

The complaint

Mr A complains that when he switched his existing funds within his pension plan in 2024, Legal and General Assurance Society Limited (L&G) didn't apply those same investment changes to the contributions he made thereafter. He says L&G's online portal, and the confirmation letters he received, gave contradictory information and were generally unclear in their instructions.

What happened

Mr A holds a workplace pension which is administered and run by L&G. In January 2024, following advice he received, he carried out an online switch of his existing default lifestyle funds to a new investment strategy. He says he received confirmation of this instruction by letter and assumed this investment strategy would apply to any future regular or single contributions.

In May 2024 Mr A decided to pay a work bonus directly into the plan as a one-off contribution. But in December 2024 he wanted to review his investment strategy again and discovered that, while the funds he previously asked to be switched had been reallocated as instructed, the single contribution – and his subsequent regular monthly contributions – had been invested into the previous lifestyle funds. He thought all his subsequent investments should have been reallocated in line with his January 2024 instruction – noting that the confirmation letter he received only related to what he'd switched and not to future contributions. He thought L&G should have confirmed the position with future contributions clearly – if it wasn't going to be in line with what he assumed would happen.

Mr A asked L&G to confirm his understanding of his position as he believed his fund value was around 6-7% lower than it would have been if all his contributions had been redirected. When L&G confirmed that its actions had been correct Mr A complained. He said this was the first occasion he'd instructed a switch – to any of his pensions – that hadn't applied to subsequent transactions as well.

L&G said it hadn't done anything wrong in relation to the fund switch stating:

- Its online process set out a clear distinction between the switching of existing funds and the redirection of regular contributions. It didn't agree that its online journey was misleading.
- Mr A had previously completed more than one investment change and some of them had simply been to redirect future payments. It thought this supported the idea that Mr A was aware of how to complete a fund switch.
- It confirmed the action it took in a letter to Mr A in January 2024. This should have made it clear to him what had been done. It had previously confirmed switch and redirection requests in the same way.
- But it accepted that it hadn't escalated Mr A's complaint as soon as it should have done and hadn't followed its internal process. It paid Mr A £50 for the inconvenience caused by its poor handling of his complaint.

Mr A said the letter of January 2024 was contradictory to the information L&G had now provided and gave him no reason to assume that his instruction to change his investment strategy wouldn't apply to all future contributions. He thought L&G's online portal was unclear, misleading, and relied upon the "*use of disclaimers rather than clear instructions.*" He also instructed L&G to allocate any further contributions in line with his current investment strategy. But he then brought his complaint to us where one of our investigators looked into the matter.

He didn't think the complaint should be upheld making the following points:

- It wasn't our role to say how L&G should conduct its day-to-day operations, so we couldn't make recommendations about how it might improve or change its online process.
- Mr A had completed fund switches previously, so while he accepted Mr A thought the process wasn't straightforward it was a process he had previous experience of using.
- He thought L&G did correctly process the fund switch in January 2024 and carried out the instructions as requested. And while the confirmation letter of 17 January 2024 didn't say future contributions hadn't been changed neither did it say they had. So he thought Mr A had been provided with enough information to have been aware that any investment from future contributions wouldn't be changed in line with the January 2024 instruction.
- In respect of the single contribution that was made in May 2024, he thought the content within the online portal made it clear that any previous changes wouldn't apply to new single contributions – which would be invested in line with the last single contribution or regular contributions that were made. Although he noted the disclaimer was worded slightly differently to the terms and conditions but thought the final position was the same in any case.
- It wasn't within our rules to investigate or comment upon the compensation awarded for poor complaint handling.

Mr A didn't agree. He said:

- L&G's confirmation letter of January 2024 stated that future contributions would be "*as the new choice.*" In reality the future contributions were applied differently to this.
- The confirmation letter from November 2023 "*gave no indication that different contribution vehicles would be dealt with differently, nor could it be reasonable to assume the bonus payment (Lump sum) would be dealt with differently.*"
- He should have been presented with "*clear concise and unambiguous data.*" He didn't think it reasonable to assume he would know the lump sum would be invested differently from his January 2024 instruction based on the information he was given.

The investigator wasn't persuaded to change his view and so the complaint was referred to an ombudsman and has been passed to me to review.

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've reached the same conclusion as the investigator. I imagine Mr A will be disappointed with this outcome – so I'll explain my reasons below.

Mr A's previous relevant investment instruction history

Mr A had previously made a number of changes to his investment strategy. I've seen a confirmation letter which was sent to him by L&G on 28 November 2023 and set out a change he'd made to his existing funds as well as a redirection of future contributions to two new funds. A further letter sent 6 December 2023 set out confirmation of a change to future contributions only – to the same funds as requested in November 2023 – but altering the percentage of contribution made to those funds.

So this would support the idea that Mr A had previously been able to successfully make changes to both his existing funds and future contributions at different times using the online portal. It also supports the idea that L&G's update letters – following any changes – only set out confirmation of the actual changes that had been made, whether that was to existing or future contributions or both.

Mr A however complains that when he made another change to his existing funds in January 2024, he automatically assumed this would apply to future contributions – both regular and single – as was the case with all his pension plans. And he says that there was *"nothing to indicate you have not taken my instructions as given to reallocate all existing and future contributions as advised..."* So Mr A said it was reasonable for him to assume all future contributions would be redirected in line with his instruction of January 2024 as L&G hadn't said otherwise. Mr A says the online portal is misleading and relies on "disclaimers" rather than clear instructions and the outcome of all of this is that his fund is now worth less than it would have been had his contributions been invested in line with his original redirection request.

So to consider whether Mr A's investment switch journey in January 2024 was misleading, or whether L&G failed to follow its own process and treat all of Mr A's contributions as it should have done, I've looked at the online portal journey and considered the content of the subsequent confirmation letter.

The January 2024 investment instruction

The relevant screenshots which set out the path needed to change Mr A's investment strategy set out clearly two separate sections for *"current investment allocation"* and *"future regular contributions allocation."* The sections also allow for a "split of pension pot" in terms of the percentage of each fund to be invested for both current and future contributions. So I think it was clear that both sections needed to be completed if changes were to be made to each part of his overall strategy.

And indeed, Mr A had successfully completed this process before and had used the future regular contribution section to update the amount he wished to be allocated to each of the two funds he'd been invested in. L&G has also confirmed that once Mr A made the necessary change to his current holdings, the page he would have seen next was to change future contributions. So it would be fair to conclude Mr A ought not to have been able to work through the process without being faced with a choice to make about his future contributions as well.

So I think L&G redirected or switched Mr A's funds in line with the instructions that he gave it during his online portal journey. It switched his existing funds in line with his request and didn't redirect his future contributions because that section wasn't completed. It had switched the split of funds into which Mr A made regular contributions the previous November, which would support the idea that the automated online process worked in the way it was set up to do and I don't think there was any error in what was done in January 2024.

Mr A says the online instructions should be clearer and are misleading but there's no evidence, based on what I've seen, to support that idea. And although Mr A would like to

see the process be clearer and provide better instructions than simple disclaimers, and I can understand his view on this, that doesn't mean L&G has done anything wrong or not followed the process it set out. It isn't within the scope of this service to tell L&G to make changes to its systems or processes or how to run its day-to-day operations, but I haven't seen sufficient evidence to conclude that its current process is misleading.

I've also gone on to look at the confirmation letter that L&G sent Mr A in January 2024 following his instruction. It said it had "*changed the investment details for this account as requested*" and then "*below are the subsequent investment details of the **existing** holdings.*" The new funds were then correctly listed. Mr A says there was no reference to the future contributions not being included under this request so he assumed they would be redirected in the same way. But while Mr A is right to make that observation, there was also no suggestion the future contributions would be included in any switch of funds.

This way of confirming an instruction from a client was also in line with the letter from November 2023 which confirmed the new strategy that both existing and future holdings had been changed. This supports the idea that L&G was accurate in the information it provided, and Mr A perhaps ought to have been aware of the difference in content and might have then questioned why regular contributions weren't also confirmed in the January 2024 letter. This could have led to the future premiums being redirected at the point L&G would presumably have then confirmed the actual position in which Mr A had been left.

The single contribution from May 2024

Mr A used a bonus from his employer to make a one-off contribution to his plan in May 2024. He says that he assumed this would also be invested in line with the change to investment strategy he instructed in January 2024. I haven't been provided with any evidence to support Mr A's belief here – except for his assumption that any future changes he made would follow the wishes of the most recent instruction. But I have been provided with another screenshot from the online portal which, through a warning/disclaimer within the "future contributions" page states that, "*any changes here will only change where your regular contributions are invested. To change where single contributions are invested you'll need to contact us when you make the contribution. If you don't instruct us otherwise, your single contribution will be invested in the same fund as your last single contribution. If you haven't paid a single contribution before, it will be invested in the same fund(s) as your regular contributions.*"

This warning was also supported within L&G's terms and conditions which said, "*one off payments - You can make one-off payments to your arrangement at any time. You can do this through your employer's payroll (if available) or contact us to find out how.*"

Unless you tell us otherwise, we will invest your one-off payment in line with your current investment instructions for your regular contributions. If you would like to self-invest, your payment will be held in your member's SIPP bank account until you instruct us how it is to be allocated."

As I've explained above as Mr A's regular contributions hadn't been redirected, then I think L&G was right to invest his single contribution in the same funds – as was clearly set out within the warnings on the online portal and the terms and conditions of the plan. So I can't reasonably say it did anything wrong in the way the single premium was treated, and I don't think L&G needs to make any adjustment to the funds in which the contribution was held until Mr A made further "corrective" switches in December 2024.

I also note that reference has been made to the statement within the January 2024 that said "*future premiums for transfer investments cannot be redirected, as the fund instruction*"

received with the transfer will be used in all cases.” The suggestion was that this inferred a fund switch instruction would be used for all (future) contributions. This statement appeared in all three confirmation letters that I’ve been provided with. But I think it’s clear this applies to external transfers into the plan, and I haven’t seen any evidence of a transfer being the cause of Mr A’s problem here. So I don’t think this statement is relevant to the matter in hand.

I understand Mr A’s frustration here as he assumed that, in the absence of clear instructions to the contrary, his future single and regular contributions to the plan would be invested in line with the definitive changes he made to his investment strategy in January 2024. But as I’ve explained, I think L&G’s messaging within its online portal was sufficiently clear that a separate instruction needed to be made for switches of existing holdings and future contributions, as well as confirming that changes to the investment of single contributions needed to be made directly to L&G.

I know Mr A thinks this messaging was misleading and needed to be clearer and that the confirmation letters should have provided extra information about all the components of his plan (regular and existing contributions). But that doesn’t necessarily mean L&G has done anything wrong here simply because Mr A thinks it was unclear. And in this case, I’m satisfied that L&G has applied Mr A’s instructions as it said it would, and I can’t reasonably say it made any errors in that application.

I note that L&G paid Mr A £50 for failing to raise his complaint in a timely manner and follow its internal process. I can understand that would have frustrated Mr A – but under our rules we can’t look into an issue about complaint handling alone. So I can’t make any further comment on the compensation that has been paid.

My final decision

For the reasons that I’ve given I don’t uphold Mr A’s complaint.

Under the rules of the Financial Ombudsman Service, I’m required to ask Mr A to accept or reject my decision before 21 October 2025.

Keith Lawrence
Ombudsman