives to have a detailed understanding of those funds beyond what's already set out on the respective fund fact sheets. It's therefore up to the consumer (and their financial adviser) to determine based on the information that they have whether that fund is right for them. During the call with Mr H on 19 April 2023, Aegon asked him on several occasions what it was he wanted to achieve. Mr H explained that he wanted to find out where his monies were invested – however, beyond providing the fund fact sheet, which Mr H already has, I don't believe that there's anything else that Aegon are in a position to provide him with that would help meet that wish.

In my provisional decision above, I explained that as Mr H had selected his 55th birthday as his intended retirement age, that meant Aegon started the transition into gilts around his 49th birthday. However, I should have stated that Aegon base its transition into lower risk investments based on the target year (so 2023 or 2028), rather than the individual plan holder's birthday. But, in any event, as Mr H didn't switch into the 2023 fund until 2019, when he was 51 years old, that meant as he was only four years away from his intended retirement age, Aegon would have immediately started transitioning his monies into lower risk funds. I'm satisfied this doesn't make a difference to the outcome of the decision.

Mr H doesn't believe that Aegon have complied with the Data Protection Act 2018. Whilst Mr H hasn't gone into any level of detail around why he believes that's the case, as that didn't form part of his original complaint, I won't be considering that particular point any further. In the first instance, Mr H should approach Aegon to allow them to look into that concern first if he wishes to explore that further.

I appreciate this will come as a disappointment to Mr H, but I'm not upholding his complaint.

My final decision

I'm not upholding Mr H's complaint and as such, I do not require Scottish Equitable plc, trading as Aegon, to take any further action.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 26 April 2024.

Simon Fox
Ombudsman