The complaint

Mrs B complains that Aviva Life & Pensions UK Limited didn't give her clear information about the funds she was invested in. She was told her funds would be invested in lower risk funds but she's since found out they were put into high risk funds. She also says she made a request to invest in a low risk fund but this wasn't actioned. Her policy hasn't performed and she has suffered losses that she believes are due to Aviva's errors.

What happened

I issued a provisional decision on 30 April 2025 which is attached at the bottom of this decision and forms part of this decision.

In response Mrs B said:

- She spoke to Aviva in May 2022 and it was here she instructed them to move her into low-risk funds. She heard nothing more and thought this had been carried out. She says she was told she would receive a letter of confirmation within eight weeks. This didn't arrive but Mrs B believed the switch was dealt with.
- In line with FCA principles it was Aviva's responsibility to avoid foreseeable harm and when these funds were re-categorised to higher risk levels, all investors ought to have been informed. Banks and building societies inform customers when savings rates change and they have more customers, so she doesn't think it is unreasonable for Aviva to do so. And the risk ratings of the funds should've been on the annual statements.
- She knew she had a cash fund but did not understand it was the lowest risk option.
- In June 2023, she realised the funds had not been moved and raised a complaint with Aviva. During the correspondence, she was not once asked if she required the funds to be moved as she was under the impression Aviva would correct their mistakes.
- Aviva had undergone a new contract for outsourcing it's call handling services to a new company and maybe the recordings were lost due to this.

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.

And having done so I see no reason to depart from what I said in the provisional decision.

Previously Mrs B told us she informed Aviva she wished to switch her funds in 2021 but this was found not to be the case, Mrs B now says it was a call in 2022. We asked Aviva for a copy of the call Mrs B referred to; it was able to provide it. Mrs B gave us some context to the call and also mentioned a name of who the call was with, having listened to the call, the call-handler on the call provided matches what Mrs B told us. So I am satisfied it is the correct call.

In this call Mrs B does not ask for her funds to be switched. Perhaps she expected it to be done given she was complaining about the performance of the funds and that they weren't low risk. But I don't think this was enough for Aviva to carry out a fund switch request for her.

Mrs B says she didn't receive a response to this complaint but she refers to a response dated 17 May 2022 in an email to Aviva. It seems after this she requested a further response and it was perhaps this response that wasn't sent. Aviva's records show a drafted letter. But the copy we've on file of the final response letter, isn't a full response and refers to an attached response from an earlier date (presumably the letter draft I've seen that is undated) and then gives referral rights. Mrs B responds to say the attached response she received is the same as the first response (dated 17 May 2022). So it seems this was sent to her twice and not the subsequent response which Aviva has provided but is not dated. Regardless, the evidence shows the 17 May 2022 response was sent and Mrs B received it. And in this, there is no mention of a fund switch request being actioned and Mrs B is told how to carry one out online. Mrs B also says in the call she knows she is invested in bonds and gilts, which shows she hadn't asked to switch into cash at an earlier date. And there's no evidence that in 2022 she made this request either, in fact the evidence suggests that she didn't.

I think most notably and building on what I said in the provisional decision, the evidence suggests Mrs B didn't react to better information about her policy. The evidence shows Mrs B first complained about her losses in May 2022, this makes sense as it is when significant drops had occurred. But when she made the complaint over the phone, the risk ratings of her funds were explained then. She was unhappy and made a complaint but she didn't make a switch instruction. Aviva responded to this complaint at least initially and told Mrs B how she could make a switch instruction online. Mrs B didn't do this until 2024 after she made another similar complaint in 2023. So whilst, better information ought to have been given to her, as I explained in the provisional decision, I don't think the evidence supports that Mrs B would've made changes with better information given on the statements.

Mrs B says Aviva ought to have communicated the risk rating changes to her and I do have sympathy with Mrs B's arguments for the reasons previously set out. I don't think Aviva did a great job with the information she was given. But she didn't actively look into her pension, I think she expected Aviva to manage it for her on her behalf, but this was a misunderstanding on her part – she was told every year that this wasn't the case. She was prompted to look into her lifestyling to see if it was still right for her but she didn't do so and even when she was in possession of the knowledge that formed her complaint, it still took more than a year for her to carry out a fund switch. So it's difficult for me to conclude had Aviva given better information that Mrs B would've done anything differently.

As I said in the provisional decision, unfortunately for Mrs B, bonds and gilts suffered unusual volatility right at the wrong time for her. I understand it must be very upsetting to have lost money but I can't hold Aviva responsible for her losses. If Mrs B hasn't already I suggest she seeks professional advice about her pension and retirement arrangements.

My final decision

For the reasons explained I do not uphold this complaint.

Simon Hollingshead

Ombudsman

Under the rules of the Financial Ombudsman Service, I’m required to ask Mrs B to accept or reject my decision before 20 June 2025.

Provisional decision

The complaint

Mrs B complains that Aviva Life & Pensions UK Limited didn't give her clear information about the funds she was invested in. She was told her funds would be invested in lower risk funds but she's since found out they were put into high risk funds. She also says she made a request to invest in a low risk fund but this wasn't actioned. Her policy hasn't performed and she has suffered losses that she believes are due to Aviva's errors.

What happened

Our investigator looked into matters but didn't uphold the complaint. She said the evidence doesn't suggest a clear instruction to switch funds was made. And that the lifestyling programme that Mrs B had been part of had been administered in line with what was agreed at outset.

Mrs B remained unhappy, she says she told Aviva around 2020-2021 that she wanted to switch to their Aviva Cash Pension Fund but this wasn't carried out. And it isn't her fault that Aviva cannot find the record of this

What I've provisionally 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.

Mrs B has made numerous points that span events over a number of years. Whilst I've considered all that she has said, my role is to get to the heart of the matter and so I won't list or comment on everything that she has said. This reflects the informal nature of our service. I believe the crux of the complaint is that Mrs B wasn't properly informed about the funds she was invested in and that a fund switch wasn't actioned. I will need to consider if Aviva did do anything wrong and if Mrs B would've likely acted differently if it did make errors.

Did Aviva give Mrs B all the information she required to make informed choices?

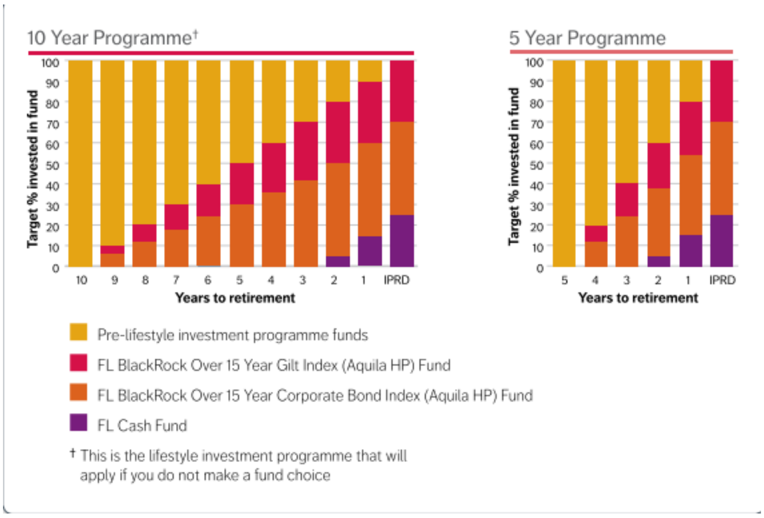
I've firstly looked at the information Mrs B was given about her policy. The policy Mrs B took out with Aviva was setup by her employers in 2010. Mrs B will have been given a brochure by her employers when the pension was setup for her. The copy I've been given by Aviva is an updated version from 2011 but I suspect that the bits I'll mention here were similar or the same in the earlier version. I say this because it fits with how Mrs B's policy has operated. The copy we have explains that the member can choose the funds that they wish but if they don't make a selection they will be placed in the 10 Year lifestyling programme – which is what Mrs B was invested in. It explains the employer has taken advice from Towers Watson about what funds to include – and the brochure sets out the funds available and their risk bands and the funds that form the lifestyling programme.

It also included the below:

'As you approach your retirement date it is important to start to protect the value of your pension plan from dramatic investment changes.

The lifestyle investment programme is designed to help with this. It gradually moves a percentage of your pension plan and any future contributions from higher risk (or more volatile) funds into lower risk (or less volatile) funds during the run-up to your retirement.'

And it included a breakdown of how the lifestyling would work:



Each year after inception, Mrs B received annual statements which set out information about her policy. The earliest we've been provided with is from 2016. This, amongst other things, showed the funds Mrs B held, explained how to find out more about the funds and the risk rating. And information about the lifestyling programme – the wording of which is set out later in this decision. And it was explained it was her responsibility to make sure it was suitable for her needs – or to seek independent financial advice.

Mrs B says she was misled as she was told the funds would be moving into lower risk funds but that this wasn't the case in reality. The information Aviva gave Mrs B on her annual statements included a line that said '*The switch process to gradually move your plan into lower-risk investments has already started'*. And as I've set out above at outset it was said the lifestyle programme was designed to move the funds from higher risk to lower risk funds.

However, by 2019 two of the three lifestyling funds were now at a risk rating of 5 out of 7. I don't know the risk rating of those funds at outset but they were 3 and 4 in 2014. So these two funds couldn't really be described as lower risk funds especially as it appears the pre lifestyling equity fund that the funds were being switched out of was also a 5 out of 7 on the risk scale. That said there were also switches into the cash fund so overall the fund holdings would be slightly reduced in risk. And if Mrs B was planning to annuitise, the risk her annuity would reduce was lowered through the relationship annuity rates have with gilts (explained later in this decision). So, whilst this information wasn't as clear as it could've been it wasn't incorrect. And it was made clear the lifestyling would move money into to pre-selected funds at a pre-selected time and the statements said the risk rating of a fund could change. Mrs B's annual statements reminded her she should review her plan and make sure it was still suitable for her. And about the funds specifically it said:

'The aims and risks associated with a fund can change... Each fund carries a different level of risk, and it is important to regularly review the funds to ensure that they continue to meet your needs. Fund names can also change or we may abbreviate them within this statement. For more information on our funds, please contact us or visit our website www.avivacustomers.co.uk.'

Mrs B's said she wasn't informed of the fund risk rating changing but I don't think it is a realistic expectation that Aviva could send correspondence to every customer every time a fund changes its risk rating. It says its policy is only to do this is if a fund risk rating jumps up 2 or more on the scale in one go. And this didn't occur here.

As an aside, I note Mrs B has said Aviva should've provided the risk rating of the fund on the statements. With the situation that occurred here, I think this would've been useful information to highlight. But I'm not persuaded this would've made a difference as Mrs B in her complaint mentioned a number of things that she said Aviva didn't tell her – that were present on the statements such as the fund split and how to check the fund risk rating.

However, I do think that Aviva could've given better information about the lifestyling programme and how the volatility and risk corresponded with the intended outcome. I say this because when the policy and lifestyling was set up, pensions generally were taken as annuities. Gilts correlate with annuity rates conversely. So being invested in gilts can provide protection against volatility – as when the gilts are performing the annuity rate available will be lower meaning less value for your money but when gilts aren't performing well, you will get better value for your money as annuity rates will be higher. Therefore, it was commonplace for lifestyle programmes to have a large percentage invested in bonds and gilts. So the lower risk/lower volatility set out in the brochure was also likely based on the belief that customers would be annuitizing when they came to retire.

As time has moved on, and pension freedoms has opened up more options to customers, annuitizing has become less common but older lifestyling programmes were all setup with this as the goal. And therefore potentially outdated for many customers. Aviva had a responsibility to keep customers informed, it couldn't give advice but it needed to give customers all the relevant information so they could make an informed choice. And it's my understanding the regulator felt it was the responsibility of the provider to tell customers about this rather than the employer who set the strategy many years before.

So, I think Aviva ought to have pointed out to Mrs B that her lifestyling programme was setup to target an annuity and that she should consider whether it was still right for her. I've seen other providers do this by including this information in a line on their statements in the explanation about lifestyling. I think this is what Aviva should've done here. Aviva did tell Mrs B she needed to consider whether the lifestyling was still suitable for her needs but it didn't include the information that the lifestyling was designed with annuities in mind.

Would better information made a difference to Mrs B's choices?

I've looked at the evidence to decide whether on the balance of probabilities Mrs B would've acted on more information. Mrs B's said in 2019 when she chose to go into drawdown, Aviva should've advised her to go into the cash fund. Looking at what happened here, I think sheds light on whether Mrs B would've acted if she'd been told in her statements that the lifestyling programme was setup with annuities in mind as the retirement outcome.

When Mrs B came to take income drawdown in 2019 she said she had a telephone call with Aviva and as part of the process to take benefits she was prompted to state where she wanted her funds invested. She says she wanted to put them in a building society but was told she couldn't do that and would need to suggest a particular fund. Mrs B says it was suggested she leave her funds as they were, to move forward with taking her benefits. It's worth stating, Aviva in its position as a pension provider couldn't give her advice or pick a fund for her.

I don't doubt Mrs B's recollection of the call in 2019, it sounds plausible, if she asked for her funds to go into the building society, I would've expected the call handler to explain that she would have to choose a specific fund. And I don't think it was unreasonable of the call handler to suggest as a way forward that the funds be left as they are – as when Mrs B applied for drawdown it was explained on the form that the lifestyling programme would continue unless Mrs B selected to do something else. Mrs B could at any point after this call have chosen to change those funds and I suspect she would've been informed of this in the call. So I don't think Aviva did anything wrong here.

Mrs B says she subsequently found out there was a cash fund available. And looking back she believes she should've been told to put it in the cash fund, as this is the closest match to a building society. But Mrs B had information available to her then that should've made her aware of the existence of the cash fund. She was already invested in the cash fund at this point and it was shown on her annual statements both before and after the income drawdown request. Her fund holdings were also stated when her income drawdown confirmation letter was sent through.

If we look at the statement before she took the decision to go into drawdown dated 23 May 2018 it said:

'We recommend that you review the information contained in these items to ensure that you are on track to achieve the level of income you are hoping for at retirement. The level of contributions you make and your investment choices are key factors which you should consider as these will determine

the overall size of your pension fund. Both should reflect your personal circumstances and be appropriate for how you intend to access your benefits; this may be as cash sums, a regular income – as shown in this statement, or as income drawdown.'

So Mrs B was told that there was a relationship between the funds chosen and how she intended to take her benefits – and that she should look into this. This was particularly important at this stage as Mrs B was about to decide to go into income drawdown.

Mrs B also received her 2019 annual statement about a month after the drawdown request which set out her fund holdings and how to access information about them such as their risk rating. It also included the paragraph quoted above and amongst other things it said:

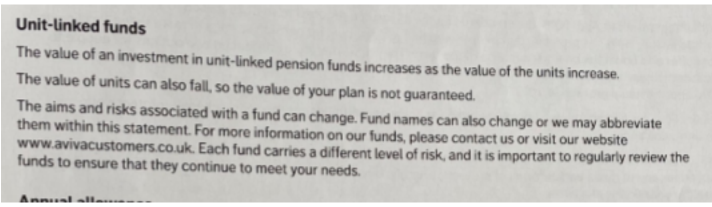
'It's important that you make the right choices for your personal circumstances, so we recommend you talk to your financial adviser about your retirement aims. This might include discussing changes to your plan's investment funds, paying more into your plan or perhaps changing your retirement date'

'…your plan is invested in the 10 year Lifestyle investment programme which stops at age 57. This is designed to move your investments into lower risk funds as you approach retirement. This approach gives your plan more potential in its early years while helping to reduce the effects of any dramatic falls in the stock market in the later years when your plan has less time to recover. Please note there is no guarantee that the strategy will prove beneficial to your pension fund. The switch process to gradually move your plan into lower-risk investments has already started. If you think the lifestyle investment programme is no longer suitable for you, it is possible to opt out. Please contact us if you want to do this. If you are happy to remain in the lifestyle investment programme you do not need to take any action. You can find further details of the lifestyle investment programme in your plan's documentation. To help you consider your options we strongly recommend that you take financial advice.'

'Taking your retirement benefits earlier or later than planned may have an impact on your investment programme, and may mean that it is no longer suitable for your individual circumstances.'

So, Mrs B was given information shortly after this call about how her funds were invested and that it was ultimately up to her to decide whether the investments were still right for her. She was given directions on how she could find out more information about the funds and the risk ratings. And she was told that taking her benefits earlier as she did (partially), may mean the programme was no longer suitable for her and was prompted to consider whether her funds were still right for her in light of this. But Mrs B having decided to take drawdown and having been unsure on what funds she could select – seemingly didn't look into the fund options available to her or look at her statements in any detail. Had she done so she would've been aware of the cash fund then as some of her funds were already invested in it as shown on her statement. So I can only conclude that had Mrs B been engaging with the information Aviva sent her, she would've known about the cash fund much earlier than she did.

Mrs B has also told us there was no way in which she could look up the funds risk ratings, which isn't the case as Aviva provided the information on her statements on how to do so.



Unit-linked funds

The value of an investment in unit-linked pension funds increases as the value of the units increase.

The value of units can also fall, so the value of your plan is not guaranteed.

The aims and risks associated with a fund can change. Fund names can also change or we may abbreviate them within this statement. For more information on our funds, please contact us or visit our website www.avivacustomers.co.uk. Each fund carries a different level of risk, and it is important to regularly review the funds to ensure that they continue to meet your needs.

In conclusion of this point, whilst Aviva should've provided better information about the lifestyling programme, on the balance of probabilities I don't think Mrs B would've acted differently if it did. I know Mrs B will be disappointed with what I've said but Aviva making an error in itself isn't reason to uphold the complaint. I have to consider whether the error would've had an impact on Mrs B without the use of hindsight. And the only way to do so is to look back at what did happen and draw conclusions from this evidence.

Did Mrs B give a switch instruction in 2020/2021

Mrs B says at a later date she knows she requested a switch to the Aviva Cash Pension Fund in either April 2020 or May 2021 when she realised her funds weren't performing. She wasn't able to provide any evidence of this switch request but said it had been made by telephone. Our investigator asked Aviva for a record of the calls it had with Mrs B. The calls it was able to provide were from early 2021, when Mrs B wished to transfer another pension into her Aviva pension plan. I've listened to these calls and at this point Mrs B did not believe her pension to be invested purely in the Aviva Cash Pension Fund. When talking to the adviser about her investments she said she knew they could go up or down and that hers should be fairly safe as they were invested in gilts and not in a vulnerable position. She also said she knows what funds she's in and they are standard funds for her age and this was something she could look at.

Mrs B also said she was well versed in what her pension looks like and hasn't made her decision (to go into drawdown) without advice – it seems she spoke to PensionWise which provides information but not regulated personal financial advice.

The calls and what they cover do correspond with what Mrs B has told us about the events that led up to her talking to Aviva when she said she made the fund switch request. But I've found no evidence of a fund switch instruction being given. Mrs B also received an annual statement in May 2021 – which followed the pattern of the earlier statements referenced above – and showed the fund holdings. So Mrs B ought to have known the fund switch hadn't occurred if she'd made it at this time. There is of course the possibility that Mrs B made a call at a later date and the record has been lost or Aviva hasn't sent it to us (I do think this is unlikely, but it is a possibility). Ultimately, I don't have any supporting evidence that Mrs B requested a fund switch and so I'm unable to say that Aviva made a mistake in not actioning something that I've no supporting evidence occurred.

All of the above said, I should make it clear that I do sympathise with Mrs B and her position. She like many others has been very unlucky to suffer large losses when invested in funds that were commonly used across the industry as part of the de-risking phase of lifestyling. Her belief that her funds shouldn't be too vulnerable to volatility was an opinion shared by many others including those in the industry. But world and UK events caused historically unusual volatility in UK gilts and bonds and this caught a lot of people out with large losses suffered by people looking to take benefits.

My provisional decision

For the reasons explained above, I do not intend to uphold this complaint.

Simon Hollingshead
Ombudsman