DRN-5226320

The complaint

Mr L complains that Scottish Equitable Plc trading as AEGON didn't make him aware that his pension was invested in a lifestyle fund and that it would be moved into a retirement fund at his selected retirement date.

Mr L says that his pension dropped significantly, and he has lost out financially, as a result of AEGON's lack of communication.

What happened

In 2001 Mr L became a member of his employer's Group Personal Pension (GPP) plan. The plan was invested in an AEGON lifestyle fund.

At the time of setting up the pension, Mr L signed plan documentation selecting a retirement age of 55 years. The documentation showed that life styling would start five years before his selected retirement date and end upon his selected retirement date.

Life styling is an investment strategy where pension savings are switched into funds which generally have a lower risk profile as a person nears their selected retirement date.

Mr L reached his selected retirement date in July 2020. AEGON transferred his pension savings into a retirement account at that time.

In April 2024, Mr L complained to AEGON that it didn't tell him that his fund had been moved out of a lifestyle fund into the retirement fund. Further, that because of the timing of moving his funds, during COVID, he has lost out financially.

AEGON did not consider it had done anything wrong. So, Mr L referred his complaint to our service to consider. Our investigator looked into Mr L's complaint and did not uphold it. Mr L did not agree with our investigator's findings and asked for his complaint to be referred to 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.

Where the evidence is incomplete, inconclusive, or contradictory, (as some of it is here), I reach my decision on the balance of probabilities – in other words, on what I consider is more likely to have (or would have) happened in light of the available evidence and the wider circumstances.

AEGON were the administrators of Mr L's pensions plan, AEGON was not providing Mr L with pensions advice, so was not responsible for advising him on the suitability of any investment strategy for his particular needs. AEGON's responsibility was to provide Mr L with information to enable him to make informed decisions. It was for him to take advice from others if he wanted to.

Mr L's selected retirement date was set out in the plan documentation when the plan was set up in 2001. I can see that he signed separately to acknowledge his selected retirement date of 55. I think it likely that Mr L would have been given a copy of the plan documentation when the plan was set up, given that AEGON was able to supply this service with these historic documents. It's understandable that Mr L may not recall everything that occurred over 20 years ago.

GPP's were required by law to have a default life styling strategy. This investment strategy could be changed if requested by the policy holder. I can't see that at any point Mr L asked AEGON to move him out of the lifestyle fund.

From its records, AEGON has provided copies of annual pension statements starting from 2012. These statements made it clear that Mr L had a selected retirement age of 55 and that he was invested in the Dynamic fund. The statements told Mr L how his pension was performing and made it clear that he could change his investments on-line or by completing an "*alteration of fund choice form*". It told him how to access this form either via the website, or a specified phone number. It also reminded him that he may want to ask his financial adviser for advice.

By April 2016, the FCA required businesses to make customers aware of the investment strategy they were in. Mr L's annual statements from 2016 and 2017 specified that he was in a lifestyle fund and included the following statement

"You're invested in a Lifestyle fund, which is designed to automatically change your mix of investments as you approach retirement. Examples of this type of fund include, but are not limited to, Retirement Target funds (for example, Flexible Target, Annuity Target and CashTarget funds) and Lifestyle funds. A possible drawback of using Lifestyling is that these funds aren't tailored to your specific circumstances or your attitude to risk. You can find out more about how your fund works, and what its designed to do, on your funds factsheet. This can be found on our website at www.aegon.co.uk.".

The fact sheet makes it clear that life styling would start 5 years before the selected retirement date and over time AEGON would move the customer's pension over to gilts and cash in preparation for buying an annuity and taking tax free cash.

What I need to consider is whether Mr L was given clear information by AEGON to enable him to make an informed decision about what to do in his circumstances. I think the annual statements and fact sheets made this clear.

I have also had regard to whether I think it likely that Mr L was sent a retirement pack (or two) by AEGON. AEGON's records show these were sent. Mr L says he did not receive these.

I think more likely than not AEGON did send these. And that they were sent to the address held on file by AEGON for Mr L. I can't know whether Mr L received these, but I think it unlikely that both packs went astray. In reaching this decision I've taken into account that Mr L appears not to dispute receiving other post from AEGON, for example, the annual statements.

The retirement packs don't spell out that from the selected retirement date funds will be moved automatically to the retirement fund if no other instructions are provided. However, Mr L's later annual statements did show Mr L was now invested in the retirement account, and no longer in the Dynamic fund.

Mr L said that if he had been made aware his funds had been moved from the Dynamic fund to the retirement fund (and de-risked) he would have taken action sooner and therefore AEGON is responsible for his financial loss. I do not share that view. I think from 2020 onwards it was clear to Mr L from his annual statements he was in a different fund and yet he did not complain to AEGON until 2024, long after things changed. The value of his pension also went down, which likely would have been a cause for concern and closer consideration.

Looked at overall, I do not consider that AEGON can fairly or reasonably be held responsible for the financial loss Mr L says he has suffered.

My final decision

For the reasons explained, I do not uphold Mr L's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 8 May 2025.

Kim Parsons
Ombudsman