

## **The complaint**

Mr W has complained about a fall in value of his Scottish Widows Limited trading as Clerical Medical stakeholder pension plan.

## **What happened**

Mr W holds a stakeholder pension plan with Scottish Widows Limited trading as Clerical Medical (Clerical Medical). The selected retirement date for Mr W's pension plan was in March 2022.

Clerical Medical sent Mr W an annual statement for his pension plan for the year ended 31 March 2021. This showed that Mr W's pension was invested in Clerical Medical's "*Lifestyle Retirement*", "*Lifestyle Cautious*" and "*Lifestyle Halifax*" funds. The annual statement also said: "*You have selected an Investment Strategy Programme. To identify which investment funds are part of the Investment Strategy Programme this will have the word "lifestyle" in the fund name or (L) after the fund name*".

On 4 October 2021 Clerical Medical wrote to Mr W to tell him that he was nearing the selected retirement date for his pension plan and to explain that it wanted to help Mr W get a better understanding of his retirement options before he decided what to do with his pension fund. Clerical Medical also asked Mr W to contact it before his selected retirement date to tell it what he wanted to do with his pension.

Clerical Medical also explained that if it didn't hear from Mr W by March 2022, it would automatically extend his selected retirement date to his age 75. However, Clerical Medical said that Mr W would still be able to access his pension at any time and it would write to him every five years to remind him about his options. Clerical Medical enclosed a summary of Mr W's pension plan with its letter. This told Mr W that on 4 October 2021 his pension was worth £3,635.52, but also said that this value wasn't guaranteed.

Clerical Medical didn't receive any response from Mr W to its letter of October 2021, so it wrote to him again on 20 December 2021 to remind him that he was approaching his pension plan's selected retirement date. As Clerical Medical didn't receive any response to this second letter, it sent Mr W another reminder on 13 January 2022.

Clerical Medical hadn't received any response from Mr W when his pension plan reached his selected retirement date in March 2022. As a result, Clerical Medical wrote to Mr W on 6 March 2022 to say that it had amended its records for his pension plan to show a revised

selected retirement date of March 2032.

In its letter Clerical Medical went on to say: *"In accordance with the terms of the above policy, we have, with effect from your original retirement date completed a switch and redirection of future contributions to mirror the final stage of your relevant Lifestyle Option/Investment Programme. Statements confirming these changes will be sent under separate cover. If you would like to defer to an alternative date or invest in other funds, please send us written confirmation alternatively call us on the number shown below"*.

Clerical Medical provided Mr W with details of the switch it made to the investment of his pension plan on 6 March 2022. This information showed that Clerical Medical had sold down all of his investment in its *"Lifestyle"* fund and part of his investment in its *"Halifax"* fund and had re-invested all of the proceeds from these fund sales in its *"Retirement Protect"* fund.

Clerical Medical sent Mr W an annual statement dated 31 March 2022. This showed that Mr W's pension was worth £3,377.86 on 31 March 2022. The statement also said that between 31 March 2021 and 31 March 2022 Mr W's pension plan had fallen in value by £211.11.

Clerical Medical sent Mr W his next annual statement dated 31 March 2023, which showed that the value of his pension plan on 31 March 2023 was £2,651.05 and said that between 31 March 2022 and 31 March 2023 Mr W's pension plan had fallen in value by £726.81.

In 2024 Clerical Medical sent Mr W his next annual statement, which was dated 31 March 2024. This said that on 31 March 2024 Mr W's pension plan was worth £2,510.87 and that between 31 March 2023 and 31 March 2024 his pension plan had fallen in value by £140.18.

Mr W contacted Clerical Medical on 3 May 2024 to say that he wasn't happy that the value of his pension plan had fallen. Clerical Medical responded to Mr W's complaint on 23 May 2024 to say that it didn't uphold his complaint. In its response Clerical Medical said:

*"The funds you are currently invested in are classed as low risk funds, however even low risk funds can go up or down depending on market conditions. Unfortunately, due to unforeseen market volatility over the past two years, Retirement Protect Funds have also been affected. This is due to the fact that these funds are mainly invested in bonds and this was heavily affected by the mini budget in 2022.*

*We are unable to move your funds without you or your authorised representative (IFA) requesting this which you can do throughout the period that your pension is invested or by agreeing to a change at outset. We are also unable to even suggest that you change funds as this is deemed as advise which we are not permitted to give".*

Mr W wasn't happy with Clerical Medical's response, so he referred his complaint to the Financial Ombudsman Service. One of our Investigators reviewed Mr W's complaint. Their view was that Clerical Medical hadn't acted unreasonably or unfairly so didn't uphold Mr W's complaint.

Mr W didn't agree with our Investigator's view so asked for his complaint to be considered by an Ombudsman.

### **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.

As I've said above, Mr W was sent an annual statement for his pension plan which covered the year ending 31 March 2021. This statement was therefore sent to Mr W before he reached the selected retirement date of his pension plan, which was in March 2022. This statement told Mr W that on 31 March 2021 his pension plan was worth £3,588.97 and that his plan was invested in three of Clerical Medical's funds, which were the "*Lifestyle Retirement*" fund, the "*Lifestyle Cautious*" fund and the "*Lifestyle Halifax*" fund.

After confirming which funds Mr W's pension plan was invested in, the annual statement went on to say: "*You have selected an Investment Strategy Programme. To identify which investment funds are part of the Investment Strategy Programme this will have the word 'lifestyle' in the fund name or '(L)' after the fund name*". I think it's reasonable to conclude that on reading this, and on seeing that all three of the funds that his pension plan was invested in had the word "*lifestyle*" in the fund name, Mr W should have understood that all of his pension plan was invested in line with Clerical Medical's "*Investment Strategy Programme*".

Under the heading "*Investment Strategy Programme*", the annual statement said: "*Your plan is invested in one of our Investment Strategy Programmes. This means that your plan will be managed for you and, where applicable, we will start to automatically move your investment into other funds as you approach your selected retirement date*". I think that this statement was telling Mr W that Clerical Medical would make automatic changes to the way in which his pension plan was invested.

Clerical Medical has said that the selected retirement date for Mr W's stakeholder pension plan was in March 2022. To make Mr W aware that he was approaching this retirement date, Clerical Medical wrote to him on 4 October 2021, and then again on 20 December 2021 and again on 13 January 2022. In these letters Clerical Medical asked Mr W to contact it before his selected retirement date in March 2022, so that he could tell Clerical Medical what he wanted to do with his pension plan. However, I haven't seen any evidence to show that Mr W did contact Clerical Medical in response to any of these letters.

As I explained above, because it hadn't received a response from Mr W to its earlier correspondence, Clerical Medical wrote to him again on 6 March 2022 to say that in accordance with the terms of his pension plan it had completed a final switch of the funds in which Mr W's pension plan was invested. Clerical Medical told Mr W that with effect from his pension plan's selected retirement age it had completed a fund switch to mirror the final stage of his Lifestyle Investment Programme.

The statement sent to Mr W after this fund switch had been completed confirmed that all his investment in Clerical Medical's "*Lifestyle*" fund had been sold down and that his pension plan was now only invested in two funds, which was Clerical Medical's "*Halifax*" and "*Retirement Protect*" funds. This statement also showed that on the completion of this fund switch, Mr W's pension plan was valued at £3,519.96, and that of this value £2,639.97 was invested in Clerical Medical's "*Retirement Protect*" fund and £879.99 was invested in Clerical Medical's "*Halifax*" fund.

I think that this meant that following the fund switch, 75% of Mr W's pension plan was invested in the "*Retirement Protect*" fund (75% of £3,519.96 = £2,639.97) and 25% of Mr W's pension plan was invested in the "*Halifax*" fund (25% of £3,519.96 = £879.99).

Clerical Medical also told Mr W in its letter of 6 March 2022 that if he wanted his pension plan to be invested in other investment funds then he could contact it to give his instructions.

I've seen a copy of the fact sheet for the Clerical Medical Retirement Protection fund dated 31 May 2024. Under the heading "*Fund Aim*", this factsheet states: "*The Fund aims to provide capital growth by investing in UK Government bonds (gilts). At least 80% of the Fund will invest in UK Government bonds (gilts)*". The factsheet also gives information on past performance of the fund and then states: "*Past performance is not a guide to future performance. Investment value and income from it may fall as well as rise, as a result of market and currency movements. You may not get back the amount originally invested*".

I think that the factsheet is saying that whilst the fund aims to provide capital growth, this isn't guaranteed. Instead, I think that the factsheet also explains that investment value may fall as well as rise and that an investor "*may not get back the amount originally invested*".

I've also seen a copy of a factsheet for the Clerical Medical Halifax fund. This factsheet explains that 100% of the fund is invested in "*cash on deposit*" and that "*There are controls in place to ensure the unit price of the fund cannot reduce on a daily basis*".

The annual statements sent to Mr W in March 2023 and March 2024 show a small increase in the value of the investment in his holding in Clerical Medical's "*Halifax*" fund from the previous year, but shows falls in the value of his holding in Clerical Medical's "*Retirement Protect*" fund from the previous year.

I therefore think that in March 2022 Clerical Medical completed the final fund switch in line with the Lifestyle Investment Programme that applied to Mr W's pension plan. I also think that Clerical Medical told Mr W that it had completed this switch, gave him details of the way that his pension plan was invested after the fund switch and told him what he needed to do if he wanted his pension plan to be invested differently.

However, I haven't seen any evidence to show that Mr W contacted Clerical Medical to say what he wanted to do with his pension, as he'd passed the plan's selected retirement age, or that he gave any instructions for the investment of his pension plan to be changed from the Investment Strategy Programme that applied to his pension plan.

In its final response letter to Mr W's complaint Clerical Medical said that it was unable to make any changes to the investment of Mr W's pension plan without his, or his appointed representative's, instructions. Clerical Medical went on to say that it was also unable to suggest to Mr W that he changed the investment of his pension plan, as this would be considered as advice, which Clerical Medical was unable to give to him.

I think that Clerical Medical was the administrator of Mr W's pension plan only and was not his adviser. I therefore think that it was reasonable that Clerical Medical couldn't make any changes to Mr W's pension plan without his permission, nor could it offer any advice on whether he should make changes to the investment of his pension plan, or on what funds he should invest his pension plan in. This meant that without any alternative instructions, Clerical Medical followed the Investment Strategy Programme applying to Mr W's pension Plan and then couldn't make any changes to the investment of his pension after the final fund switch had been completed in March 2022.

I further think that this meant that Mr W, or his appointed adviser, was responsible for giving instructions to Clerical Medical if he wanted to make any changes to the investment of his pension plan. But, as I've said above, I haven't seen any evidence to show that Mr W provided any such instructions to Clerical Medical, so as a result his pension plan has remained invested in Clerical Medical's "*Halifax*" and "*Retirement Protection*" funds.

Clerical Medical sent Mr W an annual statement for his pension plan dated 31 March 2022. This showed the investment performance of his pension plan between 1 April 2021 and 31 March 2022. In the statement Clerical Medical said: *“You are invested in one of our Investment Strategy Programmes. Depending on the strategy chosen, as you approach your selected retirement age, we may start to automatically switch your investments into other funds. You should consider if this type of strategy is right for you, especially if you have changed your selected retirement age”*. This statement is repeated in the annual statements that Clerical Medical sent to Mr W on 31 March 2022, 31 March 2023 and 31 March 2024.

I think that Clerical Medical was telling Mr W in each of the above statements that if the selected retirement date for his pension plan is changed, then he should consider if the Investment Strategy Programme applying to his pension plan was right for him. Clerical Medical had previously written to Mr W on 6 March 2022 to say that as he hadn't responded to its earlier letters then the selected retirement date of his pension plan had been changed to March 2032.

I've not seen any evidence to show that Mr W has taken the retirement benefits from his Clerical Medical pension plan. I've also not seen any evidence to show that despite the fall in the value of his pension plan, Mr W has instructed Clerical Medical to make any changes to the way that his pension plan is invested. As I've said above, the factsheet for Clerical Medical's *“Retirement Protect”* fund said: *“At least 80% of the Fund will invest in UK Government bonds (gilts)”*. I therefore think it would have been reasonable for Mr W to have contacted Clerical Medical to give his instructions for the investment of his pension plan to be changed, if he didn't want his pension to remain in a fund that invested in UK Government bonds.

My conclusion is that Clerical Medical made changes to the investment of Mr W's pension plan in line with the Investment Strategy Programme that applied to his pension. I also think that Clerical Medical told Mr W that an Investment Strategy Programme applied to his pension and gave Mr W details of the final investment changes it made to his pension in March 2022. I further think that Clerical Medical told Mr W what he needed to do if he wanted to make changes to the investment of his pension plan, and that if he changed his selected retirement date, which I believe Mr W did, then he should consider if the Investment Strategy Programme was right for him.

I therefore don't think that Clerical Medical has acted unreasonably or unfairly in this matter and as a result I am unable to uphold Mr W's complaint.

### **My final decision**

My final decision is that I don't uphold Mr W's complaint against Scottish Widows Limited trading as Clerical Medical.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 4 March 2025.

Ian Barton  
**Ombudsman**