

The complaint

Mrs M says Aviva Life & Pensions UK Limited (Aviva) was responsible for a delay in switching her personal pension to a Qualifying Recognised Overseas Pension Scheme (QROPS) and that this caused the transfer value to fall by around £2,000.

What happened

Summary timeline of events

My starting point is a summary timeline of events for the transaction Mrs M complains about. This has been constructed using information provided by her and Aviva.

March 2022 – Mrs M makes contact with Aviva to enquire about switching her personal pension to a QROPS.

19 May 2022 – Request received by Aviva from QROPS provider (Z) for information about Mrs M's pension as well as transfer application forms.

30 May 2022 – Mrs M sends Aviva completed forms in support of her request to switch her personal pension, including transfer and HM Revenue & Customs forms.

31 May 2022 – Aviva received switch request paperwork.

9 June 2022 – Aviva issue additional due diligence questionnaire to Mrs M because the switch was to an overseas provider. She completed the form the same day and it was received as an email by Aviva on 10 June 2022.

24 June 2022 – Although Aviva received Mrs M's additional due diligence form on 10 June 2022, it wasn't scanned onto its system until this point.

1 July 2022 – Following internal discussions at Aviva it was agreed that Mrs M would need to seek an appointment with MoneyHelper to ensure she was aware of the risks and implications of the switch of her pension.

4 July 2022 – Aviva spoke to Mrs M to let her know about the requirement for her to speak to MoneyHelper. This was 16 working days after its receipt of her completed due diligence questionnaire.

15 July 2022 – Mrs M confirmed to Aviva details of her MoneyHelper referral, but this wasn't recorded on her case file.

17 August 2022 – it wasn't until this point Aviva informed Mrs M that as well as a reference number for her MoneyHelper appointment, she needed to provide other supporting information.

31 August 2022 – Mrs M contacted Aviva asking why the switch request had still not been actioned. Further internal process failings at Aviva in relation to communications about her MoneyHelper appointment were responsible.

2 September 2022 – Switch process was put back on the correct track.

7 September – the transfer of Mrs M's pension to Z was processed. The transfer value provided was about £44,450.

The basis of Mrs M's complaint to Aviva

Mrs M had concerns about what had happened and she raised a complaint with Aviva. She summarised her situation in the following terms:

"I am in the process of moving to a new pensions provider and I started this process with Aviva since Apr 2022. However they asked me to provide some due diligence documents which took some time and after all the confirmations sent to them, I had my discussion with Money helper as per the process on 13th Jul 2022. After that there have been several chasers sent to them and each time they kept saying that they are awaiting the original email with the reference received from money helper. I told them several times and after several phone calls they still didn't action my case. In the meantime the value of my fund they claimed has come down by nearly 2500 pounds. The chain of this email has the evidence that the email from money helper was sent to them on the 15th of Jul itself. This was not actioned by them until 31st August.... The whole process has taken them nearly 6 months and for no reason. Given the current economic crisis and the value of my fund in question, this is sheer negligence on the part of Aviva and I would ask for them to make good this loss and fluctuation in the value of my fund with the relevant amount."

Aviva's response to Mrs M

Aviva apologised for its handling of Mrs M's pension switch. It noted the additional due diligence it undertook because she'd wanted to move to a QROPS. But it accepted that it had failed to act on information she'd provided on more than one occasion and this had led to significant delays in executing the transaction for her. It acknowledged its failings had caused her unnecessary inconvenience and upset.

To put things right, Aviva said it had price-matched the transfer value of her pension to a date it said the transaction would've proceeded on had it got things right and adhered to its usual service levels. It also offered her £200 for the trouble and upset it had caused.

The Investigator's findings and conclusions

Mrs M didn't accept Aviva's response and brought her complaint to this Service. An Investigator considered her case but didn't uphold it. He thought Aviva had done enough to put right the things it had got wrong. Mrs M disagreed.

As both parties couldn't agree with the Investigator's findings and conclusions, Mrs M's complaint has been passed to me to review afresh and to provide a 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.

Where there's conflicting information about the events complained about and gaps in what we know, my role is to weigh the evidence we do have and to decide, on the balance of probabilities, what's most likely to have happened.

I've not provided a detailed response to all the points raised in this case. That's deliberate; ours is an informal service for resolving disputes between financial businesses and their

customers. While I've taken into account all submissions, I've concentrated my findings on what I think is relevant and at the heart of this complaint.

Aviva upheld Mrs M's complaint. I agree it should've, and with its broad approach, although I do require it to carry out a fuller loss assessment which is in keeping with this Service's established approach. I'll now explain my findings and conclusions.

I've considered is the extensive regulation around transactions like those performed by Aviva for Mrs M. The FCA Handbook contains eleven Principles for businesses, which it says are fundamental obligations firms must adhere to (PRIN 1.1.2 G in the FCA Handbook). These include:

- Principle 2, which requires a firm to conduct its business with due skill, care and diligence.
- Principle 6, which requires a firm to pay due regard to the interests of its customers.
- Principle 7, which requires a firm to 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.

So, the Principles are relevant and form part of the regulatory framework that existed at the relevant time. They must always be complied with by regulated firms. As such, I need to have regard to them in deciding Mrs M's complaint.

It's useful to understand what service levels firms should be aiming for when switches take place between providers. In this regard the sector best practice issued by the Transfers and Re-registration Industry Group (TRIG); whose membership included several trade bodies is instructive. In 2018 it published an *Industry-wide framework for improving transfers and re-registrations*. It noted:

"When moving investments, assets and entitlements between institutions, people have a legitimate right to expect the industry to execute their instructions in a timely and efficient manner. Furthermore, customers' service expectations are increasing due to the relative simplicity of switching in other markets. Slow transfers can cause detriment to customers; and the actions of one party can reduce the efficiency of all parties in the chain."

I also think it's very important that firms have robust due diligence in place when dealing with requests to switch pension proceeds, and that when this involves moving funds to an overseas provider this includes specific checks and procedures. Pension benefits accumulated over many years are to provide an income in retirement and it's right that Aviva sought to meet its duty of care to Mrs M.

However, and as Aviva has accepted, it was responsible for failings in operating its processes which caused Mrs M unnecessary trouble and upset and which gave rise to significant delays in the transaction.

As the Investigator noted, Aviva reviewed what had happened to Mrs M and created a new timeline of events based on things progressing in the way they should've according to its usual service levels.

In summary, this theoretical timeline was:

31 May 2022 – Overseas transfer application received.

9 June 2022 – Due diligence questionnaire sent to Mrs M.

10 June 2022 – Questionnaire received from Mrs M.

17 June 2022 – Mrs M informed referral to MoneyHelper was required.

30 June 2022 – Confirmation from Mrs M that MoneyHelper referral had been completed. This was taken as the assumed switch date, so over two months earlier than actually happened. The policy value on this date was £44,374.46.

As the actual transfer value of Mrs M's pension on 7 September 2022 was £44,453.46, Aviva agreed that in the circumstances she should benefit from the best price. It also offered her £200 for the distress and inconvenience it had caused.

Mrs M didn't agree with Aviva's approach to resolve her complaint, for example she thought it wasn't appropriate to use a hypothetical timeline. She was concerned that her pension fund value had been eroded due to the delays caused by Aviva, she said her fund had been worth around £46,000 in May 2022. She thought it should've placed her fund in cash when it knew she wanted to switch provider. And she considered the offer of £200 inadequate given what had happened.

I understand the points raised by Mrs M, and in the circumstances I appreciate why she has limited confidence in what Aviva has said about how things should be put right for her. But I can assure her I've looked closely at what's happened and I think Aviva's assumptions are broadly fair. I'm also not persuaded by her arguments.

When things go wrong it's the role of this Service to try to return customers to the position they'd have been in now had it not been for the failings of the firm involved. The approach taken by Aviva to construct a timeline based on what would've happened if it had lived up to its usual service levels is something we would require a business to do.

It's important to note that we can't know for certain what would've happened. Redress is rarely a scientific matter. But I've reviewed the assumptions Aviva has made about what should've happened and I think these are broadly reasonable.

However, I do think Aviva needs to do more in terms of checking that Mrs M hasn't been disadvantaged by what happened. Although I can see it's done a simple comparison between the transfer value she received and what she would've received if there hadn't been the delays it caused, it needs to go a little further.

Aviva needs to know where the transferred funds were invested by Mrs M's new provider. It can then carry out a comparison between current values of the funds transferred - and what the value transferred would have been at the calculation date if the funds had been transferred on the date they should have been. The point here being that there are multiple moving prices it needs to account for. If Aviva identifies that Mrs H has suffered a loss, it should pay her such as compensation.

Aviva Life & Pensions UK Limited accepts this requirement and has undertaken to conduct a full loss assessment calculation consistent with the usual approach of this Service.

Regarding Mrs M's wider concerns about the erosion of the value of her pension pot during the period her switch was being arranged. The Investigator said:

"Fund valuations change daily, and the earlier fund values you were quoted in March and April 2022 weren't guaranteed until the funds were sold down to cash. At that point, a price would be generated for the transfer. It just so happened that the time around when these transfers would have taken place, the value of your fund had fallen to below the value you had been quoted previously. Market factors affect fund value, and events around the world have been a contributing factor to the rise and fall in pension values over the last 24 months. It should also be remembered that nothing would begin until the transfer documents were

received by Aviva, as mentioned above these were received at the end of May 2022, so that is the correct start date for the transfer process.”

I think the Investigator makes some important points here. I don't know how Mrs M's pension pot was invested with her new provider. But if I assume it was placed in funds with a similar spread of assets and risks, then these would've been subject to many of the same influences. So, for argument's sake, even if she'd switched her funds in March or April 2022 – which of course could never have happened given how much necessary process there was to follow between enquiry and execution – even if she'd received a higher transfer value, this may've suffered in similar fashion to her Aviva pension.

Mrs M has suggested that Aviva should've stopped trading with her funds, I think she means that it should've switched her money into cash in advance of moving her pension. She said she asked for this to happen. Responding to this point Aviva told this Service:

“The type of plan Mrs M was invested in does not allow for cash to be held. It is a Unit only based investment. Therefore, even if [she] did request we disinvest her investments prior to a transfer being completed, we would have explained this was not an option.”

Mrs M thinks that the £200 Aviva awarded to her for the trouble and upset it caused was insufficient.

When I'm considering a complaint like Mrs M's I think about whether it's fair to award compensation for distress and inconvenience. This isn't intended to fine or punish a business – which is the job of the regulator. But when something's gone wrong, recognition of the emotional and practical impact can make a real difference.

We're all inconvenienced at times in our day-to-day lives – and in our dealings with other people, businesses and organisations. When thinking about compensation, I need to decide that the impact of a firm's actions was greater than just a minor inconvenience or upset. It's clear to me that this was the case here.

Aviva Life & Pensions UK Limited accepted it got things wrong for Mrs M and that its failings had caused her trouble and upset, requiring her to chase progress on several occasions and leading to worry about the delays and the impact on her pension. It offered her £200 for this. I think this is fair and it should honour that payment if it hasn't done so already.

My final decision

Aviva Life & Pensions UK Limited accepts it got things wrong in the service it provided Mrs M. It will now carry out a full loss assessment calculation. And it's offered her £200 for the distress and inconvenience it has caused. So, my decision is that it should proceed on this basis.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs M to accept or reject my decision before 12 July 2023.

Kevin Williamson

Ombudsman