

The complaint

Mr P complains that Scottish Equitable Plc (“Aegon”) provided him with misleading information about an investment fund into which he placed part of his pension savings.

What happened

Mr P holds pension savings with Aegon in its Flexi Access Drawdown Plan on the Aegon Retirement Choices (“ARC”) platform. Aegon simply acts as the administrator for the pension plan and provides no advice to Mr P about his investment choices. Previously Mr P has taken advice on his pension savings from another part of the Aegon group of companies.

As Mr P approached retirement in 2024 he says he decided to review and restructure his pension investments. He moved from some investment funds he thought had been underperforming to some new choices. In particular Mr P made investments into a fund called the Aegon Diversified Monthly Income Fund. He says he did so on the understanding that the fund would pay him a monthly income that he could use to support his day to day living expenses.

Mr P later realised that the fund would not pay him a regular income. So he complained to Aegon that the information it had provided was misleading. Aegon didn’t agree with Mr P’s complaint. It told him that the factsheet information it had provided made no mention of paying monthly income in cash. Instead it said that the factsheet said the fund objective was to generate income but that it would be retained in the fund as an accumulation. It told Mr P that it did offer other funds that might pay the income he was seeking, but that it would be his responsibility to make a choice about which fund was most suitable for his needs. Unhappy with that response Mr P brought his complaint to us.

Mr P’s complaint has been assessed by one of our investigators. She thought that Aegon had provided Mr P with sufficient information about the fund. And she said that the information didn’t give him any expectation that he would receive a regular cash income from his investment. So the investigator didn’t think that Aegon had done anything wrong or that the complaint should be upheld.

Mr P didn’t agree with that assessment. So, as the complaint hasn’t been resolved informally, it has been passed to me, an ombudsman, to decide. This is the last stage of our process.

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.

In deciding this complaint I’ve taken into account the law, any relevant regulatory rules and good industry practice at the time. I have also carefully considered the submissions that have been made by Mr P and by Aegon. Where the evidence is unclear, or there are conflicts, I have made my decision based on the balance of probabilities. In other words

I have looked at what evidence we do have, and the surrounding circumstances, to help me decide what I think is more likely to, or should, have happened.

At the outset I think it is useful to reflect on the role of this service. This service isn't intended to regulate or punish businesses for their conduct – that is the role of the Financial Conduct Authority. Instead this service looks to resolve individual complaints between a consumer and a business. Should we decide that something has gone wrong we would ask the business to put things right by placing the consumer, as far as is possible, in the position they would have been if the problem hadn't occurred.

I think it would be helpful to first set out my understanding of the relationship between Mr P and Aegon. I have seen that, in the past, Mr P says he has received regulated advice from another part of the Aegon group of companies. But Mr P's relationship here did not involve Aegon in providing him with advice, or recommendations, about the investments that should be made. Those were essentially decisions that Mr P needed to make for himself, or with the assistance of a financial advisor of his choosing. But Aegon did need to provide Mr P with clear, and not misleading information, on which to base any decisions he made.

Mr P has complained that the information Aegon gave to him about one of the investment funds he chose was misleading. I think I should note here that the fund administrator produces that information. And whilst the fund is called the Aegon Diversified Monthly Income Fund, it is administered by Aegon Asset Management. That is a separate firm to that which administers Mr P's pension plan. So it wouldn't be right to hold Aegon responsible for the way information is set out on the factsheet.

The information that was made available to Mr P through Aegon's website said the fund was designed for investors at or near retirement who wanted to take an income from their retirement savings without eroding their capital unduly. Mr P says that he takes that statement to mean that the fund would pay a cash income to investors each month. But I don't think that conclusion is supported by any other information shown there. The information Aegon made available did not make any promises about how, or when, any income would be paid. It showed the distribution type of the fund as being N/A.

The investment fund is also required by its regulator to produce other information that is publicly available. A fund factsheet is required, that shows marketing information about the fund. And a key investor information document is produced that shows prescribed information about the nature and risks of investing in the fund.

The fund factsheet says the fund has an objective of generating income with a target yield of 5% per annum with the potential for some medium-term capital growth. But it also sets out that the fund does not make any dividend distribution. And the key investor information document says that income received by the fund will be reinvested and automatically reflected in the value of the shares.

Mr P has said that he would consider a distribution type of N/A to mean non-accumulation. In other words that the fund would pay a regular income. But he says that he now understands the fund to be an accumulation fund. He says that had that been made clear he would not have invested in the fund. But I think it more likely that N/A should mean not applicable – or in other words that no income distribution would be made.

Aegon's final response, that included both the fund factsheet and key investor information document, was sent to Mr P in October 2024. But Aegon sent us an extract of Mr P's pension investments on 17 March 2025. That showed that around half of Mr P's pension savings remained invested in the Aegon Diversified Monthly Income Fund. Whilst there might be many reasons that Mr P has not made any changes to his investments, it wouldn't be unreasonable to conclude that he now didn't find this investment entirely unsuitable despite it not paying monthly income in cash.

It does seem that Mr P has found the name of the fund confusing. He has asked how, in line with the fund objectives, needing to sell units to generate income doesn't erode the capital invested? But I think that what he is suggesting is entirely in line with the fund objectives. If sufficient income is retained by the investment fund the unit price will rise such that the sale of some units to provide income to an investor will not see the overall value of their investment reduce given the rise in the share price.

Mr P has asked that Aegon provide him with details of alternative investments he could make in a similarly performing fund that does pay monthly income. But I don't think it would be appropriate for Aegon to provide that information. Aegon lists on its website all the funds available to investors. Should it provide a subset of that information to Mr P it could be construed as investment advice. So it is for Mr P to choose for himself, from the information Aegon provides and other publicly available information, an investment that he might think more appropriate. Mr P would be free to engage an independent financial advisor should he require further assistance with that choice.

I appreciate how disappointing this decision will be for Mr P. But he alone is responsible for the choice of the investments he holds in his pension plan. I don't think the information Aegon provided gave any expectation that Mr P would receive monthly cash income from the pension investment he chose. So I don't think Aegon has done anything wrong.

My final decision

For the reasons given above, I don't uphold the complaint or make any award against Scottish Equitable Plc.

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

Paul Reilly
Ombudsman