

Ombudsman's Determination

Applicant	Mrs L
Scheme	London Stock Exchange Group Pension Plan (the Plan)
Respondent	Legal & General Assurance Society (L&G)

Outcome

1. I do not uphold Mrs L's complaint and no further action is required by L&G.

Complaint summary

2. Mrs L has complained that L&G processed an online switch request she made on 12 May 2017 but did not redirect her subsequent payments in the way that she requested. Mrs L said that this has caused her a financial loss as well as distress and inconvenience.

Background information, including submissions from the parties

3. On 1 April 2017, Mrs L joined the Plan which is managed by L&G.
4. On 12 May 2017, Mrs L telephoned L&G to ask whether she could invest in the L&G MT Global Developed Equity Index Fund and was told that she could. On the same day Mrs L made an online switch request via L&G's website.
5. On 16 May 2017, Mrs L telephoned L&G to say that she had "changed investments" but she could not see that the changes had been processed. L&G explained that this could take some time to go through but that the effective date would be 16 May 2017, and this would show online the following day.
6. On 17 May 2017, L&G wrote to Mrs L confirming that her instructions had been processed. The letter stated:

"We have changed the investment details for this account as requested from 16 May 2017. Detailed below are the subsequent investment details of the existing holdings.

L&G MT Global Developed Equity Index fund
Units 158.774

Unit price (pence) 1,058.10
Fund value (pounds) 1,679.99”

7. On 22 May 2017, Mrs L contacted L&G because it did not appear that her instructions had been processed when she checked online. Mrs L said:

“...I have elected to invest 100% of my pension in the L&G MT Global Developed Equity Index fund on the L&G website instead of the default fund Multi-Asset (PMC)3 on 12 May 2017. I spoke to someone on the telephone who mentioned it was okay. The change did not seem to have been made when I checked on the system today, and it does not look like I can select anything anymore. Could you please let me know if the change has been recorded and when it will take effect?”

8. L&G responded and apologised for the delays Mrs L had experienced and said:

“...the switch has taken place and you are now invested in the new fund...”

9. On 18 March 2019, Mrs L emailed L&G to raise her concerns that:

- In May 2017 she made a request that L&G should invest all her investments into the L&G MT Global Developed Equity Index fund instead of the default fund.
- She had difficulties in requesting the amendment online because the system reverted her new fund choice to the default fund. Despite several attempts the error still persisted.
- She would like her investments adjusted to reflect all her investments having been allocated to L&G MT Global Developed Equity Index fund since May 2017, following the request she had made at that time.
- She would like these issues dealt with as a formal complaint and for an award to be made in recognition of the distress and inconvenience she had experienced.

10. On 20 March 2019, L&G replied that:-

- Its records showed that she made a switch request on 12 May 2017, and this is what has been confirmed to her.
- Mrs L had only switched her existing investments at that time and did not place an instruction to redirect any future investments into the L&G MT Global Developed Equity Index fund.
- L&G sent Mrs L a confirmation letter after the investment change, confirming that her existing investments had been switched.
- L&G provided Mrs L with copies of three benefit statements sent to her since the switch was processed, detailing the investment split as follows:

- Benefit statement dated 9 May 2018 covering the period 9 May 2017 to 8 May 2018

Where your pension pot was invested on 8 May 2018

94.94% Multi-Asset (PMC)3

5.06% L&G MT Global Developed Equity Index

- Benefit statement dated 15 June 2018 covering the period 6 April 2017 to 5 April 2018

Where your pension pot was invested on 5 April 2018

95.09% Multi-Asset (PMC)3

4.91% L&G MT Global Developed Equity Index

- Benefit statement dated 7 August 2018 covering the period 7 August 2017 to 6 August 2018

Where your pension pot was invested on 6 August 2018

95.37% Multi-Asset (PMC)3

4.63% L&G MT Global Developed Equity Index

- Although not as she may have intended, the switch Mrs L requested online was processed correctly. As a redirect of future investments was not requested, L&G was unable to backdate that instruction.
- Any future switch and redirection requests could be processed on request.

11. On 20 March 2019, Mrs L emailed L&G to request that all further investments be redirected to L&G MT Global Developed Equity Index Fund as requested in May 2017.

12. L&G responded by saying:-

- Mrs L's email of 20 March 2019 was not simply a switch request; in order to move all current and future contributions, L&G would need to process a "switch and redirect".
- The same issue applied to Mrs L's online request in May 2017, because no redirect request was included.
- L&G was unable to amend historical messages from its online messaging service, this included time stamps or dates.

Mrs L's position

13. Mrs L said:-

- The way information is displayed on L&G's website makes it impossible for a member to know the performance, type of fund and total fees associated with each fund. So, it is "impossible" for a member to make their own fund selection and their investments remain in the default fund.
- The default fund may be more profitable to L&G.
- She chose to invest in the L&G MT Global Developed Equity Index fund, because she was aiming to benefit from a "passive management/indexed, low cost fund" that she thought offered the best value.
- She had three recorded telephone calls with L&G in May 2017 and received one written message from L&G confirming that her investments would be allocated to the L&G MT Global Developed Equity Index fund.
- When L&G subsequently invested her payments in the default fund in error, she raised her concerns.
- She did not receive benefit statements and contacting L&G by telephone was very difficult. She was also not aware that it was possible to request benefit statements online.
- She has not changed address since joining the Plan and there are no issues regarding receiving mail.
- She would like her payments adjusted to reflect investment in the L&G MT Global Developed Equity Index fund from May 2017 and for L&G to make an award in recognition of the distress and inconvenience she has experienced.

L&G's position

14. L&G said:-

- As Mrs L chose to change her investments online, it was her responsibility to make sure that she had done so as intended. If Mrs L had called to complete the switch L&G would have specifically asked whether she wanted to redirect future contributions at the same time.
- Screenshots of L&G's website in 2017 show that members would have needed to select a switch or redirection of future contributions at the time. If a member wanted to do both then they needed to complete entries in fields for both options, then click to confirm. Mrs L only completed the switch field then clicked to confirm, but she would have seen from her online account that she needed to complete a switch and redirection of future contributions separately.

- There are records of only two telephone calls received from Mrs L, on 12 May 2017 and 16 May 2017, both regarding investment in L&G MT Global Developed Equity Index Fund. A redirection of future contributions was not discussed in either conversation.

Adjudicator's Opinion

15. Mrs L's complaint was considered by one of our Adjudicators who concluded that no further action was required by L&G. The Adjudicator's findings are summarised below:-

- On 16 May 2017, Mrs L telephoned L&G because she was unsure that her instruction had been processed. However, during the call Mrs L said she had "changed investments". The call handler in turn confirmed movement into the L&G MT Global Development Equity Index fund without saying that this included a redirection of future contributions. Consequently, L&G only confirmed that Mrs L's existing investments had been switched.
- On 17 May 2017, L&G wrote to Mrs L confirming that her instructions had been processed and set out the allocation of her investments, but again no reference was made by L&G to a redirection of future contributions. Then on 22 May 2017 Mrs L sent a message to L&G stating, "I have elected to invest 100% of my pension in the L&G MT Global Developed Equity Index fund on the L&G website instead of the default fund Multi-Asset (PMC)3 on 12 May 2017."
- Having listened to the relevant telephone calls it was the Adjudicators opinion that Mrs L did not make clear that she also expected a redirection of future contributions. So, it was reasonable for L&G to act as it did. In response to Mrs L's online enquiry, L&G said, "the switch has taken place and you are now invested in the new fund." This did not confirm that a redirection of future contributions had been processed. Mrs L should have asked L&G to confirm that the switch also related to future contributions if that was her intention.
- Screenshots of L&G's website from 2017 show that it would have required Mrs L to input a switch and redirection of future contributions separately in order make that instruction. Consequently, L&G has not been unreasonable in determining that Mrs L did not request a redirection of future contributions in May 2017.
- Mrs L said that she did not subsequently receive benefit statements, and that it was difficult to contact L&G by telephone. L&G has confirmed that the benefit statements were correctly addressed, and it cannot be held responsible if the statements failed to be delivered to Mrs L. But in any event, it would have been reasonable for Mrs L to have checked online as to how her contributions were being allocated or requested updates by sending messages via L&G's website.
- Mrs L complained that the way information is displayed on L&G's website makes it "impossible for a member to know the performance, type of fund and total fees

associated with each fund". She also said that it was impossible to select her chosen fund and move investments away from the default fund. Mrs L could have emailed L&G to query whether the required information could be sent to her by email or post. She also successfully submitted a switch instruction in May 2017. Consequently, it was not impossible for Mrs L to select her chosen fund and move away from the default fund.

16. Mrs L did not accept the Adjudicator's Opinion and the complaint was passed to me to consider. Mrs L maintained her previous position which does not change the outcome. I agree with the Adjudicator's Opinion.

Ombudsman's decision

17. Mrs L clearly had concerns in May 2017 that L&G had not processed her online investment instructions correctly. However, I note that during her telephone conversation with L&G on 16 May 2017, and in her online enquiry of 22 May 2017, Mrs L made no reference to a redirection of future contributions.
18. L&G would also reasonably have assumed that Mrs L had not expected a redirection of future contributions at that time, because she was required to input any redirection of future contributions instruction separately to her online switch instruction, but failed to do so. It was Mrs L's responsibility to ensure her instruction had been carried out as she intended. L&G cannot second guess each decision or instruction made by its members.
19. Further, following her enquiries in May 2017, Mrs L ought to have checked again on how her investments were being allocated and contacted L&G within a reasonable timescale, if she found that her intended redirection of future contributions had not been processed. However, it was not until 18 March 2019 that Mrs L emailed L&G to raise her concerns regarding that issue. This was almost two years after she had initially contacted L&G about her investments in May 2017. I do not consider that to be a reasonable timescale.
20. For these reasons, I am not persuaded that there has been any maladministration by L&G in relation to Mrs L's intended redirection of her contributions within the Plan.
21. I do not uphold Mrs L's complaint.

Anthony Arter

Pensions Ombudsman
13 November 2020