

## The complaint

Mr W complains that Scottish Widows Limited (Scottish Widows) didn't provide him with updated details of lifestyle investment options for his pension plan. And that it failed to provide him with specific details of the investment funds held on annual statements or provide information about cash fund alternatives. He wants compensation for the losses he says this caused.

## What happened

Mr W was a member of his employer's Group Personal Pension Plan (GPP) with Scottish Widows, which he joined in 2012. The plan was set up with the assistance of a financial adviser, who appears to have acted for the employer, rather than Mr W.

Mr W says he kept track of his plan from the annual statements sent by Scottish Widows each April and understood his funds would be progressively switched (lifestyling) into safer investments as his chosen retirement age approached in 2022. He says he thought any information he needed would be in the annual statement. As his retirement date approached Scottish Widows would have sent "wake-up" letters to remind him of this and to consider his options. Mr W decided to defer his retirement until February 2024. It confirmed this change in February 2022 and that the current plan value was around £165,000. It said the investment of the funds had been "*changed in line with your new retirement date*".

Mr W says when researching his retirement options, he felt the flexibility introduced by the pension freedoms in 2015 best met his needs, particularly income drawdown. He says he became aware that lifestyle approaches targeting this were available from Scottish Widows, but he didn't think he'd been told about this previously.

On checking his plan value online in April 2022, Mr W was concerned to see it had fallen sharply. His investment was mostly in the Pension Protector fund which held fixed interest investments that had fallen in value as interest rates had increased. He said he was aware that annuity rates should also increase as fixed interest yields rose but that didn't seem to be happening at the same rate. Because of this Mr W said he wanted to move his funds to "*a safe haven*".

Mr W called Scottish Widows on 25 April 2022 to move his funds to a safer option but says he wasn't then aware it offered a cash fund. He says it told him about switching funds, but as there were so many of these, it made an appointment for him to speak with an in-house adviser. He spoke to the adviser on 27 April 2022. But says he was told that because he was still contributing to the plan it couldn't advise him and he should speak to an IFA instead. Mr W did so in May 2022, but he says the advice didn't meet his requirements for a short-term haven.

Mr W says he'd located information about three lifestyle options offered by Scottish Widows and that he was invested in in the annuity purchase strategy. He said a video on its website said that it would contact members about their options five years before their retirement date, but this hadn't happened. Mr W says he called Scottish Widows again on 23 May 2022 to switch to the Cash fund and discuss lifestyle options. But he was told he needed to speak

to his employer about changing the lifestyle approach he was invested in. He did so, but his employer said this was Scottish Widows' responsibility. Scottish Widows then emailed him saying he hadn't had the option of a flexible lifestyle approach because a bespoke investment strategy was in place for the GPP.

Mr W looked into this and said consultation documents issued by the Financial Conduct Authority (FCA) in 2017 after the introduction of the Pension Freedom legislation had raised concerns about lifestyling, which specifically referred to bespoke strategies.

Mr W complained to Scottish Widows. He said it should have provided more information about the actual investments he held in the annual statements. And that it should have informed him about the different lifestyle options available. And he said it should have told him about the availability of a Cash fund when he called it, as his investment had subsequently fallen further.

Scottish Widows rejected Mr W's complaint. It said when he'd called on 25 April 2022, he'd asked for a review, which it couldn't offer as it didn't provide advice. But its call handler had explained how he could locate the funds offered, including the Cash fund, online. And that he would need to call back to instruct fund switches. It said the annual statement was just a summary which did confirm the fund names and investment in each. And that this would change in line with the chosen investment strategy. It said the statement recommended that the funds be reviewed, to make sure they were "*still appropriate.*"

Scottish Widows said the GPP had a bespoke investment strategy chosen by the employer and IFA, which it couldn't change without instructions from Mr W. It said standard communications about other lifestyling options weren't sent because it didn't provide the same governance for bespoke strategies as it did for customers in its own default lifestyling strategies. It said the adviser had removed itself from involvement with the GPP in 2016 and the adviser should have made him aware of this.

Mr W said the failure to provide information in the annual statement and about alternative lifestyling approaches meant he'd remained in a strategy aimed at annuity purchase and his funds had fallen by more as a consequence.

Mr W referred his complaint to our service and our investigator looked into it, but he didn't uphold it.

Our investigator said under the terms and conditions of the plan the bespoke investment strategy couldn't be changed by Scottish Widows. He said whilst the adviser hadn't been involved since 2016, it wasn't Scottish Widows' responsibility to make sure an adviser was appointed. Our investigator said Scottish Widows had made Mr W aware of other fund options and how to switch when he called it, but it couldn't give him advice. He said he didn't think Scottish Widows had acted unfairly or unreasonably and wasn't responsible for any investment losses.

Mr W didn't agree. He said our investigator hadn't considered the FCA's expectations around lifestyling, which formed the basis of his complaint.

As Mr W doesn't agree it has come to me to decide.

### **My provisional decision**

I issued my provision decision on 21 June 2024, I explained the reasons why I was planning to uphold the complaint in part. I said:

*I've considered all the available evidence and arguments to decide (provisionally) what's fair and reasonable in the circumstances of this complaint. Having done so, I'm planning to uphold the complaint in part. But I'm not planning to tell Scottish Widows to compensate Mr W for any investment losses that may have been incurred. I know that will disappoint him and I'll explain why I think this is a fair outcome.*

*Mr W made several complaints. But I think the main issue is whether or not the information Scottish Widows did provide was adequate for him to know how his pension was invested or to prompt him to review this sooner. It isn't disputed that the process for Mr W's GPP was different, and that he wasn't provided with the same information as other customers invested in lifestyle strategies after the pension freedom legislation was introduced. I think Scottish Widows has provided limited justification for that. It has focused more on whether it could automatically change Mr W's investments or not, rather than the wider information and communication issue.*

*But I also need to consider what consequences that has had for Mr W and what I think he would have done had he been provided with further information at the right time and been prompted by that to review his arrangements. And to do that fairly I need to consider what he did actually do subsequently.*

*Having considered the available evidence, the FCA's guidance and expectations and what I consider to be best industry practice in this area, I think Scottish Widows should have provided clearer communications. And I think it should have acted sooner to resolve particular issues impacting Mr W's GPP. So, at this stage I intend to uphold that part of his complaint.*

*Scottish Widows wasn't providing Mr W with advice, but he was still its customer. And it had a responsibility to communicate clearly and fairly with him, I think, even if third parties were or had been involved. But as it wasn't providing advice it couldn't review the suitability of his arrangement or advise him on fund switches. It did direct him towards where he could find the information about this. But I think it caused some confusion and inconvenience by referring him to an in-house adviser who appears not to have been able to give advice because he was making contributions and possibly because of the bespoke investment strategy in place.*

*Mr W has undertaken comprehensive research on the issues around lifestyling strategies that came particularly into focus after the introduction of the pension freedom legislation in 2015. And I think he makes very valid points.*

### **What is lifestyling**

*Originally personal pension plans like Mr W's GPP could only provide benefits in the form of a tax-free lump sum of up to 25% of the fund, with the balance purchasing an annuity to provide a regular income for life. Income withdrawal became available, but annuity purchase remained the default option for most people. A risk for someone near pension age was that any fall in investment values and/or a decline in annuity rates could greatly reduce the benefits available.*

*In response to this, lifestyling investment strategies were developed in the 2000's. Where, as the retirement age approached the provider progressively switched out of assets like shares and into cash and fixed interest investments (bonds). Typically, by retirement age, around 25% would be in cash and 75% in bonds. This "matched" the tax-free lump sum and annuity purchase amounts, with bonds generally tracking annuity rates. This switching phase was sometimes called a "glidepath" and the final switching into bonds and cash varied between five to ten years depending on the provider. Scottish Widows now uses a five-year timescale*

to switch into bonds and cash, but it appears that the bespoke strategy for Mr W's plan used a longer period.

Lifestyling is often seen as a strategy that de-risks the investment as retirement approaches. But this is easily misunderstood. What was being de-risked was the purchasing of a given amount of income with rising annuity rates offsetting any fall in capital values. And whilst bonds are considered to be lower risk investments than shares in general, their capital value can in some situations rise or fall quite sharply. Rising interest rates and political and economic shocks such as the war in Ukraine did result in marked reductions in bond values from December 2021 onwards, and this impacted the Pension Protector fund which held the majority of Mr W's investment.

This lifestyling profile very much targeted annuity purchase and any change in the investor's plans, such as postponing the retirement date or using income withdrawal instead of an annuity, might make it inappropriate.

From 2012, employers had to set up pension schemes to auto enrol staff and Mr W's employer established the GPP for this. Auto enrolment required a default investment fund to be nominated unless the employee chose an alternative. Lifestyle funds were commonly used for this. But rather than selecting one of Scottish Widows default options, his employer and the IFA used their own bespoke "targeted annuity" lifestyle strategy.

### **Pension freedoms**

The pension freedoms legislation introduced in 2015, was partly in response to several years of low annuity rates following the banking crisis, and gave more choice in how benefits could be paid. As fewer consumers were buying annuities, providers began introducing different lifestyling approaches to target the various flexible options now available. Including a continuing element of stock-market investment up to and beyond the selected retirement date. The existing wide use of lifestyle strategies targeting annuity purchase led the FCA to consider how consumers should be kept informed about any need to review existing investment strategies in good time.

As Mr W has said, the FCA issued various consultations and statements about this. And specifically referred to concerns about existing lifestyle strategies that had been established on a bespoke basis rather than using a provider's default options. As I've noted Mr W was still Scottish Widows' customer and the FCA's Conduct of Business (COBS) rules required it to treat him fairly and communicate with him in a fair, clear and not misleading manner. And the FCA reminded providers about this general requirement as well.

The FCA then issued a document "Pension lifestyle investment strategies – our findings" in June 2017. This summarised the key issues identified following the pension freedoms and highlighted its expectation that providers:

*"should remind customers of how their lifestyle investment strategy relates to the retirement options available to them and that, if their retirement needs change, they may need to review their investment strategy"*

In respect of bespoke lifestyle strategies, the FCA said that many providers took the view that responsibility to review these lay with third parties, like employers and advisers. But that most providers had, or planned to take:

*"a proactive approach in communicating with both the third parties and consumers about the need to review the appropriateness of bespoke strategies."*

But:

*“We are concerned, however, that some firms claim they have little or no responsibility for such strategies and have no plans to proactively communicate with third parties, instead waiting to be contacted by them.”*

*I think this is relevant to Mr W’s complaint. In the final response of 12 August 2022, Scottish Widows said standard communications hadn’t been sent because the bespoke strategy meant:*

*“we wouldn’t provide governance in the same way as we do for customers in the Scottish Widows Pension Investment Approaches.”*

*So, the inference is that it was the employer’s responsibility to make any changes and to keep Mr W appropriately informed as the adviser hadn’t been involved since 2016. His employer was a charity rather than a large commercial business. It’s likely that the adviser drove the bespoke investment choice. Scottish Widows hasn’t provided any evidence of its agreements with the employer or the adviser or that it contacted the employer about the bespoke strategy. The phrasing of an email to Mr W of 9 June 2022 suggests the process was to wait to hear from third parties about changing bespoke strategies, rather than the proactive approach I think the FCA was suggesting should be taken.*

*In the final response, Scottish Widows said it couldn’t change investments without an instruction from Mr W or the adviser. It also said that in 2016 the adviser removed themselves as advisers from his employer’s scheme. But when I reviewed the terms and conditions provided by it dated “7/21” (presumably for July 2021), Clause 5.3 said:*

*“If we become aware that there’s no longer any professional adviser firm engaged, we’ll replace the bespoke strategy with our default strategy for all plans in your employer’s workplace pension.”*

*So, if the same clause was in earlier versions, the bespoke strategy should have been changed by Scottish Widows sometime after 2016. This meant Mr W should have been receiving various communications about lifestyle strategies and the different options. I asked it about this. It said these terms and conditions didn’t come into force until March 2023, after Mr W had transferred his benefits to another provider. It supplied the previous terms dating from 2010, which it said did not permit it to change the investments to which Mr W’s policy was linked.*

*I haven’t seen reference to bespoke investment or to lifestyling in the 2010 terms. They do say that investment switches can only be made on request, but they don’t appear to prevent Scottish Widows communicating with Mr W about the options available, which is what he’s complained about. The terms allowed Scottish Widows to change them at any time. And pensions had changed significantly since 2010. The revisions effective from 2023 directly addressed issues that had been relevant to Mr W’s GPP since 2016. Issues flagged by the FCA in 2017, as risking consumer detriment. And I think Scottish Widows should have addressed this sooner than it did.*

*By 2017 I understand that Scottish Widows had changed its own default lifestyle approach for new business to one targeting flexible access. And for those people already in its original default lifestyle approach (targeting annuity purchase), I’ve seen examples from other cases of where Scottish Widows reminded customers of the strategy they were in and prompted them to consider whether this was still right for them.*

*It may be that third parties have questions to answer too. But this complaint is about Scottish Widows, and it bears repeating that Mr W was still its customer even if third parties were or had been involved, and it needed to treat him fairly. And even if it couldn't immediately make changes to the terms and conditions, it could issue communications.*

*Scottish Widows confirmed by email on 9 June 2022 that the bespoke strategy was closely matched to its default Targeting Annuity approach. It appears the bespoke strategy used a longer glidepath than the default, but it used the same funds to achieve the target asset allocation. If there was a close match, then sending general communications about lifestyle approaches with prompts to contact the employer and/or adviser wouldn't have been inappropriate or misleading, or I think, a challenging task for Scottish Widows to undertake.*

### **What information was Mr W provided with**

*So far, I've focused on what Mr W didn't receive. As I've said the FCA expects regulated firms to treat customers fairly and communicate with them clearly. In respect of lifestyle investment strategies, the FCA said that consumers should be provided with sufficient information for them "to be able to make an informed decision" at the right time. And specifically referred to:*

*"the position of customers who have recently received investment advice or who are in the lifestyle de-risking phase and the need to take appropriate action to ensure they are treated fairly"*

*From the evidence, the only information Mr W was provided with was on the annual statements. These identified the funds held, but didn't provide details of how they invested, by for example explaining that the Pension Protector fund was exclusively invested in bonds. However, the information about each fund is typically standardised by each provided in the form of fund fact sheets. So, links were provided to Scottish Widows website from which Mr W could locate the fact sheets which gave more detail. There was also a phone number he could call to request those be sent to him.*

*The annual statements from April 2015, 2016, and 2017 said:*

*"The above funds are Invested using the Investment Strategy applicable for your plan.*

*The funds in which the Investment Strategy applicable for your plan invests will change as you near your chosen retirement age, with the aim being that you are fully Invested in the Pension Protector and Cash funds at your chosen retirement age.*

*Please contact your Employer or Financial Adviser for further details on the Investment Strategy applicable for your plan."*

*The 2018 statement added the following:*

*"You should review the funds in which your plan invests from time to time to make sure they are still appropriate for you."*

*So, the statements don't directly explain that the strategy was targeting annuity purchase or that Mr W was already in the "lifestyle de-risking phase" referred to by the FCA. I think the information provided lacked the necessary detail to be considered clear communication. Which from the consultations and guidance it issued, is what I think the FCA was seeking*

from pension providers. Instead, Mr W is referred to the adviser and his employer. But Scottish Widows knew there was no longer an adviser involved with the GPP.

There was an improvement from 2018 with the suggestion investments be reviewed. That was around four years before his retirement date, but around 66% of Mr W's plan was already invested in the Pension Protector fund, with the other fund (Pensions Portfolio 4) also having significant exposure to bonds. In comparison Scottish Widows' own default strategies targeting drawdown or full encashment over annuity purchase would only start taking a different investment route five years from the retirement date.

If Scottish Widows changed its own default fund strategy for new business in 2017, I think it's reasonable it should have been providing clear communications by the time it provided Mr W's annual statement in April 2018. This may have prompted him to reconsider his investments sooner than he did. And even if this needed input from the employer, this was well in advance of his selected retirement date. So, I've carefully considered what I think the consequences of that were for Mr W.

### **Would Mr W have acted differently in 2018?**

Mr W says further information would have prompted him to review his investments sooner. And that he would have changed his lifestyle strategy to one aimed at accessing benefits flexibly through drawdown. But that is with the benefit of hindsight. And I need to consider what I think he would have done, on the balance of probability, at the time without hindsight. That means considering what he did subsequently, because the heart of his complaint is that because he wasn't adequately informed, he was taking the wrong risks through holding a larger proportion in bonds (and cash) than he would otherwise have done.

By 2018 Scottish Widows offered three default strategies where the investments held would start to diverge five years before the retirement date depending on what benefit option was being targeted. These were "Targeting Annuity retirement outcome" (Targeting Annuity), which was similar to the bespoke strategy. The other defaults were aimed at fully encashing the pension fund. And income drawdown, which was called "Targeting Flexible Access retirement outcome" (Targeting Flexible).

Each strategy offers three risk classifications, Adventurous, Balanced and Cautious. The bespoke strategy closely matches the Cautious classification, using the same Pensions Portfolio 4 and Pension Protector funds to achieve the target split between the different types of investment asset. But it appears to use a longer glidepath, with more allocated to bonds and less in shares at five years before the retirement date.

The table below sets out the target asset allocations for the Scottish Widows defaults and my estimate of the allocation of Mr W's bespoke strategy based on the fund holdings shown on his April 2017 statement, which was around five years before his then chosen retirement date:

5 Years to retirement	Shares %	Bonds %	Cash %
Bespoke	18	79.5	2.5
Targeting Annuity	39	58.5	2.5
Targeting Flexible	39	58.5	2.5

<i>0 Years to retirement</i>			
<i>Bespoke</i>	<i>0</i>	<i>75</i>	<i>25</i>
<i>Targeting Annuity</i>	<i>0</i>	<i>75</i>	<i>25</i>
<i>Targeting Flexible</i>	<i>29.25</i>	<i>43.9</i>	<i>26.9</i>

*So, it appears Mr W's allocation was quite different from the default options at that point. On a long-term view this would be considered to be more cautious and less exposed to risk than the defaults through having less in shares and more in bonds. Switching to Targeting Annuity or Targeting Flexible in 2018 (by when I think Scottish Widows should have provided further information) would have increased his exposure to shares compared to his current holdings quite significantly, but there would have still been a large holding in bonds. Mr W doesn't appear to have been dissatisfied with the performance of his investments at that point and bonds had been performing relatively well in the years before. But when the interest rate cycle changed bonds fell sharply in 2022.*

*And when that fall did occur, what Mr W wanted was a "safe haven". He didn't want to continue to invest in either bonds or shares, switching to cash in May 2022. That decision is the opposite approach required by the Targeting flexible strategy, which at the time would have maintained around 73% in investment markets. So, it isn't clear to me that he would have decided to take more risk by increasing exposure to shares only a few years before then. Particularly as 2018 itself was a challenging year for investments generally, with the FTSE 100 index falling by around 12.5%, its biggest annual loss in a decade.*

*And how Mr W subsequently decided to take his benefits from the Scottish Widows plan also indicates a risk averse approach. Instead of opting to go back into investment markets (as income drawdown calls for, and may have assisted with recouping some of the earlier losses – albeit with no guarantees) he chose the certainty provided by an annuity which commenced payments in Spring 2023.*

*This was the retirement option that the lifestyle strategy he had been invested in was aimed at de-risking, and I think that is what it did. I note his comments about there being lifestyle enhancements to this annuity and it may be that his circumstances unexpectedly changed making him more cautious. But on the two occasions when Mr W did make investment decisions in respect of this plan, he chose to reduce rather than increase risk. I haven't seen details of the advice Mr W received in May 2022, but he says it didn't meet his requirements for a safe haven, further suggesting he was relatively risk averse. Furthermore, Mr W has been mixed in his comments to our service at different times as to whether he was attracted to the flexible access or annuity targeted approach if he'd looked at other lifestyle options.*

*By late 2022 annuity rates had reached their highest level for many years. So, the targeting annuity approach wouldn't seem to have been inappropriate based on what Mr W went on to do. Because whilst his capital value fell its purchasing power in annuity income terms did increase. So, annuity purchase had been de-risked, even if the capital value had declined by more than it might have done had there been more exposure to shares and less to bonds. Scottish Widows couldn't guarantee that an increase in annuity rates exactly counteracted the downward performance of the Pension Protector fund, as the ultimate value the bonds were worth in the market was outside its control.*

*Mr W had some success in timing investment markets when he switched to cash in May 2022, which he says avoided a further 20% fall in the Pension Protector fund. As he's aware much of that further fall followed the Government's mini budget in August 2022, something that also negatively impacted share values. Had Mr W opted for the Targeting flexible approach he would have still had significant exposure to both shares and bonds at that point,*

*as he would have done in April 2022. Taking everything together, based on what Mr W did do, I can't be sure that he would have changed his investment strategy, even if Scottish Widows had provided him with further information which might have prompted him to review matters. So, it wouldn't be reasonable for me to tell Scottish Widows to calculate whether a loss has been incurred through not switching in 2018 and pay compensation if it had.*

*But I think the failure to provide adequate information has caused Mr W some distress and inconvenience. The referral to an in-house adviser caused a short delay and some confusion resulting in him being referred back to his employer. But Scottish Widows couldn't make changes unless Mr W instructed these and I think he was told how he could achieve this in April 2022. So, it didn't cause a significant delay here as he chose to speak to an IFA, before making his own decision to switch to cash. But for the inconvenience he was caused, I think it's fair that Scottish Widows should pay Mr W some compensation.*

### **Putting things right**

*Whilst I don't think it is fair to hold Scottish Widows responsible for Mr W not changing his investments before he did, I think he was inconvenienced when he told it he wanted to switch investments in 2022. I think Scottish Widows should pay him £150 compensation in respect of this.*

I asked both parties to send me any further information or comments they would like me to consider.

### **Response to provisional decision**

Mr W didn't accept my provisional decision. He asked if I'd listened to the call he'd had around a review, and for confirmation of what risk he'd selected when he joined the pension. He also asked why I thought he'd been "mixed" in his comments over whether he wanted flexible access or an annuity targeted approach.

Scottish Widows said it accepted my provisional decision, but it said after Mr W had called it about switching investments most of the delay had been whilst he'd sought his own advice. It accepted that the wording on annual statements from 2018 could have been "amended for clarity" but said there was an explanation of the fund choice and a prompt to review whether this was still appropriate.

### **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've decided to uphold the complaint in part.

I think Scottish Widows could have done more to communicate clearly and fairly with Mr W over how his pension funds were invested and prompted him sooner to review whether this met his objectives. But I'm not persuaded that he would have acted differently and changed his investment approach. As explained in my provisional decision, I've decided that on the balance of probability, having taken into account what Mr W did do with his investments in this plan.

When I said he'd been "mixed" in his comments over his preferred option I was referring to his original complaint that he would, had he been made aware, switched the investment approach to targeting flexible access from targeting annuity. That would have called for maintaining most of the investment in shares and bonds – asset classes capable of sudden

and sharp falls in value. But when there was a sharp fall in value Mr W didn't prefer the targeting flexible access approach (that he was by then aware of, specifically referring to it in the call considered below) he preferred the capital stability offered by holding cash.

And when he did decide to access his benefits, he chose the annuity option he had, even if inadvertently, been targeting for many years. And whilst the capital value of his pension fund did decline for the reasons set out in my provisional decision, annuity rates also increased, broadly preserving the level of income available. So, the investment strategy did perform largely as intended.

Mr W has asked for a reminder of what risk category he selected when he joined the pension. This was the bespoke default fund option put in place by his employer and the financial adviser. He should have been provided with information about this at the time and it maybe he was provided with a recommendation to invest as he did. But Scottish Widows weren't involved in the selection of the investment and there is no evidence that it hasn't operated the strategy correctly. If the adviser did provide recommendations which Mr W thinks were inappropriate, then that complaint would need to be raised with the adviser or potentially the Financial Services Compensation Scheme (FSCS), if the adviser firm no longer exists.

I note that Mr W arranged an "execution only" transfer of another pension to the Scottish Widows plan in January 2015, meaning he didn't take financial advice, even though the adviser was still involved then. And the transfer payment was invested in the same default investment strategy as his and his employers' regular monthly contributions. This suggests that at that point Mr W was content with the investment in place.

In terms of the call made on 25 April 2022, I have listened to this. Mr W asks for a review of the "*suitability of the lifestyle plan*". As Scottish Widows didn't provide advice, it couldn't do this. Calls from customers expressing concern about investment returns and alternative options are a difficult area when the business doesn't provide advice. Because any detailed discussion of options could be construed as being a recommendation for the customer to take that course of action. So, what I'd expect a business to do would be to direct the customer to information about the investment options available under their contract and to suggest they take advice. That is what Scottish Widows did. It told Mr W it had a referral arrangement with Schroder who offered advice, but it confirmed, when Mr W asked, that it didn't know the full range of services Schroder offered and whether it could help here. With his agreement it made a referral, and an appointment was available less than two days later.

I think it is clear from the call that by then Mr W was fairly well informed about lifestyling options. He was aware that a small amount of his investment had already been switched to cash, which would continue, about which he comments "*not fast enough for me*". So, he was already aware that there was an alternative cash investment available under his plan. He confirmed in the call that he wanted to switch to cash to prevent further investment losses. And I think how he could do this, by calling to request the switch, was clearly explained to him.

So, I think Mr W had the information he needed to switch then if that was what he wanted to do. He accepted the option of speaking to Schroder, who it seems couldn't help, that caused some inconvenience. But the main delay was in seeking independent financial advice. Scottish Widows didn't cause this delay. And as Mr W has confirmed the independent advice wasn't to switch to cash anyway, which he then decided to do himself.

Taking everything together on Mr W's main complaint point, I think Scottish Widows could have communicated more clearly about alternative lifestyling options as his selected

retirement age approached. But considering what he did do, I don't think he would have changed his investment approach in advance of the fall in the value of bond investments.

### **Putting things right**

It seems the referral to Schroder wasn't something that could assist Mr W in the circumstances. As he was reasonably aware of his options and how to action them, I think this caused only a minor delay and inconvenience. So, I think it's fair that Scottish Widows pay him £150 in compensation for that.

### **My final decision**

For the reasons I've given above and in my provisional decision, my final decision is that I uphold this complaint against Scottish Widows Limited.

I direct Scottish Widows Limited to pay Mr W £150 compensation for the distress and inconvenience he's been caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 4 September 2024.

Nigel Bracken  
**Ombudsman**