

## **complaint**

Mr R complained that his Scottish Widows Plc (Scottish Widows) pension plan was mis-sold because his fund value isn't guaranteed.

## **background**

Mr R started his pension plan in 2011 through a Group Pension Policy (GPP) provided by his employer. His plan was invested in the Scottish Widows *Pension Protector Fund* (PPF).

In early 2015 Mr R complained to Scottish Widows that his plan had been mis-sold. Mr R believes the fund name is mis-leading and the words "*pension protector*" shouldn't be used unless the capital in his plan is protected.

Scottish Widows said they weren't responsible for the sale of the plan to Mr R and the information on the PPF had never suggested the fund value was protected. Scottish Widows said the PPF could be described as "*a hedge on the price of buying an annuity*".

Mr R came to this service and said if he'd known about the way the fund worked he would have actively managed the fund himself. Mr R was upset as he believed he'd been told the PPF was a hedge fund.

An adjudicator at this service investigated Mr R's complaint. Mr R didn't agree with her view and asked for an ombudsman to look at it. Mr R continues to think the fund's name was a guarantee and if it wasn't, it was mis-leading. Mr R also says that he isn't an investment expert and so he thought by paying a management fee Scottish Widows were providing an expert investment service which he relied on.

## **my findings**

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. I'd like to assure Mr R that I have seen the complete case file which includes all of the documents and communications sent to this service by both parties.

I understand this will disappoint Mr R but I don't think Scottish Widows are responsible for the sale of his plan. Scottish Widows were chosen by Mr R's employers for their GPP, which Mr R chose to join. Scottish Widows are the providers and aren't responsible for the sale or for giving Mr R any personal advice on what was suitable for him.

When the plan was started, there was a choice for an investor to either choose an investment strategy, and then fund would be automatically chosen for the strategy selected for the plan. Or each investor could choose which fund they wanted their plan invested in. An investor could still change their choice of fund and move their plan's investment between funds at no cost.

In any event I don't think the name of the *pension protector fund* was mis-leading or gave any guarantees about capital. I think the fund's investment aim does fit this name.

Scottish Widows say they sent the plan's policy documents to Mr R and the main information pack was to have been provided by his employer. This agrees with Mr R's memory that he only got limited information from Scottish Widows. The pack was sent out with the

application forms to be completed and returned before the plan could be started. The adjudicator set this out before and Mr R initially said he didn't get the pack. On what I've seen this pack was provided to Mr R before he joined the GPP and started his plan. In 2011 the pack included a leaflet and CD-ROM containing further documents. These included the policy provisions and documents called the '*Pension Investment Approach Guide*', and the '*Scottish Widows Pensions Funds Investors Guide*'.

The information on Mr R's plan and investment choices was clearly set out. No guarantees were given about value or performance, and this was repeated throughout the information. It said the value of the plan will go up and down as this is "*part and parcel of investing. But over the longer term the aim is to achieve long-term growth*".

It's not suggested the capital in the fund chosen for his plan is protected or guaranteed though it is an investment fund for a cautious investor. In any event it was open to Mr R to change his fund choice at any time for free and I've seen nothing to make me think this has happened.

Scottish Widows told Mr R that his fund was exposed to volatility and movement in the market when he complained there was a poor rate of return on his plan in 2014.

I think the fund information given to Mr R on the PPF was easily accessed and made it clear the PPF was rated as 'Cautious' which didn't mean a protection of the capital. It was set out that the fund "*does not provide any guarantee of the level of pension or the cost of buying the pension*." The more general information explaining that the fund of an investor depends on performance, or how the investment grows, as well as interest rates at retirement and the tax position of the investment. It repeats that that no amounts are guaranteed.

Mr R went on to say he thought paying the annual charge should mean his investment had a personally managed element and he wasn't experienced as an investor. But that doesn't mean Scottish Widows had to give him individual advice. Their leaflet explains they are the provider and won't be giving financial advice. They do mention an investor might find a financial adviser helpful.

Scottish Widows explained that an annual fee was charged before the plan was started. I don't think this is unusual and they are entitled to do so. This fee is for administering the plan and doesn't include any extra personal investment management. Mr R didn't have to accept and join the GPP if he didn't want to pay, or he could have sought financial advice.

When Scottish Widows described the PPF as a "hedge" they weren't saying the PPF is a hedge fund, but were trying to describe the way the PPF worked balancing annuity rate costs with long-dated bonds. I accept the use of the word "hedge" created some confusion for Mr R as he thought it meant the PPF was a hedge fund. Hedge funds are a very different type of fund to the PPF and will generally only be available to or used by a sophisticated investor who is willing to accept a much higher level of risk.

This service doesn't have regulatory powers and so I couldn't tell Scottish Widows to change the name of the fund even if I thought they should.

### **my final decision**

I don't uphold Mr R's complaint against Scottish Widows Plc

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 4 January 2016.

Louise Wilson  
**ombudsman**