

## Ombudsman's Determination

Applicant	Mr A
Scheme	TCS Group Personal Pension Plan ( <b>the Plan</b> )
Respondents	Aegon

## Outcome

1. I do not uphold Mr A's complaint and no further action is required by Aegon.
2. My reasons for reaching this decision are explained in more detail below.

## Complaint summary

3. Mr A has complained that the fund growth detailed in the Plan's fund factsheet does not match the limited growth achieved by his Plan. He therefore suggests the fund factsheet is misleading and is not fit for purpose.
4. Mr A would like Aegon to increase his fund value to match the returns detailed in the fund factsheet.

## Background information, including submissions from the parties

5. Mr A is employed by TCS. TCS automatically enrolls all its employees in a work based group personal pension administered by Aegon.
6. Mr A's Plan is invested in the Universal Lifestyle Collection fund (**the Fund**) provided by Aegon.
7. The Fund's stated aim is:  
  
"...to achieve long-term capital growth by investing in an internationally diversified portfolio, largely made up of equities."

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8. To help keep current members informed regarding the Funds general performance Aegon produces a fund factsheet which details, among other things:-

- General investment information.
- Aegon’s own in-house risk rating.
- The investments performance against the stated Benchmark.
- Fund Objective with associated information.
- Fund Performance with associated information.

9. The fund factsheet also explains:

“This fund uses a two-stage investment process called lifestyling.”

10. Lifestyling has two main parts: a “Growth Stage” and a “Lifestyle Stage”:

- The “Growth Stage” is applicable for members more than 6 years away from the Plan’s appointed retirement age and has a mix of investments designed to grow the Plan more proactively. This will typically mean a higher risk investment strategy but with a correspondingly higher potential return.
- The “Lifestyle Stage” is applicable for members within 6 years of their appointed retirement age. During this 6 year period the investments will gradually be moved into more stable investments allowing a measure of fund value protection. This has the effect of limiting significant growth on the overall value. So there is essentially a trade-off between stability and growth.

11. Detailed at the bottom of page 2 of the fund factsheet is the Funds “Performance in detail”. This shows how the Fund has grown over the last 5 years and compares this growth with the expected growth or “benchmark”.

	Growth (%) over 12-month periods shown below				
	<b>Sep 2016 to Sep 2017</b>	<b>Sep 2015 to Sep 2016</b>	<b>Sep 2014 to Sep 2015</b>	<b>Sep 2013 to Sep 2014</b>	<b>Sep 2012 to Sep 2013</b>
Universal Lifestyle Collection	9.7	19.3	-1.0	6	11.3
Benchmark	8.3	16.5	0	5.7	13.3
Sector quartile	2	2	3	2	4

This shows that the Fund has outperformed its benchmark in 3 out of the last 5 years. It is the fund growth for the “Universal Lifestyle Collection” that Mr A believes his Plan should have grown by.

12. Mr A raised his complaint about the growth of his Plan not matching the growth detailed in the fact sheet with Aegon. Aegon did not uphold his complaint because the fund factsheet was not a guarantee of individual Plan performance. Aegon also explained that the way a member invests (monthly or one off payments) will affect the Plan's individual growth.

### **Adjudicator's Opinion**

13. Mr A's complaint was considered by one of our Adjudicators who concluded that no further action was required by Aegon. The Adjudicator's findings are summarised briefly below:-
  - The fact sheets give very broad fund performance indicators and are not designed to provide definitive financial advice or to recommend investment suitability to any particular individual.
  - As the fact sheets provide broad information they are not tailored to specific individuals hence the returns experienced by each individual will differ depending on their circumstances.
  - Mr A is invested in a lifestyle fund which was developed by Aegon for savers and investors who do not want to make active fund choices. As such, Aegon automatically manages the investment strategy.
  - This strategy has two main parts: a Growth stage and a Lifestyle stage.
  - The fact sheets do not take into account the lifestyle process so returns are shown generically.
  - The returns shown in the fund factsheets are in relation to the investments performance against its own "benchmark" and there is no guarantee that this increase will be matched by a single member's investment.
  - Making monthly contributions is different to making single, one off contributions and as such the resulting fund performance will be affected.
14. Mr A did not accept the Adjudicator's Opinion and the complaint was passed to me to consider. I agree with the Adjudicator's Opinion and I will therefore only respond to the key points made by Mr A for completeness. Mr A disagreed with the Opinion because:-
  - The fact sheets issued by Aegon are "unclear", "misleading" and "show brilliant performance" which is not "reflected" in his balance.
  - The difference between the fund growth and the growth detailed in the fact sheets shows an "accounting discrepancy" and amounts to "mis-selling".

- He expects his fund growth to exactly mirror the fund fact sheets stated performance.

### **Ombudsman's decision**

15. Mr A has complained that the fund factsheets show a rate of past investment growth that is not matched by the actual growth of his individual fund over the years.
16. It is clear then that Mr A believes the fact sheet to be a guaranteed and personalised statement of the rate his investment has or will have grown over the past 1 to 5 years. It is understandable why he feels aggrieved to see a disparity between the returns figure quoted in the fund fact sheet and his individual policy growth. This belief however appears to be based on a misunderstanding of the reliance to be put on fund fact sheets and what information is included.
17. Mr A suggests that if the factsheet shows a growth figure then his individual Plan should grow by this amount. In this I do not agree. The fact sheet is clear in stating that its performance and suitability will be judged against the Fund's benchmark. The growth figures are shown side by side with the benchmark equivalent against which the performance is assessed.
18. I can see nothing to demonstrate that the fund fact sheet was not relevant and correct at the time it was produced or that the information provided is misleading in any way.
19. The information the fact sheet provides, while useful, is not legally binding and would always be subject to market fluctuations. It is not a guarantee of the investment percentage increase but what the fund is aiming to achieve, it may be more or less than the percentage shown. The fund fact sheet is not a personalised statement of returns and should not be read as such.
20. Therefore, I do not uphold Mr A's complaint.

**Anthony Arter**

Pensions Ombudsman  
17 January 2018