

The complaint

Mr H complained that a single contribution investment he made to his pension plan in March 2018 was used by Scottish Equitable Plc trading as Aegon (Aegon) to change the default investment strategy of his pension without his consent.

He believes that this has caused him a significant financial loss for which he would like to be compensated. He would also like compensation for the distress and inconvenience this has caused him.

What happened

Mr H held a self-invested personal pension (SIPP) with Aegon, into which he was making regular contributions. On 28 March 2018, he submitted an application to make an additional single contribution into a new Fund (Fund A). This request was submitted by the online portal the SIPP was administered by, by someone using Mr H's registered username and password.

Aegon actioned this request, providing a contract note confirming this on 5 April 2018.

As a result of this single contribution payment, the investment strategy that applied to Mr H's SIPP was altered so that all future contributions would also be made into Fund A. Mr H did not realise that this had occurred until October 2023.

Mr H complained to Aegon on 1 November 2023. He stated that the change had not been authorised by him. He believed that Aegon had made an error and should also be considered to be in breach of contract as it had not provided him with full information about this change.

Aegon responded to Mr H's complaint on 28 November 2023. It said:

On the 28 March 2018 you contributed to your pension in which you updated your default investment strategy. We received instruction via the ARC [Aegon Retirement Choices] portal that all 99.75% of all new contributions would be paid into [Fund A] 0.25% of all new contributions would be invested in cash. Upon receiving this request, we had actioned this and therefore this is how all new contributions were invested from then on. This was outlined to you in the SIPP application summary.

Unhappy with this response, Mr H brought his complaint to this service.

Our investigator reviewed the information provided by both parties and formed the view that Mr H's complaint should not be upheld.

Mr H was unhappy with this view, and so the complaint has been passed to me to make 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.

Having done so, I agree with our investigator and do not uphold this complaint

I appreciate that this will be disappointing to Mr H, so I will explain now how I have reached my decision.

The essence of the decision I have to make is whether Aegon acted incorrectly in terms of changing Mr H's default fund to Fund A when he made the lump sum single contribution in 2018. To do this, I've looked at the evidence provided by both Mr H and Aegon.

The first piece of evidence I've considered is the SIPP application summary that Aegon sent to Mr H following his lump sum investment into Fund A. This stated:

Default investment choice - A new investment choice has been selected for this investment. This asset allocation will be made available as your default selection during future investment applications for this wrapper.

I also looked at the screenshots Aegon provided from its systems records of the transactions, which also makes clear that the default strategy has changed. It also shows that a financial adviser did not advise Mr H to make this change.

*System Evidence Audit Top up 28/3/2018 (08:30): advice given 'N'
Default investment strategy 'true'
percentage 99.75 [Fund A]
percentage 0.25 (Cash)*

From this, I'm satisfied that as the instruction was made using Mr H's username and password, Aegon has done nothing wrong here and was acting on a valid instruction from Mr H.

Aegon also provided a copy of the 'Top Up Guide' that shows step by step how to make additional payments into a SIPP. This guide includes illustrations of what an investor will see at each stage of the process, including a confirmation screen which summarises the choices the investor has made and gives an opportunity to review this before submitting the request. I'm satisfied, therefore, that Mr H was given the opportunity to review and correct the change of default fund prior to it taking place.

Following our investigator's view, Mr H mentioned that he had made a subsequent lump sum investment into a different fund (Fund B), but that Fund B had not subsequently been established as the new default investment for future transactions. I asked Aegon for its explanation of this prior to writing my decision.

Aegon replied to say that although the contract note for the investment into Fund B was indeed dated 5 April 2018, two days after the contract note for the Fund A investment, the instruction for the investment into Fund B had actually occurred before the instruction into Fund A. It provided further evidence from system logs that the request to invest a lump sum into Fund B was made on 22 March 2018, six days before the request to invest in Fund A. Consequently, the request to invest into Fund B was correctly registered as the later of the two requests and the new default fund.

My final decision

For the reasons given above, I do not uphold Mr H's complaint.

Scottish Equitable Plc trading as Aegon need take no action to resolve this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 20 August 2024.

Bill Catchpole
Ombudsman