

## **The complaint**

Mr M complained that Aviva Life & Pensions UK Limited (Aviva) hadn't done enough to address the impact of the errors he experienced when it came to his pension benefits.

## **What happened**

In 2021 Mr M asked Aviva to provide him with information on the benefits available to him from his plan held with them as he was intending to retire. When he received their retirement pack he was concerned as it contained a value that was significantly less in total than the value he'd been provided with in 2017.

In 2017 Mr M was given a plan value of just over £54,000 (comprising of just under £34,000 and a final bonus of just over £20,000). In 2021 Mr M was told the fund value was just under £35,000 and the transfer value was just over £39,200.

Mr M was additionally concerned as Aviva's 2021 communication set out that there hadn't been any contributions made to the plan in the previous year. Mr M knew that to be incorrect. There had been regular annual contributions of just over £106. Mr M contacted Aviva about his concerns.

Aviva wrote to Mr M and apologised. They said that the total fund value provided in 2017 had been wrong. Aviva told Mr M his type of plan didn't have a normal type of fund value; it was a deferred annuity contract with a guaranteed pension income. This meant it had a valuable guarantee in respect of income. Aviva said they had made an error with the 2017 information as the valuation of the guarantee had been quoted as a higher sum than it ought to have been. The error had been due to internal system changes that had not been updated to his plan and in particular to the way bonuses were calculated. Aviva told Mr M that they had identified the error in 2018 and fixed it in 2019.

Aviva went on to let Mr M that final bonuses had fallen since September 2017 due to market conditions and this had also reduced the value of his plan.

Aviva also admitted they were wrong to have suggested there had been no contributions to his plan in the previous year. To reflect the failures in their service Aviva paid Mr M £100 and let him know his comments and the findings in respect of his complaint had been passed on to the relevant team managers.

Mr M wasn't satisfied. He acknowledged that errors can be made but didn't understand why he hadn't been informed of the error until after he'd asked for retirement information in 2021 and flagged up the anomaly. Mr M said he had made his plans based on what he was told in 2017 and noted he was entering his mid-70's and not in a position to rectify any unexpected shortfall.

Mr M says he ought to have been informed there was an error on Aviva's system as he had relied on the information he was given, and he thought Aviva ought to honour a higher value.

Mr M says that if he'd known in 2017 what the value was, or later been informed there had been an error, he could have acted differently. He also queried whether the 2017 communication ought to be considered a binding contract.

Aviva have told us they didn't inform Mr M sooner about the error, because they weren't aware of the error on his plan until Mr M contacted them in 2021 highlighting the 2017 value. Mr M referred his complaint to this service. Whilst his complaint has been with this service, Mr M has gone on to take benefits. In May 2022 Mr M contacted us and was concerned as he had received a letter from Aviva telling him his plan now had a transfer value of £2,178.30. Aviva accept Mr M was given the wrong information in May 2022.

Mr M said he'd not been receiving yearly statements; they had been something more like short form communications. Whilst we experienced some delays in hearing back from Aviva, they sent us the last five years of the yearly communications issued to Mr M.

Each year Mr M was sent an anniversary certificate showing his guaranteed level of pension income a year at retirement age (shown as 75). Each year this sum had increased, from £1,948 in December 2017 to £2,016 by October 2021. These yearly documents set out that a transfer value wasn't automatically provided but could be provided on request.

An investigator at this service concluded Aviva hadn't offered enough to reflect what had gone wrong here and she recommended Aviva ought to pay Mr M the sum of £500. Mr M reluctantly accepted this sum although he continued to want Aviva to pay an increased sum in respect of the value of his plan. Aviva thought the investigator had recommended too high an award and stressed Mr M had not lost out financially.

The case was allocated to me to decide. Having reviewed the information provided, I contacted the parties through the investigator to let them know I was intending to conclude Aviva ought to pay Mr M an additional sum of £100. This would mean an overall award of £200. We invited any representations on this but did not hear back from either party.

### **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 am upholding Mr M's complaint. Although Aviva accepted and apologised for the errors made here, I don't think their offer was sufficient to reflect Mr M's distress and inconvenience in all the circumstances, however my thinking on the appropriate level of award differs to some extent from that of the investigator.

Mr M has referred to some concerns about what happened when he came to take benefits from his plan, this is not part of the complaint I have considered here.

### **2017 error in value**

I accept from Aviva that the reason for the mistake in the 2017 value provided to Mr M was due to changes on their internal systems which was not identified until a later date. I accept this mistake could not be communicated to Mr M at the time, as Aviva could not identify which plans might have been impacted. This is disappointing, and it was understandably frustrating to Mr M. However the sum provided in the illustration at the time cannot in my opinion be considered to be binding upon Aviva, nor was it a sum to which Mr M was entitled.

Whilst it does reflect some loss of expectation, this needs to be balanced against other information available when considering how Aviva ought to fairly reflect the impact of this error on Mr M. In reaching my decision I have taken into account Mr M said he'd needed to work longer than he'd planned as a consequence of the error.

In 2017, correspondence was sent by Aviva to a financial adviser for Mr M. I have also seen a letter sent to Mr M in October 2017, setting out what Mr M needed to do as he wanted to continue to make contributions to the plan. It appears Mr M was seeking advice in 2017 and this might be expected to have ensured he was provided with additional information about the type of plan and guarantees that he held; this included that the guaranteed level of income would be lost on transfer.

I have also seen that the information provided to Mr M in 2017 on the level of potential annual income available, was arguably not very significantly different to the sums that were detailed and guaranteed to Mr M in his yearly communications in the years that followed.

These communications accurately provided the detail of his plan, and his guaranteed income level. So I consider Mr M was kept sufficiently well-informed on his plan and entitlement. Whilst I accept that in 2017 Mr M was reviewing what he wanted to do with the benefits in this plan, I haven't seen anything that persuades me Mr M acted to his detriment as a consequence of the wrong information being provided, nor am I persuaded he would have done anything differently. I note Mr M discovered the error in 2021 and took benefits in 2022.

#### Error in telling Mr M in 2021 there had not been a contribution to the plan in the previous year

Aviva admit this was a mistake in their correspondence, and it is clear Mr M knew this was an error. Mr M had been receiving yearly communications confirming the contribution made. On its own I might have considered this error to have had a limited impact on Mr M, who fairly accepts errors can be made. Here however I consider such an error was more likely to damage the level of trust Mr M could feel in the contents of the information being sent to him. Given this error was contained in the correspondence that gave the value that differed from the one received in 2017, this will have caused Mr M additional concern.

#### Error in correspondence provided in May 2022

Whilst no formal complaint to Aviva was made about this so far as I can see, it's clear that when we asked Aviva about the contents of the document, they accepted this had been a mistake and apologised. Aviva also told us they'd seen Mr M had already been paid £100 and they thought that was enough overall. They went on to issue new documents to Mr M. I haven't seen anything that suggests to me they apologised directly to Mr M. I have taken account of this as part of the overall picture and background when thinking about whether Aviva have offered enough.

### **Putting things right**

#### What Aviva need to do

Here Aviva have acknowledged and accepted when things have gone wrong. So my main role has been to consider whether Aviva did enough when they apologised to Mr M in 2021 and paid him £100. I don't think they did. I have taken into account the guidance we provide on our website on our levels of awards for distress and inconvenience when reaching my decision.

Whilst Mr M did not suffer a financial loss as a consequence of the error, he will have suffered some loss of expectation, and he will have lost trust in the information provided to him by his provider, Aviva. I accept the yearly information sent to Mr M gave him a good understanding of what he could receive from his plan and as such this mitigates to a significant extent the impact of a loss of expectation.

However against this I have considered that Mr M was informed in 2021 that he had been given the wrong information in 2017, due to an internal Aviva error which hadn't been identified until 2018 or fixed until 2019. I can understand why Mr M will have felt concerned he hadn't been told at the time. Albeit I accept Aviva could not identify Mr M's plan as having been impacted at the time. I have also seen that in 2021 there was the mistake contained on Mr M's correspondence about his yearly contribution.

Overall whilst it's right to acknowledge that errors can be made, here there was more than one error and this reasonably caused inconvenience, concern, disappointment, and some frustration to Mr M. As such I consider an award of £200 total is warranted.

My understanding is that Aviva have already paid Mr M the sum of £100 in respect of the matters in 2021, as such they will be required to pay Mr M an additional £100. If Aviva haven't yet made the payment to Mr M, they will need to pay him the full sum of £200.

### **My final decision**

For the reasons given I uphold Mr M's complaint about Aviva Life & Pensions UK Limited. Aviva are required to pay Mr M the sum of £100 within 28 days of being informed of Mr M's acceptance of this decision. This is to make a total sum of £200 for the matters complained about in 2021 and which this decision has considered. If Aviva have not yet paid Mr M the sum of £100 they previously offered in 2021, then they will need to pay him a total of £200.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 7 March 2023.

Louise Wilson  
**Ombudsman**