

The complaint

Mr S complains Aviva Life & Pensions UK Limited gave him incorrect information about his pension plans.

What happened

Mr S held three pension plans with Aviva, I'll refer to these as plans ending 8L, 8T and 9J. In 2020, Mr S decided to retire as his health was worsening. His financial adviser contacted Aviva to see what 8L, 8T and 9J were worth.

Aviva provided a series of valuations for these, and Mr S says he used them to plan his retirement income. But when Mr S accepted these valuations in June 2021, Aviva said it had calculated 8T and 9J incorrectly and they were in fact worth significantly less.

Mr S decided not to accept the valuations for 8T and 9J. Through his financial adviser, Mr S complained to Aviva about being given incorrect valuations, saying this had caused him a great deal of worry at an already difficult time for him.

In its final complaint response, Aviva said it gave Mr S the correct valuations for 8L, 8T and 9J several times from July 2020 onwards. But it accepted it gave him incorrectly high valuations for 8T and 9J in March 2021, and again in April 2021, because it used an incorrect 'last premium paid' date in its calculations. Aviva said it provided the correct valuations in a June 2021 telephone call, followed by letters in July 2021. Aviva said it could only pay the correct value for 8T and 9J, but offered Mr S £250 compensation to apologise for the inconvenience it caused.

Mr S rejected Aviva's offer and came to our Service. He told us about his worsening health, and provided a letter which he thought showed Aviva had also given incorrect valuation information in December 2020. Mr S said Aviva hadn't credibly explained its error or communicated with him directly about it. And he thought £19,192.32 was fairer compensation here, as he said he now had £1,128.96 less per year for approximately 17 years.

Our Investigator said Aviva made an error by giving Mr S incorrect figures, but it would be unfair to ask Aviva to honour them as Mr S would then be receiving something he was never entitled to. But he said Aviva had caused Mr S a loss of expectation, distress and inconvenience, and should pay him a total of £350 compensation for this.

Mr S still thought £19,192.32 was fairer compensation, and highlighted this matter meant he was not receiving a pension income from 8T and 9J.

Aviva maintained £250 compensation was fair and reasonable in the circumstances.

As agreement couldn't be reached, this complaint was passed to me for consideration.

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'd firstly like to say I'm very sorry to hear about Mr S's health difficulties, and I don't doubt they cause him a great deal of worry. But while I don't wish to cause Mr S any further distress, I'm not asking Aviva to put things right in the way Mr S would like. I'll explain why.

Aviva accepts it made an error by giving Mr S incorrect valuations for plans 8T and 9J. Mr S says Aviva hasn't credibly explained its error or communicated with him directly about it. Based on the evidence I've seen, it seems Aviva was communicating about this matter with Mr S's financial adviser, and I don't think that's unreasonable since the adviser was representing Mr S here. And I can see in Aviva's July 2021 letters, Aviva explained that the previous incorrectly high valuations for 8T and 9J were caused by it using an incorrect date in its calculations.

I understand Mr S may feel that's not a credible explanation. But when a business makes an error, for whatever reason, our approach is to consider the impact of that error on the consumer – in other words, the financial loss, distress and inconvenience caused by that error.

I'm satisfied Aviva hasn't caused Mr S a financial loss here. There's doesn't seem to be any dispute that Aviva has corrected its error and confirmed the correct valuations for 8T and 9J in writing in July 2021. And these are significantly lower than the previous, incorrectly high, valuations. But the higher valuations were only higher because Aviva had based its calculations on incorrect information. So it was never the case that Mr S was entitled to these higher incorrect valuations. Therefore, he's not suffered a financial loss in not benefitting from them.

But for a significant period of time, Mr S thought 8T and 9J had a higher value than they really did, and I accept what he says about using this information in his retirement income planning. I think Mr S would then have been disappointed, frustrated and worried to discover some months later that Aviva's valuations for 8T and 9J were in fact incorrectly high. I also think Aviva caused Mr S some inconvenience in having to get to the bottom of this matter with Aviva through his financial adviser. Given this, I'm satisfied £350 is fair and reasonable compensation for the loss of expectation, distress and inconvenience Aviva's error caused Mr S.

I acknowledge Mr S thinks £19,192.32 is fairer compensation. However, my understanding is that this figure is based on what Mr S sees his financial loss to be. And for the reasons I've set out, Aviva's error has not caused Mr S a financial loss here.

I also acknowledge Mr S says this matter means he isn't receiving a pension income from 8T and 9J. Aviva confirmed the correct valuations for 8T and 9J in writing in July 2021, along with an explanation for why it previously gave him incorrectly high valuations. But Mr S chose not to accept the July 2021 valuations. I can understand why, but ultimately that was Mr S's choice and not something I think Aviva is responsible for.

Putting things right

Aviva should put things right by paying Mr S a total of £350 compensation for the distress and inconvenience it caused him.

My final decision

For the reasons set out above, I uphold this complaint. Aviva Life & Pensions UK Limited should pay Mr S a total of £350 compensation for the distress and inconvenience it caused him.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 18 October 2022.

Ailsa Wiltshire
Ombudsman