

The complaint

Mr A complains Aviva Life & Pensions UK Limited didn't treat him fairly when it made changes to the investment funds available in his pension plan.

What happened

In 2023, Aviva introduced a new Baseline Exclusion Policy. This policy excluded some companies it was invested with whose activities didn't meet its new policy, such as coal production, tobacco, and weapons/arms production. The policy was also referred to as involving Aviva's ESG (environmental, social, and corporate governance strategy). When writing to Mr A about the changes, Aviva said his funds had been designed to replicate the performance of an index or benchmark but going forward the benchmark on his funds will change, and will begin to track a custom benchmark, which will exclude certain companies and sectors. Aviva explained there may be some one-off costs involved in these changes which are being paid from the funds and estimated that these one-off costs will be 0.04% of the value of Mr A's funds.

Mr A complained to Aviva that it is forcing him to take a position he has not requested and that it should allow him to follow an additional approach beyond maximising the return on his pension. Mr A expressed his view that Aviva's position of not investing in munitions, coal mines and tobacco is 'greenwashing.'

Aviva didn't uphold the crux of Mr A's complaint. It said it believes the changes are in the best interests of its customers over the long term and explained that in the majority of funds it isn't expecting any additional transition costs. Aviva said it understands its stance may not be appropriate for everyone, and that consumers may have their own stance. It said Mr A is able to move where his funds are invested, or transfer to another provider if he wishes to.

Mr A brought the complaint to the Financial Ombudsman Service and one of our Investigators looked into things. Our Investigator thought Aviva hadn't treated Mr A unfairly when it took a corporate decision to make the changes it did. The Investigator acknowledged Mr A's concerns about 'greenwashing' but said the Financial Ombudsman Service doesn't have authority to tell a business where it should or shouldn't invest. And, if customers are unhappy with their investment choices, they are able to move their investments elsewhere, albeit that this may incur charges. Mr A asked that an Ombudsman decides the complaint and it has now been passed to me to consider.

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 understand that Mr A will be disappointed, but for very much the same reasons as our Investigator I've decided not to uphold this complaint. I will now explain why.

When Aviva introduced its new Baseline Exclusion Policy, it wrote to Mr A to explain why it had made the decision. It provided Mr A with 30-days' notice of the changes and what he

could do if he was not happy with the changes it planned. The Financial Ombudsman Service isn't able to tell a business what its policies in respect of ESG should be, or what funds it should make available to consumers. That is something for its regulator, the Financial Conduct Authority to consider. However, I can consider whether Aviva treated Mr A fairly when it introduced its new Baseline Exclusion Policy.

It's clear that Mr A doesn't agree with the changes Aviva has made, but I'm satisfied it's able to make changes to the funds it chooses to make available to consumers. Aviva's terms and conditions confirm this is the case. In section 5, it says Aviva can, *"make changes required for appropriate governance reasons to implement legislation or regulatory changes or best practice."* Aviva has explained that the changes were implemented having been considered by its governance team – which is a dedicated team of analysts responsible for the range of funds it offers. Aviva's Baseline Exclusion Policy document says *"...there are specific sectors where we consider the sustainability risks to the climate, planet and people are so severe, that they fundamentally misalign with our Responsible Investment Approach and corporate values. In these circumstances, we forgo the opportunity to engage, and actively exclude companies and industries from our investment universe."*

Aviva is entitled to close, merge or change the makeup of its investment funds in accordance with the terms and conditions of the plan. It acted fairly in giving advance notice of its intended course of action in moving away from particular types of investment. And, in this case, I think Aviva has provided a robust rationale for its decision in its Baseline Exclusion Policy document. So, I haven't upheld Mr A's complaint in this regard.

Mr A has a strong view that Aviva's decision is *'politicised'* and that it's unacceptable for Aviva to impose its ethical considerations on him. Regardless of Mr A's strong views, I've not seen anything to support this is the case. Instead, it seems to me that Aviva has analysed specific sectors and taken a corporate decision to exclude certain funds from the funds it makes available to consumers. I'm persuaded the new Baseline Exclusion Policy is more likely than not a change in its approach to its Environmental, Social and Governance considerations and is not a change that can reasonably be described as a political change.

Mr A has also commented about the way Aviva dealt with his complaint, specifically about the delay. However, any delays about the way Aviva dealt with Mr A's complaint are not a complaint about the way in which it carried out its business in relation to a financial service – the regulated activity. So, although I acknowledge Mr A's comments about the way Aviva dealt with his complaint, I cannot consider this issue because complaint handling is not a regulated activity.

My final decision

For the above reasons, I've decided Aviva Life & Pensions UK Limited didn't treat Mr A unfairly.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 10 January 2025.

Paul Lawton
Ombudsman