

## **The complaint**

Mr B complains that Legal & General (Portfolio Management Services) Ltd (Legal & General) hasn't invested his regular contributions into his workplace pension plan in accordance with his instructions.

Mr B says he transferred his pension pot from his former plan to this plan in April 2016 and Legal & General invested those transferred funds in three funds in accordance with his instructions. However, Legal & General invested his regular contributions, which started in 2016, in only one fund.

Mr B also complains that it wasn't clear from the information provided to him by Legal & General that his regular contributions were only being invested in one fund rather than the three he had selected.

## **What happened**

In 2016 Mr B's employer changed the pension scheme it offered its employees from a stakeholder pension plan to the WorkSave pension plan which was a group personal pension plan.

On 22 January 2016 Legal & General wrote to Mr B indicating that he had been enrolled in the scheme and his employer would be making regular monthly contributions that would be invested in a fund, which I will refer to as Fund A.

In February 2016 Mr B was issued with plan documentation in relation to the regular contributions which his employer would be making into the plan.

Regular contributions were made at the beginning of February 2016 and the beginning of March 2016 which were both invested in Fund A.

In March 2016 Mr B gave instructions to transfer his existing pension pot to his new plan and for it to be invested in three funds which I will refer to as Fund A, Fund B and Fund C in the proportions 50: 30: 20.

At the beginning of April 2016 another regular contribution was made to his plan, and it was invested in Fund A.

On around 20 April 2016 his transfer to the new plan was completed.

On 25 April 2016 Legal & General sent Mr B a letter confirming his application to transfer funds from another pension plan into the new plan had been accepted and enclosing a key features document which set out the transfer value and the three funds (A, B & C) it would be invested in.

On the same date Legal & General issued a unit statement to Mr B which showed the

contributions made to his new pension plan including the transferred amount and where those contributions had been invested.

Legal & General sent annual pension benefit statements to Mr B in the years that followed.

In March 2025 Mr B received correspondence from Legal & General which indicated his pension savings would be invested in a new default fund unless he contacted it to give different instructions. This concerned Mr B who understood that his regular contributions had been invested in three different funds since the plan started in 2016. So, he contacted Legal & General who informed him that his regular contributions had only been invested in one fund: Fund A, since the inception of the plan. It explained that Fund A was the default fund.

Mr B then complained to Legal & General and said he had given instructions at the start of his plan about the investment of his pension which hadn't been followed. He asked when Legal & General had started investing his regular contributions in the default fund.

Mr B also changed the investment of his regular contributions to the three funds.

Legal & General didn't uphold his complaint. It said it had reviewed the history of his accounts. Legal & General said his old pension plan had been transferred to a new workplace pension plan with a different investment split and his transfer request had been actioned in accordance with his instructions to invest with a 50:30:20 split across three funds including the default fund, fund A.

Legal & General said the new plan was set up with default fund; Fund A and it had written to Mr B at the time to inform him. It said this was also confirmed in the policy documents it had sent to Mr B which explained that the regular contributions would be wholly (100%) invested in that fund.

Legal & General said it had reviewed its records, and it hadn't received any change of instructions following the move from his old pension plan to the new one.

Mr B referred his complaint to our service and said he became aware there might be an issue with his pension when he received a letter from Legal & General in March 2025 informing him that the default fund for his pension would be changing.

Mr B said this prompted him to contact Legal & General as he had understood that he was investing in three different funds: the default fund (Fund A) and Funds B and C.

Mr B said he was very surprised when he was informed that his regular contributions had all been invested in Fund A since 2016 when the new pension plan started. He said he was told there were two separate pots and his transferred pot had been invested over the three funds.

Mr B said he had little documentation from the time as he had since moved house but said he was unaware that he had two separate investment pots and that the regular contributions had been wholly invested in Fund A from the start of the plan.

Our investigator considered his complaint but didn't think it should be upheld. She said it was clear that when Mr B's pension pot was transferred, he asked for the amount transferred to be split between three funds, but she considered whether there was evidence to show Mr B gave Legal & General an instruction regarding the regular contributions.

The investigator noted that due to the passage of time some of the original evidence such as the application form was unavailable. However, she looked at the enrolment letter issued in January 2016, and the Key Features document issued in February 2016, and she considered they indicated the regular contributions would be invested in the default fund and that this was also the case for the unit statement issued in April 2016.

The investigator said Mr B could have changed the allocated funds after the commencement of his plan. She said as the documentation indicated the regular contributions would be invested in Fund A, this would have informed Mr B that he would need to change the investment strategy if that wasn't in line with his objectives.

The investigator noted Mr B's comments about the way information was presented on statements but said that didn't mean the information was incorrect. She said further information was available to Mr B via his online account. The investigator also noted the information provided initially by Legal & General and said she therefore considered Legal & General had provided sufficient information about where Mr B's contributions were being invested.

The investigator noted Mr B had said that he shouldn't have to make two instructions and instead his contributions should have been invested in line with his transfer. However, she said that Legal & General hadn't provided an advice service to Mr B so it could only follow the instructions it had received, and the investigator said she considered it only received instructions from Mr B in respect the transfer.

The investigator also said she didn't think the later statements issued by Legal & General were inaccurate.

The investigator said she didn't think Legal & General had acted incorrectly but had simply set up the plan and administered it in accordance with the terms and conditions.

Mr B disagreed with the investigator's conclusions.

In summary he said that he hadn't been informed he would have to make two separate instructions in respect of his transfer and his regular contributions. Mr B said that hadn't been the case when his employer had previously changed the employee pension plan from a group personal pension to a stakeholder pension.

Mr B said the information he had received from Legal & General didn't make it clear that his regular contributions were only being invested in Fund A. He also said the Legal & General app didn't show how regular contributions were invested but only showed the total amount contributed with no split of contribution by fund and then the total amount invested in the plan split by fund. Mr B queried when more detailed information in relation to the investment of his regular contributions became available on his online account via a link.

As no agreement could be reached Mr B's complaint was referred to me for 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.

Was there a clear instruction to invest all the pension savings, including the regular contributions, into three funds?

I think it is important to outline here that Legal & General cannot act without a clear instruction from a client (which may be the employer or the holder of the personal pension) unless there is a default position in the contract which it takes unless informed otherwise and therefore allows it to do so.

In the contractual document the term “Default investment option” is explained as follows:

*“Where contributions will be invested unless you tell us otherwise.”*

Mr B says he gave a clear instruction in March 2016 to invest his whole pension pot, which included the regular contributions, in Fund A, Fund B and Fund C.

Mr B acknowledges that the enrolment correspondence from January 2016 and the Key Features documentation issued in February 2016 both say that regular contributions will be invested in the default fund – Fund A.

The enrolment letter states:

*“WHAT HAPPENS NEXT*

*Your employer will make monthly contributions to your pension pot on your behalf. They’ll be invested in:*

*Multi Asset (PMC) 3*

*You can change your investment at any time. Find out more in the information provided by your employer.”*

And the Key Features document for “Benefits in respect of regular contributions” issued in February 2016 shows those regular monthly contributions of approximately £500 being invested in one fund; Fund A under the section entitled “Where will the money be invested.”

However, Mr B says his instructions in March 2016 superseded what had happened before.

He also says his instructions wouldn’t have taken effect until approximately 20 April 2016, when the transfer was completed. So he says that is why the unit statement showed regular contributions being paid solely to Fund A, in February, March and April 2016, instead of 50% to Fund A and the remaining split 30:20 between the two other funds.

There is limited documentation available from that time. Two different Key Features documents were issued by Legal & General. And the Key Features “Benefits in respect of a transfer value” issued in April 2016 shows the transfer value being invested in three funds with a proportion of 50:30:20 in the section entitled “Where will the money be invested.”

That Key Features document, which was sent to Mr B on 25 April 2016, only talks about the investment of the transfer pot. It doesn’t say where regular contributions will be invested and as I have said, the previous documents which do deal with those regular contributions both say they will be invested wholly in Fund A.

So, I consider that Legal & General treated those two sources of funding of Mr B’s pension separately and differently. And I don’t think that was unreasonable or unfair in the circumstances because I don’t think Legal & General could reasonably be expected to assume that because an individual wished to invest a lump sum from a former pension pot in one way, that they would also wish to invest regular contributions in the same way. I think that sort of instruction needed to be expressly set out notwithstanding Mr B’s comments

about what he says happened previously when his employer changed the pension plan.

Mr B was enrolled in the pension plan as indicated by the enrolment letter issued to him in January 2016. I note the contractual document indicated that enrolment in the pension plan, either automatically or contractually, would mean contributions were respectively either automatically invested into the default fund unless Legal & General were informed otherwise, or invested in the fund that Legal & General were notified by the employer.

So, I consider that Legal & General would have required something specific from Mr B to indicate that *all* of his pension savings should be invested in this way. I have to consider what, it is more likely than not, happened here and overall, I can't be satisfied on balance that clear instructions to invest the regular contributions in Funds A, B and C were given to Legal & General.

#### Information provided to Mr B by Legal & General at the time the plan was taken out

To recap, Legal & General issued a unit statement on 25 April 2016 and I am satisfied on balance (and it isn't disputed) that the statement made it clear that the regular contributions made for February, March and April 2016 had been invested in Fund A and that they had been invested in a different way from Mr B's transferred funds. So, I think this put Mr B on notice that these two items were being treated differently.

I think this also reinforced what Legal & General had said in previous correspondence in January and February 2016 about how regular contributions would be invested and in the Key Features issued the same time in April 2016 which only referred to the transfer value.

Having received this documentation, which appeared to be contrary to Mr B's wish to invest all of his pension funds – both transfer value and regular contributions - in the three funds, I don't think it would have been onerous to have expected Mr B to have investigated this further. Perhaps by asking for another unit statement to ensure his May 2016 contribution had been invested in the way he wanted it to be, or by contacting Legal & General.

I also note the covering letter enclosing the unit statement gave Mr B the option to seek further information indicating that if he had any questions, he could call one of Legal & General's customer service agents and a telephone number was provided.

#### Information provided after April 2016

Legal & General provided Mr B with regular statements which set out the value of his pension plan and the percentage of his pension pot invested in each of the three funds.

Mr B says that it wasn't clear to him from those percentages that his regular contributions were only being invested in one fund (Fund A) instead of three (Fund A, B & C).

I can see what Mr B is saying, because Mr B transferred an amount of money from his former pension (approximately £136,000) that was relatively large compared to the amount being invested by way of regular contributions. And the three different funds he had chosen for his transfer included the default fund - Fund A. If, for example, he had chosen a different fund (not A, B or C) for his regular contributions, it would have been more obvious that

nothing was being invested in that fund.

Instead, because the investments in Funds A, B & C were shown as percentages of the value of his fund and because the value of units can fluctuate, the overall percentages, after the (relatively low value) regular contributions were added, weren't initially that different from the percentages Mr B had selected for his transfer, which made it less obvious that the regular contributions were only being invested in one fund.

Having said that, I don't think it is unreasonable to expect a plan holder to have some engagement with their pension plan. I appreciate Mr B's point that this may have required him to download documents or contact Legal & General, however I don't think those are unreasonable expectations to keep up to date with your pension and the funds it is being invested in.

I note that Fund A had the largest investment percentage of 50% and so the regular addition of approximately £500 of units each month didn't change the overall percentage by that much initially. However, the percentage was more than 50% on the first statement in 2016, and after a few years – as the total regular contributions made increased, that percentage continued to increase reaching approximately 53% in 2019 and more than 54% in 2020. I also note the assumed growth rates shown on the pension statements for Fund B & Fund C were almost always higher than Fund A. So, I think those figures raised a question over why there was a difference from the percentages Mr B has said he selected for his whole pot, which didn't appear to be explained by fund performance, that I think reasonably should have led to some further investigation by Mr B.

In any event, I consider it more likely than not, that if Mr B had had more engagement with his plan, that it would have become apparent at a much earlier stage that regular contributions weren't being invested as he expected and wanted them to be.

Mr B says the documents issued by Legal & General weren't detailed enough so he couldn't see where his regular contributions were being invested. However, I don't think it is unreasonable for a business, such as Legal & General, when producing a document of this kind to not include all the detail around each individual transaction because it is trying to set out information in a clear straightforward way that can be easily understood by the account holder.

The risk and unintended consequence of giving a large amount of detailed information and producing a long document is that it can be off-putting and hard to follow. So, I don't think it was unreasonable here to layer that information and sign post the account holder to more detailed information, if they wanted it.

And I consider it more likely than not, that more detailed information was available on the online account because the annual statements directed the plan holder to more detailed information.

The 2016 statement said: *"You can obtain details of all transactions and when they occurred within Manage Your Account."*

And this was mirrored in the annual benefit statements that followed, up to and including 2022.

I also note the 2023 pension benefit statement directed Mr C to the manage your account facility and said:

*"Manage Your Account - online access*

*Your online account lets you manage your pension pot, see how much its worth and view how your investments are performing at any time, not just once a year. You can update your personal details so we can keep in touch no matter your circumstances, as well as access planning tools to help plan for your future.”*

And noted under the title: *What do I need to do?*

*“It’s good to review your pension regularly and this is a reminder to read the statement, check your details, register for online access and if the time is right consider increasing your contributions.”*

In addition, Legal & General has confirmed that from 2020, Mr B could have accessed more detailed information about the transactions and where his regular contributions were being invested by clicking a link in his online account which said, “Download a detailed view of your transactions as a csv file.”

Legal & General has also explained that prior to that feature being introduced in 2020, the information was available on the online account (without the need to click the hyperlink) which, as I have noted above, was referred to in the benefit statements.

So, while I note Mr B has queried when this link became available, I don’t think the timing of the introduction of the link changes the outcome of his complaint because I consider it more likely than not that, that information was available in 2016 and before 2020, and because of the other factors I have already outlined.

While I understand the point Mr B makes about the way the information was presented, I don’t think the information was incorrect or unclear or misleading in any way and overall, I think the information provided by Legal & General was simple and straightforward with layering signposting the plan holder to additional, more detailed information.

### Summary

Ultimately, I can’t be satisfied it is more likely than not, that Mr B gave a clear instruction to Legal & General to invest his regular contributions differently to the default option. So, I don’t think Legal & General has acted incorrectly or unfairly here.

And I am satisfied on balance that the information Legal & General provided was clear and straightforward. Although the annual benefit statement could have been more detailed and provided details of all the transactions, I don’t think not providing that information on the statement was unfair because I think there were other ways to access that information: by looking online in manage my account, by contacting Legal & General by telephone or by asking it for a unit statement.

### **My final decision**

My final decision is that I don’t uphold Mr B’s complaint against Legal & General (Portfolio Management Services) Ltd.

Under the rules of the Financial Ombudsman Service, I’m required to ask Mr B to accept or

reject my decision before 19 March 2026.

Julia Chittenden  
**Ombudsman**