

The complaint

Mr E is unhappy with the performance of his pension and he is close to taking the benefits. Mr E feels his pension has been mismanaged and that there should be some protection in place to stop such a drop in value.

What happened

Mr E's pension fund moved into a Lifestyling strategy in September 2017 (SW: Passive Interim Lifestyle). Scottish Widows Administration Services Limited (Scottish Widows) provided Mr E with annual statements, there was an increase in fund value between April 2021 and April 2022 of around £14,000. Then between April 2022 and April 2023 the fund dropped in value by around £10,000.

Scottish Widows provided their Final Response on 24 July 2023, they didn't uphold Mr E's complaint. They said that all investments carry risks and they're unable to guarantee that funds will provide positive returns.

An investigator reviewed Mr E's complaint but they didn't uphold it. They said that investments all have an element of risk and so an increase in value is not guaranteed. Mr E did not agree and the complaint has been passed to me to determine.

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.

I can understand why Mr E is frustrated with the drop in value of his pension fund and why this has given him cause to worry. However, I can only uphold this complaint if I think Scottish Widows has caused the drop in value. And based on everything I have seen in my investigation I don't think they have.

Mr E has mentioned that there should be some protection in place for the funds in the later stages of their retirement planning, so that there is no risk of the fund reducing. There is nothing specific that is in place to provide this kind of protection. Scottish Widows moved Mr E's fund onto a Lifestyling strategy. The aim of Lifestyling is to lock in the investment growth which has built up in the pension as the member gets close to their retirement date. As the member gets older and closer to their chosen retirement date the pension will automatically start switching into lower risk holdings such as bonds – this is Lifestyling.

It offers a greater amount of stability to the pension, which is more important the closer someone gets to retirement. But the pension is still invested, therefore would still be subject to rises and falls in value.

The final years leading to Mr E's intended retirement date coincided with changes in the market due to the economic and political instability due to events such as the pandemic and the Russian war. These events affected the markets greatly and in turn affected the value of Mr E's pension, as well as most investment products generally.

Scottish Widows, within each yearly statement provided information to Mr E about how he could find out more information about his investments, how he could manage what his pension was invested into and pointed him towards some free resources such as PensionWise who offer free guidance.

I'm satisfied the drop in the value of the pension was due to the change in market conditions, rather than because Scottish Widows mismanaged the fund. Therefore, I don't hold them responsible for it.

My final decision

I don't uphold Mr E's complaint and I make no award.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr E to accept or reject my decision before 26 February 2024.

Cassie Lauder
Ombudsman