

The complaint

Mr S complains that Aviva Life & Pensions UK Limited (Aviva) gave him an incorrect value for his pension.

What happened

Mr S has a pension with Aviva. In early 2022, Aviva wrote to Mr S advising him of an error it had made with regards to his pension value. Aviva explained that it had incorrectly added additional units to his “loyalty bonus” which had resulted in his pension fund value showing as higher than it should be. It said that it had reduced his fund value by £2,603.52 to reflect this.

Mr S was unhappy with this mistake and complained to Aviva. Aviva apologised for the mistake. It explained that his pension was now in the correct position, although its complaint response quoted a drop in his fund value of £2,652.00, slightly more than it had originally told him. Aviva sent Mr S a cheque for £350 to apologise for its error.

Mr S remained unhappy with this and referred his complaint to us. He said he was furious with this mistake which had occurred when he was close to retirement and in poor health. He said he had been offered a derisory amount of compensation and that he hoped Aviva would be penalised in a significant manner.

One of our Investigators looked into the complaint. He didn't think that Aviva had adequately explained how the error had occurred or how the correct fund value had been reached. So, he thought Aviva should provide a more detailed explanation to Mr S. Our Investigator also thought that Aviva should increase its offer of compensation to £450 – an additional £100 to what Aviva had offered.

Mr S didn't accept this. He said he should be awarded more compensation considering the amount of money he believed he'd lost. Aviva provided our Investigator with a more detailed explanation of how the error had occurred and what it had done to adjust Mr S' fund value. It didn't comment on the Investigator's recommendation of an increase in compensation.

As agreement couldn't be reached, the complaint has been passed to me to review and make a final decision.

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.

It's clear that this matter has had an impact on Mr S. He's approaching retirement, and he's told us he's currently in poor health. And it must've been very worrying to receive a letter out of the blue telling him his fund value was actually lower than Aviva had previously told him.

First, I've looked at the mistake in the fund value. Aviva has provided further details about what it's done to correct the fund value. We aren't able to offer an auditing service to check

calculations. But I've looked at its explanation, and I can't see any obvious errors it's made (other than the initial incorrect fund value provided). So, it looks to me like Mr S' fund is now in the position it should've been had the incorrect bonus not been applied.

However, I agree with our Investigator that Aviva should've provided Mr S with more information with regards to how it had corrected his fund value. And Mr S was caused further confusion as Aviva also quoted two different adjustment amounts – one in the original letter notifying him of the error and on in the final response to the complaint. The difference between these two figures is relatively small – just under £50. However, I can see why this would be a concern to Mr S. I suspect this is down to small fluctuations in fund values due to market movements. But Aviva should've explained this. So, the first thing I'm going to require Aviva to do is to write to Mr S to explain, in simple terms, how it's worked out the adjusted fund value.

Moving on to the subject of compensation. I'm satisfied that the increased (incorrect) fund value is something Mr S was not entitled to. This was a mistake by Aviva, and we don't typically ask businesses to honour mistakes such as this.

Mr S has said he hopes Aviva will be "penalised in a more significant manner". However, the role of this service isn't to penalise a business. Our role is to look at whether a mistake has been made and, if so, put right any financial loss caused by that mistake. We also consider awards for the distress and inconvenience a mistake may have caused. But, again, this isn't a penalty to the business. It's an award to the consumer to recognise the impact a mistake has had on them.

As I've explained above, I don't think Mr S has suffered a financial loss. However, it must've been upsetting to find out his pension was worth less than he'd once been led to believe. I've thought carefully about this, taking into account the fact that Mr S is approaching retirement age and he's told us he's not currently in good health. But I'm satisfied that the £450 our Investigator has recommended is fair and reasonable in the circumstances.

Putting things right

I'm upholding this complaint and require Aviva Life & Pensions UK Limited to:

- Write to Mr S setting out in simple terms how it's adjusted his pension fund following the mistake
- Pay Mr S £450 compensation for the distress and inconvenience this matter has caused.

I'm aware that Aviva issued a cheque to Mr S for £350. I'm of the understanding that Mr S hasn't cashed this. So, Aviva should cancel this and pay Mr S a total of £450. However, if Mr S has cashed the cheque, then Aviva only need to pay a further £100.

My final decision

I uphold this complaint and direct Aviva Life & Pensions UK Limited to put things right as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 13 March 2023.

Rob Deadman

Ombudsman