

The complaint

Ms N complains that Phoenix Life Limited trading as Standard Life (Standard Life) removed her pension from the lifestyling strategy she'd chosen without her permission. She feels this led to her pension fund being invested in higher risk funds, leading to a financial loss.

What happened

In July 2006 Ms N set up a stakeholder pension with Standard Life through her then employer. She chose a selected retirement age of 60. She decided to invest her contributions in the Standard Life Stakeholder Balanced Managed Lifestyle fund. She chose a lifestyling strategy as she wanted her investment risk to decrease as she approached her selected retirement age.

Standard Life said it issued policy documents to Ms N which confirmed her investments and lifestyle profile. And explained that the lifestyle profile would automatically switch the investment as Ms N approached her selected retirement age of 60, which would be in early 2016. Three months before the selected retirement date, the funds held would be 25% in the Sterling fund (a cash fund) and 75% in the Pension Protection fund (a bond fund).

Ms N's first investment in the Pension Protection fund was in February 2010 as part of the automated switching in her lifestyle profile. In October 2011, the Pension Protection fund changed name to the Annuity Purchase fund. This was simply a name change. Standard Life said that the fund objective, which was reducing the impact of annuity rate volatility remained unchanged, as did the fund composition of long-dated Government bonds.

Ms N said she'd called Standard Life after receiving her statement dated 31 December 2015 to tell it she wasn't going to retire the following year at age 60. She said she asked if she needed to do anything. But that Standard Life told her that her pension "*would just be rolled over*" until she'd decided how she wanted to take her pension.

In February 2016, Standard Life wrote to Ms N to tell her that she'd reached her original selected retirement date. And to explain that as it hadn't heard from her about taking her benefits or changing her selected retirement date, it had automatically changed this to the day before her 75th birthday. The letter explained that this wouldn't change anything with her investments. Instead, she would remain in the final stage of the original lifestyle profile from now. This meant that there'd be no further lifestyling switches.

In September 2017, Standard Life wrote to Ms N to tell her the Annuity Purchase fund would change name to the Annuity Targeting Pension fund. The letter explained that the fund description, investment mix, and fund charges wouldn't change. Standard Life asked Ms N to contact it if she wasn't happy with the switch and would prefer to choose a different investment.

The letter explained that the fund was and remained designed for customers who planned to buy an annuity on retirement. It said:

"You currently have investments in the Standard Life Annuity Purchase Fund (code: F9).

This fund is designed for customers who are intending on buying an annuity (an income for life) when they retire.”

I understand that Ms N's holding in the Annuity Purchase fund was switched to the new Annuity Targeting fund on 27 October 2017. The split of funds remained approximately the same before and after the switch, with 76.61% of the total fund value of £17,656.27 invested in the Annuity Purchase fund on 26 October 2017. And 76.68% of the total fund value of £17,701.91 invested in the Annuity Targeting fund on 27 October 2017.

In 2020 the pension value was £20,195. But by 2022 it had decreased to £15,106. Ms N wanted to know why. For personal reasons, she couldn't investigate this further until 2024.

On 7 October 2024, Ms N called Standard Life to ask about her investments as she was unhappy with the performance. It said she could make a fund switch if she wanted to. It also said it would investigate as Ms N felt she'd previously been invested in a different fund to the one she now held, despite having never instructed Standard Life to make a change. Ms N felt that Standard Life had moved her to a worse performing fund, causing a financial loss.

Standard Life carried out the promised investigation, but failed to send the outcome of this to Ms N. The evidence shows that on 16 October 2024, Standard Life noted that Ms N's fund had been switched as part of a bulk event due to the closure of her existing fund. And that it'd written to her about this at the time.

Ms N called Standard Life again on 28 January 2025 as she hadn't heard from it after raising her October 2024 query. During this call, the call handler stated: *"I'm not seeing a Lifestyle on the policy"*. Ms N also questioned why she was invested in a fund targeting an annuity. While the call handler explained that Ms N could switch funds, she felt she should've been kept in the original lifestyle fund she'd chosen. Standard Life raised a complaint and the call handler agreed to call Ms N back the following day.

On 29 January 2025, during the promised call back, the call handler explain that the 2017 switch had taken place because the fund Ms N was invested in had been discontinued. This led to a bulk transfer being carried out. The call handler said Ms N should've received a letter about this.

While she also stated that it might take some time for Standard Life to complete its investigation, the call handler stated: *"Looks like the reason you were taken out of that lifestyle profile is it stopped in 2017"*. Ms N asked for the risk level of the fund she was invested in. She was shocked to hear this was risk level 4. And asked who'd decided to put an almost 70-year old into such a risky fund. She felt Standard Life had removed her from the lifestyle strategy without her permission.

Standard Life issued its final response to the complaint on 31 January 2025. It didn't think it'd done anything wrong. It said it'd notified Ms N about the 2017 fund switch and the reasons for it at the time, while explaining what she could do if she wasn't happy with the switch. It said it didn't hear anything further.

Ms N was still unhappy. So she further complained to Standard Life on 17 February 2025. She acknowledged she'd received the 2017 letter about the fund switch. But felt that this switch had caused her fund value to drop by around £5K by 2022. Ms N felt that Standard Life had moved her from her chosen lifestyle profile to a riskier investment that she wouldn't have chosen. And that this had caused her financial loss.

Ms N said she'd now discovered that she'd been taken out of the lifestyle profile without being notified and without her permission. She was also shocked to find out she was

invested in a fund with a risk factor of 4, for people who intended to purchase an annuity. She felt Standard Life had wrongly assumed that she planned to buy an annuity.

On 27 March 2025, Standard Life issued a further complaint response. It upheld part of the complaint. It said that due to an internal misunderstanding, it'd failed to send Ms N the information she'd requested in October 2024. It offered her £100 compensation for the distress and inconvenience this had caused. But it said that the lifestyle profile Ms N had chosen no longer applied when the fund changed name in 2017. This was because that had been a sliding investment change geared towards her original selected retirement date which she'd reached in 2016. Standard Life said that from that point on, Ms N was in the final stage of the lifestyle profile, with no further changes being made to her investments. It said that when the fund switch had taken place in 2017, Ms N was in an approximate split of 25% cash and 75% bonds, which she was still invested in now.

Standard Life said that Ms N's fund value had fallen from 2020. It said there'd been a significant drop between 2021 and 2022, in line with global performance following the effects of Covid-19 and the Russian invasion of Ukraine. And that neither the 2017 fund switch nor the completion of the lifestyle process had affected the value or performance of her pension. It also noted that Ms N could change her funds at any time.

Ms N wrote to Standard Life again on 25 April 2025. While she acknowledged its complaint response had explained that she'd effectively stayed in the final stage of her original lifestyle profile, with no change to her risk element, she said this wasn't what the call handler had told her on 29 January 2025. She wanted Standard Life to explain its two completely different accounts of events.

Standard Life didn't respond further to the complaint. So Ms N brought her complaint to this service. To put things right, she wanted Standard Life to transfer her funds to a lifestyle profile with a very low risk factor with immediate effect. She also wanted it to give her financial compensation for her losses.

Our investigator wasn't persuaded that the fund switch in 2017 had caused Ms N a financial loss. She felt that the evidence showed that Ms N had remained invested in the correct funds in line with her chosen lifestyle strategy and risk profile throughout. While she felt the £100 Standard Life had offered Ms N for failing to quickly respond to her October 2024 request was reasonable, she felt that it had yet to offer Ms N compensation for the misleading information it'd provided her with during the 28 and 29 January 2025 calls. She felt Standard Life should pay Ms N an additional £100 compensation for this. She therefore wanted it to pay Ms N total compensation of £200 for its failings.

Standard Life agreed with our investigator.

Ms N didn't agree with our investigator. She made the following points:

- After she'd called Standard Life in 2016 to defer her selected retirement date, she'd felt that her pension would be held in safe investments in line with her lifestyle profile, which had reached her selected retirement date. She felt Standard Life had confirmed that her pension would remain in those safe funds until she decided what she was doing with her pension.
- She wanted to know if Standard Life had started a new lifestyle profile for her with investments in higher risk funds once it'd changed her retirement date to her 75th birthday.
- She wanted to confirm that her funds were invested in line with her lifestyle profile,

which she felt should be "75% in protection" and "25% in Sterling". She said her funds were currently invested as follows:

71% in the Annuity Targeting Pension fund

29% in the Money Market Pension fund.

Ms N wanted to confirm that this complied with the criteria of her plan. And if not, why.

- Ms N questioned whether the Annuity Targeting fund, which had a risk factor of 4, complied with her original plan. She felt she should be invested in more secure funds given her age and original lifestyle profile. She also questioned why Standard Life, which couldn't give investment advice, seemed to have decided to invest in an annuity fund without her knowledge or consent when she didn't want an annuity. And why it hadn't followed her lifestyle profile. Ms N felt Standard Life hadn't followed her chosen lifestyle profile as she didn't think she'd been in low-risk investments since she'd turned 60. She also noted that during calls, Standard Life had told her that she was no longer in the lifestyle profile and that she was in quite risky investments. She said she would never have agreed to this at her age.
- Ms N didn't consider that £200 compensation was reasonable in light of the £5K loss she felt Standard Life had lost from her fund.

As agreement couldn't be reached, the complaint has come to me for a 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.

Having done so, I'm going to uphold the complaint, for largely the same reasons as our investigator. But, like her, I've not found any evidence that Standard Life's actions caused a financial loss. I know my decision will disappoint Ms N. I'll explain the reasons for it.

I first considered whether Standard Life correctly managed Ms N's investments in line with her chosen lifestyle profile and selected retirement age.

Did Standard Life correctly manage Ms N's investments in line with her chosen lifestyle profile and selected retirement age?

Lifestyling means that Standard Life offers higher risk investments whilst the consumer is younger. Then gradually moves the investment into corporate bonds or gilts, and eventually cash, around five to ten years from the selected retirement date. Before pension freedoms, the consumer used to end up with 25% of their pension in cash - for the tax-free cash sum - and 75% invested in gilts, as these track annuity rates.

When Ms N started her pension in 2006, she chose to initially invest in the Standard Life Stakeholder Balanced Managed Lifestyle arrangement. She also chose a selected retirement age of 60. And to use lifestyle switching, which would lead to her eventually being invested 75% in the Pension Protection fund and 25% in the Pension Sterling fund at age 60.

Standard Life has provided a copy of the factsheet that was in force at the time Ms N made this choice. This shows that this lifestyle option had a risk rating of 4, with the lowest risk

available being 1 and the highest 7. The factsheet showed that two other lifestyle options were available – the Global Equity option with a risk rating of 5, and the Cautious option with a risk rating of 3.

The factsheet explained that while Ms N's pension would initially be invested 100% in the Standard Life Stakeholder Balanced Managed Lifestyle fund, the lifestyling strategy she'd chosen meant it would then gradually switch to 75% invested in the Pension Protection fund and 25% invested in the Pension Sterling fund. The lifestyle factsheet explained that while the Pension Protection fund didn't offer any guarantees: "*it aimed to minimise any changes in the level of pension income at retirement which could result from falling annuity rates in the period immediately preceding retirement.*"

Based on the documentary evidence provided, I'm satisfied that Standard Life provided enough information at the outset for Ms N to make an informed decision about what she wanted to invest in. And that it clearly explained what she'd chosen and where her pension fund would be invested. The evidence also shows that Ms N chose a lifestyle profile which had a risk rating of 4.

I'm also satisfied that the 2015 and 2016 statements confirmed that Ms N's pension was invested in line with her lifestyle profile when she reached her selected retirement age of 60 in 2016. I say this because at this point around 75% of her fund was invested in the Annuity Purchase fund and around 25% was invested in the Money Market Pension fund. While the name of the "bond" part of the lifestyle profile had changed, the evidence shows that this was simply a name change.

As our investigator noted, the issue in this case is whether Ms N remained in the correct funds from 2016, after she'd gone past her original selected retirement age of 60 and her lifestyling had reached its conclusion. Ms N's position is that she would never have chosen a risk rating of 4. But the evidence shows that she did choose exactly this rating from the start.

In September 2017, Standard Life informed Ms N that the Annuity Purchase fund would change name to the Annuity Targeting Pension fund. Its letter explained there'd be no other change, but that if she wasn't happy with the switch she could choose a different investment. The letter also stated that the fund was: "*designed for customers who were intending on buying an annuity*". And that if she didn't want to do so, there were other options available.

Ms N didn't respond to Standard Life's 2017 letter. It therefore carried out the fund switch on 27 October 2017. The evidence shows this switch didn't materially change the composition of Ms N's investments or her risk levels.

I acknowledge that Ms N has questioned whether the Annuity Targeting fund complied with her original plan, given its risk rating of 4, and the fact that it was targeting an annuity purchase when she didn't intend to buy one. But the evidence shows that she had chosen a lifestyle profile with a risk rating of 4 and which aimed to protect the amount of annuity that her fund could purchase. And while I can also see that Ms N expected to be invested in less risky assets as she got older, given her original lifestyle profile, I'm satisfied that Standard Life has maintained the correct investment profile throughout. And I've not seen any evidence that Ms N ever instructed Standard Life to change her investments.

It's important to note that Standard Life wasn't providing Ms N with advice about her pension investments. And I think the information she was given did explain that it was up to her to decide what she was invested in, and that she could switch into other funds whenever she wanted.

Standard Life wasn't responsible for advising Ms N about how her funds should be invested.

Nor was it responsible for monitoring the performance of her funds. It was required to follow the predetermined fund switches within the lifestyle profile Ms N had selected in the run up to her retirement date. But it was Ms N's responsibility to check if this was appropriate for her needs. And if she felt it wasn't, she could've changed it at any time.

I can see why Ms N was led to believe that Standard Life hadn't followed her chosen risk level and lifestyle profile – a Standard Life call handler effectively told her this during the calls she had with her at the end of January 2025. I'll consider this point later in my decision. But I've not found any evidence that Standard Life failed to correctly manage Ms N's investments in line with her chosen lifestyle profile and selected retirement age. As such, I can't fairly agree with Ms N that Standard Life is responsible for any financial loss and I can't uphold this part of the complaint.

I've gone on to consider whether Ms N's funds continued to be invested in line with her lifestyle profile, given she told this service her funds were currently invested 71% in the Annuity Targeting Pension fund and 29% in the Money Market Pension fund.

While I can see this was the case at the end of 2024, I'm not persuaded that this represents a significant deviation from the intended 75%/25% split. I say this because as the performance of the two funds Ms N is invested in changes over time, with each fund performing differently from the other, the values of those funds move away from the desired 75%/25% split. Standard Life rebalances the funds over time to keep them within a reasonable range. And I'm not persuaded that a 71%/29% split is unreasonable given the desired normal split.

I've also considered whether Standard Life started a new lifestyle profile for Ms N with investments in higher risk funds once it'd changed her retirement date to her 75th birthday. But the evidence shows that Standard Life hasn't changed her lifestyle profile, despite it extending her retirement date. It could only do this if Ms N provided it with a clear instruction to change.

I finally considered if the compensation Standard Life has offered Ms N for the distress and inconvenience it caused her is fair.

Distress and inconvenience

Ms N didn't consider that the £200 total compensation our investigator had recommended was reasonable in light of the £5K loss she felt Standard Life had caused her. But, as I've explained above, I've not found any evidence that Standard Life has caused Ms N a financial loss.

I've gone on to consider the two errors I consider Standard Life has made here. These are:

- Its failure to respond to Ms N's October 2024 request in a timely manner, and
- The misleading information provided by its call handler during the 28 and 29 January 2025 calls.

Standard Life has already offered Ms N £100 compensation for its delayed response to her October 2024 query. While I can see she rejected this, I think it's a reasonable offer under the circumstances. But Standard Life has yet to compensate Ms N for the misleading information provided on the calls at the end of January 2025.

As I noted earlier, I can understand why Ms N felt that Standard Life had given her conflicting information. I say this because the call handler from the 28 and 29 January 2025

calls told her *“I’m not seeing a Lifestyle on the policy”* and *“Looks like the reason you were taken out of that lifestyle profile is it stopped in 2017”*. In fact, as Standard Life had correctly explained in its February 2016 letter to Ms N, once she’d gone past her original selected retirement date she would remain in the final stage of the original lifestyle profile unless she decided to change her investments.

I can see that this misleading information has led to further concern and inconvenience. But I agree with our investigator that an additional £100 compensation for this would be reasonable under the circumstances of this complaint.

Given Standard Life didn’t initially offer Ms N this additional compensation, I uphold the complaint.

Putting things right

Phoenix Life Limited trading as Standard Life must pay Ms N a total of £200 compensation for the distress and inconvenience it has caused her.

My final decision

I uphold this complaint, for the reasons given above. Phoenix Life Limited trading as Standard Life must take the action in the “Putting things right” section above.

Under the rules of the Financial Ombudsman Service, I’m required to ask Ms N to accept or reject my decision before 17 December 2025.

Jo Occleshaw
Ombudsman