

The complaint

Miss M complains that Aviva Life & Pensions UK Limited (Aviva) failed to accurately apply premiums to her pension policy and have repeatedly provided conflicting and incorrect information about the value of her pension. Miss M explains that it has caused her a loss in her pension value.

What happened

Miss M has a Stakeholder Group pension with Aviva which receives regular contributions. It received both employer and employee contributions. When those contributions were applied, they ought to have purchased units in the selected investment fund.

Miss M brought a complaint to our service which we resolved in 2016/17. In that matter, it was found that Aviva had missed premiums that Miss M's employer had paid into her policy. Aviva agreed to update the policy and pay Miss M £500 for the inconvenience that she was caused.

Miss M received an annual statement from Aviva in August 2018. It provided information on the pensions value on 21 May 2018. It provided details of the contributions into the policy, the number of units held in the investment and the fund value on that date. It indicated to Miss M that her fund value totalled around £470,000, and that she held 39,570 units in the investment fund. It showed that Miss M was paying an annual management charge (AMC) of 1%.

In June 2020 Miss M contacted Aviva to complain about her concerns about the accuracy of the information that Aviva had sent her. She had accessed Aviva's online service in order to check the details of her pension. Miss M raised a number of concerns that I will summarise as:

- No annual statement was received from Aviva since the August 2018 statement.
- Letters received from Aviva on 17 August 2018 and 20 August 2018 quoted different numbers of units held. Causing a difference in fund value around £24,000.
- That the two above letters quoted different AMC's. With the 20 August letter appearing to incorrectly apply an AMC of 1%. Miss M pointed out that the AMC for her policy was 0.6% and that she should have reductions applied through 'large fund rebates'.
- That she doesn't believe that statements she received accurately reflect her pension contributions. She specifically queried how the number of investment units could have fallen from 39,233 on her May 2016 statement, to 36,951 according to her online statement on 30 June 2019.

Miss M requested a detailed transaction history for her policy, like that provided in May 2016 for her last complaint.

In July 2020 Aviva sent Miss M a breakdown of the contributions made to her plan from August 2016 until June 2020. It showed that her policy received £800 on an effective date of

19 of each month. It didn't provide an indication of units acquired or the progression of the fund value.

Later in July 2020 Aviva wrote to Miss M to confirm that the AMC for her policy was 0.6% and that she did receive the rebates that she had referred to. No explanation was provided about how the mistake had arisen or the impact of it.

Aviva provided Miss M a final response to her complaint on 2 August 2020. It acknowledged the problems that Miss M had in trying to obtain policy information. It said that it had forwarded information about the premiums received for her policy and about the AMC. Regarding the value of Miss M's policy, Aviva said it was taking steps to send her that information. It offered her £200 for the inconvenience she'd been caused.

Miss M wrote to Aviva to complain again in September 2020. She again re-iterated that she still didn't think that her policy value was correct, and she'd not had a clear and accurate explanation about what it should be. She still wanted accurate record keeping for her pension policy. She referred to a letter she'd been sent on 12 August 2020 and highlighted a number of inconsistencies and inaccuracies.

Aviva responded to this complaint in November 2020. Aviva said that the number of units quoted in the annual statement of May 2017 wasn't correct. It provided no further explanation on this point. It explained that it had arranged for a transaction history to be sent to Miss M. And apologised that she'd not received correct statements.

Miss M brought her complaint to our service to resolve. Our investigator looked into what happened and upheld Miss M's complaint. He didn't think that Aviva had provided an accurate record of the value of her pension and her premiums. He suggested that Aviva pay Miss M £500 for the inconvenience caused. And urged Aviva to work with Miss M to resolve the confusion over her pension value.

Aviva agreed to the suggested increase in compensation. But Miss M didn't accept the view. Aviva had yet to provide her with a statement that she could reconcile with the information she believed to be correct.

In November 2022 Aviva provided an updated unit and transaction history for Miss M's policy. It showed that the total number of units on 19 August 2020 was 42,125, in comparison with the figure of 41,760 in the transaction history that Aviva had provided in August 2022.

Miss M has gone through the transaction history and is satisfied that Aviva's latest record accurately records all of the premiums that have been made to her policy. But Miss M raises another concern with the starting number of units on the new spreadsheet. It starts on 3 June 2010 with a reduced number of units than the August 2022 spreadsheet with no explanation.

Aviva were asked about this and responded in January 2023 to say that the earlier calculation produced in August 2022 to put things right relied on the starting point that had been calculated in 2016. Which it said had incorrectly counted the April 2010 single premium twice, meaning it was incorrect. And said that the updated spreadsheet was correct.

I issued a provisional decision setting out my view on the complaint to both parties. I upheld Miss M's complaint, finding that Aviva had made mistakes and had failed, over an extended period, to rectify those. I suggested a way to put things right.

Aviva acknowledged my provisional decision, offering no further comment or evidence that it

wanted me to consider. Miss M responded to explain she was content with the overall finding I'd explained. But still had concerns at the un-resolved issue over the accuracy of her pensions underlying value.

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've been provided no new evidence since I issued my provisional finding. And having considered the circumstances again, my final decision remains the same as that set out in my earlier provisional decision. I'll explain why I'm upholding Miss M's complaint and what Aviva need to do to put things right.

In deciding on this case I will be giving a finding on what I think is a fair and reasonable outcome. But in doing so, I'll be considering relevant law, regulator's rules, guidance and standards and codes of practice. I consider the following to be of particular relevance in this case.

The Financial Conduct Authority (FCA) publish high level principles for the conduct of regulated businesses. These are explained in the FCA handbook under section PRIN 2.1. Of relevance in this case are:

- Principle 2 - A firm must conduct its business with due skill, care and diligence.
- Principle 6 – A firm must pay due regard to the interests of its customers and treat them fairly.
- Principle 7 - A firm must pay due regard to the information needs of its clients, and communicate information to them in a way which is clear, fair and not misleading.

The FCA also publish a conduct of business sourcebook (COBS) in its handbook. I've specifically considered whether Aviva met the requirements placed on it by COBS2.1.1R – client's best interest rule, and by COBS 4.2.1R – fair clear and not misleading rule.

I've looked at Aviva's calculations up to this point and they provide a number of different figures for the units Miss M's policy holds in the investment fund. And I'm still not sure that I can say that we now have a definitive and accurate position for Miss M's policy. But Miss M's complaint is that she hasn't been provided with accurate and reliable information. And I've seen enough evidence to conclude that Miss M's complaint should be upheld.

The figures that Aviva provided on its online portal have not been correct. They haven't matched the written statements Miss M received. Aviva explained that Miss M's policy requires manual calculations. But not before a great deal of confusion was caused. It provided contradictory information in letters that caused Miss M to spend an unreasonable amount of time checking what she was sent. And she was sent a spreadsheet showing transactions on her policy as part of its complaint resolution that turned out also to be wrong. Going through that in order to identify Aviva's further errors was not a small piece of work. It shouldn't have been necessary as Miss M had a clear right to expect that the information Aviva provided was correct. I have to conclude that, under principle 7 above, Aviva has failed in its duty to Miss M. Which in turn has meant Aviva failed in Principle 6 to treat Miss M fairly. And Aviva is likely to have failed to comply with its regulatory responsibility under COBS 4.2.1R.

The clerical errors that have mounted up in this case have undoubtedly caused Miss M a great deal of distress and inconvenience over a number of years now. But the calculations

done so far show that Aviva's errors have had the effect of potentially causing Miss M a financial loss to her fund value. When Miss M made her complaint, her August 2018 statement showed her fund was valued around £470,000 in May 2018. The current calculations, accounting for missed premiums, if indeed they are correct, instead shows that her pension in May 2018 should have been worth around £480,000. So Aviva's mistake, if not spotted by Miss M, would have denied her money that was hers.

I am pleased that Aviva and Miss M are both able to agree that the new calculation correctly accounts for all the premiums that have been paid into Miss M's policy since June 2010. It's possible for Miss M to now see where the premiums have been applied, and where they had been missed in the earlier attempt to reconcile the discrepancies Miss M had identified.

But Miss M raised a further concern regarding the updated calculation. The history of premiums Miss M was sent in August 2020 showed that the number of investment units held on 3 June 2010 was 16,521. The most recent premium history, provided in November 2022 starts from 3 June 2010. But starts with the ongoing total number of investment units being 16,235. Aviva provided no context to explain this discrepancy when providing the spreadsheet.

It was left for Miss M to scrutinise and then query it. And it took over a month for Aviva to respond. I appreciate that it has explained that there was a further error in the previous spreadsheet with a duplicated premium. It's referring to a previously undisclosed error in premiums going back further than its spreadsheet has so far detailed. So Miss M is understandably concerned that she can't check the earlier contributions Aviva now claim contain this error.

I'm disappointed that this matter wasn't resolved by Aviva without the need for our intervention. Miss M is Aviva's customer, and it should have been acting in her best interests and treating her fairly (principles 6 and COBS2.1.1R). But it didn't. Miss M identified errors and communicated these to Aviva in a way that I think was clear. It certainly required investigation as it came down to whether or not Aviva had, in effect, lost some of Miss M's pension contributions. But Aviva gave Miss M's concerns scant regard. It appears to have made little effort to put things right so that Miss M's policy information was correct.

For the above reasons I think that Aviva failed to comply with the high level principles I've listed above. It's communication with Miss M contained mistakes and caused confusion. It has taken too long to resolve this matter. It has failed to deal accurately and safely with her policy premiums or to correctly record the value of her pension policy. It follows that I uphold Miss M's complaint.

I understand the concern Miss M voiced, in her response to my provisional decision, that she still doesn't have an accurate record of the pension contributions that Aviva have credited to her policy. And, as I've explained, I agree that she is entitled to that. But our role is to resolve complaints. Which is what I have tried to do in this instance considering the existing issue. I cannot give a finding on what Aviva may do from this point on at this stage. Miss M will be entitled to raise a further complaint should Aviva provide her with information after this point should she again find it to contain inaccuracies.

Putting things right

- Aviva must pay Miss M £800 for the distress and inconvenience caused by the time it's taken Miss M to pursue this matter. It has taken around 2.5 years since Miss M raised this with Aviva. It's attempts to provide her with responses have contained mistakes that have taken Miss M yet more time to find and point out. And it is not the first time that Miss M has had to be put to this level of inconvenience, having

experienced the same problem in 2016 when she pointed out missing premiums.

- Aviva must provide a clear explanation to Miss M of what the correct number of units held was at the starting point of the transaction history calculation in June 2010. This will mean providing the transaction history from an earlier point that demonstrates to Miss M that the apportion of units is correct. Miss M is Aviva's customer and it has a duty to ensure that it properly records the value of her pension with it. We are not an intermediary and it should liaise directly with her over this.

Aviva must pay the compensation within 28 days of the date on which we tell it Miss M accepts my final decision. If it pays later than this it must also pay interest on the compensation from the date of my final decision to the date of payment at 8% a year simple. If Aviva deducts tax from this interest payment, it must tell Miss M how much tax it's taken off and provide her with a tax deduction certificate if she asks for one, so that she can reclaim the tax if appropriate.

My final decision

For the above reasons, I uphold this complaint and direct Aviva Life & Pensions UK Limited to put things right in the manner I have set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss M to accept or reject my decision before 2 March 2023.

Gary Lane
Ombudsman