

The complaint

Mr S complains that Aviva Life & Pensions UK Limited (Aviva) delayed the transfer of the benefits in a group personal pension he held with it to a pension with another provider (who I'll refer to as provider A) in 2022.

What happened

Mr S had a group personal pension with Aviva. In 2022, he was about to stop work with the employer the Aviva pension was linked to. He wanted to transfer his pension to provider A.

There was a delay by Mr S's employer in paying the final contribution to Aviva. It said that although it received the final employer contribution on 29 April 2022, the employer didn't provide a description as to how to allocate the contribution to the relevant employees.

Aviva said that the employer confirmed the relevant split of contribution amounts on 4 May 2022. Mr S said that the value of his pension, before the final contribution was allocated, was £179,520 on this date.

Aviva said it allocated the final employer contribution to Mr S's pension on 18 May 2022. And that provider A requested the money three working days later, on 23 May 2022. It said that it then transferred Mr S's pension benefits to provider A on 25 May 2022. It transferred £176,298.70, with an effective date of 23 May 2022.

Aviva said provider A confirmed that it had purchased the relevant investments on 31 May 2022 and 1 June 2022. At this point a £2,000 advisor charge was taken from the fund. This was four to five working days after the payment was sent.

On 16 May 2022, Mr S complained to Aviva about the delay in the application of his final contribution. And the subsequent delay this caused to his transfer request.

Aviva issued its final response to the complaint on 7 July 2022. It upheld the complaint and said sorry for the delay and the poor service Mr S had received. It said it had failed to upload the final employer contribution until 18 May 2022, despite receiving the split it needed on 4 May 2022. And that this had delayed Mr S's transfer to provider A.

Aviva said it should've applied the contribution on 4 May 2022. And that if this had happened then it would've received the transfer request from provider A on 6 May 2022. Aviva said it would've then sent the transfer to provider A on 10 May 2022.

Aviva said the fund value was £177,909.50 on 6 May 2022, which meant that Mr S's fund value had decreased by £1,610.80 during the delay it'd caused. But that it would need to contact provider A to ask it to carry out a loss calculation so that it could work out the position Mr S would now be in if the transfer had happened when it should have. It said that if the loss calculation showed a loss, it would make this up for Mr S. It also offered Mr S compensation of £150 to say sorry.

Mr S was unhappy with this response, so brought his complaint to this service. He felt that

he'd lost the difference between £179,520 and £176,298.70, which is £3,221.30.

Provider A provided the information Aviva needed to complete the loss calculation itself. It said that it had used £174,298.70 to buy funds. And £2,000 was left in cash to pay the adviser's initial fee.

Aviva then calculated that if it had applied the final contribution payment on 4 May 2022, it would've received provider A's request to transfer the funds on 9 May 2022. It said the fund value on this date was £174,337.23. It said it would've transferred the funds to provider A on 10 May 2022. And then provider A would've invested them four working days later, on 16 May 2022.

Aviva said it calculated the difference in units that would've been bought with the revised amount on 16 May 2022. It shared those calculations with this service. And said that they would need to be updated using the most recent price date as soon as we had reached a final decision.

Aviva acknowledged that Mr S had asked for a specific amount in financial loss. But said that as it needed to put him back into the position he would've been in but for its delay, it couldn't agree to the amount Mr S had requested. It also said that the financial loss it would calculate would depend on the units that would've been purchased with the revised amount. So the loss that Mr S was entitled to was the loss in difference of units. Aviva apologised that it had failed to respond to Mr S with its calculations. And offered him a further £150 compensation.

Our investigator felt that Aviva's offer was in line with this service's approach and that the dates and figures it had used were reasonable. He also felt that the £300 in total that Aviva had offered in total for the trouble and upset it'd caused Mr S was reasonable.

Our investigator acknowledged that Mr S wanted Aviva to cover the difference between the value of his pension on 4 May 2022 and the amount that was actually transferred. But told Mr S that there was no evidence that he'd instructed Aviva to disinvest his pension on 4 May 2022. So he couldn't fairly say Aviva had acted unreasonably by not using the value from this date. He said the default position without any disinvestment instructions would be for the pension to remain invested - and therefore subject to market movements - until the transfer request was received.

Mr S didn't agree with our investigator. He asked him to share the evidence he'd relied on.

Our investigator asked for further clarification from Aviva, which it provided. It said that it aimed: *"to work by a five working day turnaround time for each stage of any standard request. So, five working days to administer the payment after a transfer request has been received. However, if actions are completed earlier than the five working days we allow, then this will be incorporated into the 'ideal' timeline"*.

Aviva also provided the actual timeline of events, compared with when it felt actions should've been taken. It said it had miscounted the days in its previous redress offer. And that it should've received the transfer request three working days after the contribution should've been uploaded on 4 May 2022, which would've been 9 May 2022, rather than 6 May 2022. But it said that as the pension would've been worth less on 9 May 2022 than it had been on the 6 May 2022, it would continue to base its loss assessment on 6 May 2022 in order to benefit Mr S.

Aviva provided the following timelines.

Actual events:

29 April 2022 – Contribution received

18 May 2022 – Contribution uploaded to Mr S's account

23 May 2022 – Aviva said it received the request to transfer to provider A three working days after the contribution had been uploaded. It said the pension was valued on this date, as it always uses the date it receives its final requirement to value the transfer.

25 May 2022 – Aviva said it had authorised the transfer payment. And that £176,298.70 was transferred. It said this value was calculated with an effective date of 23 May 2022.

What should've happened:

29 April 2022 – Contribution received

4 May 2022 – Contribution should've been uploaded as this was when the employer confirmed the split of the contributions.

6 May 2022 – Aviva said it based its original offer for redress on the request to transfer being received on this date. The value on this date was £177,909.50.

9 May 2022 – Aviva said it should've based its offer on the request to transfer being received on this date, as this would've been three working days after the contribution had been uploaded. The value was £174,337.23 on this date.

10/11 May 2022 – Aviva said the transfer payment should've been made. The pension would still have been valued as at 9 May 2022 in line with the date that Aviva would've received its final requirement.

Mr S felt that Aviva had been aware of his intention to transfer. And that it should've frozen his pension value as soon as it had received the final contribution. He also said he'd had to speak to Aviva many times in April 2022 to chase the outstanding final contribution. And that when he'd spoken to it on 29 April 2022, his pension had been valued at £179,520, with Aviva confirming receipt of the outstanding contribution that same day. So he said he expected a pension fund of £181,959 (£179,520 and £2,439) to be transferred to provider A. As Mr S's pension was only valued at £176,299 by provider A on 25 May 2022, he felt he'd made a financial loss of £5,660 (£181,959 - £176,299).

Mr S also queried some of the other pension values our investigator had shared with him. He said that the value of £174,344 as at 6 May 2022 didn't agree with a figure Aviva had given him as at the same day. This was £177,909.50. He didn't think either of these figures included the final contribution of £2,439, given that had only been processed on 18 May 2022.

Mr S also said that Aviva had been hard to contact during the time he was dealing with his transfer.

As agreement couldn't be reached, the complaint has come to me for a review.

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.

Having done so, I'm going to uphold it. But I agree with our investigator that Aviva's proposal

for redress is reasonable under the circumstances of the complaint. I'll explain the reasons for my decision.

Where a business has made an offer to settle a complaint – as Aviva has done – what I have to decide is whether, in all the circumstances, that offer is fair and reasonable.

In this case, Aviva has acknowledged that it delayed the transfer. And has offered to carry out a loss assessment based on when the transfer should've taken place but for the delays it caused. As it initially miscalculated one of the dates used in that assessment as 6 May 2022, rather than 9 May 2022, it has offered to continue to base the loss assessment on 6 May 2022 as that will better benefit Mr S.

Aviva also initially offered Mr S £150 for the distress and inconvenience it had caused Mr S. But increased this by a further offer of £150, when the complaint came to this service.

Mr S doesn't agree with the loss assessment. He thinks that the value of his pension shouldn't have fallen at all during the transfer process. He also questions some of the figures he's been given.

I first considered whether Aviva's offer of redress is fair and reasonable.

Settlement offer

Aviva has provided evidence which shows that, but for the delay it caused, the transfer payment would've been based on the value as at 9 May 2022. And it has also shown that its original loss assessment, which it incorrectly based on the value as at 6 May 2022, would've been more beneficial to Mr S than the correct assessment as at 9 May 2022. Aviva has continued to stand behind the more beneficial offer.

Therefore, had there been no delay, £174,337.23 would've been transferred to provider A on 10/11 May 2022. But in reality, £176,298.70 was transferred with an effective date of 23 May 2022. So Mr S has received a larger transfer, but at a later date, than he should have.

Aviva also said that its offer of carrying out a loss calculation offer is still open. This means that Aviva would pay Mr S the difference between the current value of his pension with provider A and the value it would've had if the transfer value had been invested with provider A on 16 May 2022, which would've been the correct date if there'd been no delays.

From what I've seen, I'm satisfied that Aviva's offer is in line with this service's general approach, which is to put a complainant back to the position they would've been in but for the error/delay. So I don't require it to amend its offer of financial redress.

I next considered Mr S's point that Aviva should've frozen his pension value as soon as it had received the final contribution, given it knew that he wanted to transfer to provider A.

Should Aviva have disinvested Mr S's pension?

I can see that Mr S feels strongly that Aviva should've taken steps to protect his pension value once it knew he intended to transfer it to another provider. But I can't fairly agree.

I say this because I agree with our investigator, that until and unless Mr S instructed Aviva to move his pension into cash, it would still be invested. And its value would go up or down depending on the value of the underlying assets.

Therefore, although I can see that Mr S expected the value of his pension to be stable, I

can't reasonably hold Aviva responsible for the fact that its value fell over the transfer period.

I acknowledge that Mr S has queried some of the pension values he said Aviva has given him. But I've seen no documentary evidence of any incorrect values. And, as I noted above, I'm satisfied that Aviva has taken reasonable steps to fairly assess Mr S's financial loss due to the delay.

I finally considered whether the compensation Aviva has offered for the distress and inconvenience its delay has caused was fair.

Distress and inconvenience

Mr S said he'd had to speak to Aviva many times in April 2022 to chase the outstanding final contribution. And that Aviva had been hard to contact during the time he was dealing with his transfer.

I appreciate it must've been frustrating to not be able to get hold of Aviva during a stressful time. But I'm of the view that the total of £300 compensation for the distress and inconvenience Aviva caused Mr S is reasonable under the circumstances. And it is in line with what the service would've recommended.

In summary, I consider that Aviva's settlement offer is fair and reasonable under the circumstances of the complaint. And that it will put Mr S's personal pension back into the correct financial position. And, although I uphold the complaint, I don't require Aviva to change its settlement offer.

Putting things right

Aviva Life & Pensions UK Limited must ensure that Mr S's pension with provider A is put back into the position it would've been in if the request to transfer had been received on 6 May 2022. It should also provide Mr S with a clear explanation of how it has ensured that his pension is now back to the correct position.

Aviva must also pay Mr S a total of £300 compensation for the distress and inconvenience the delay has caused him. If it has already paid any of the offered compensation, it can deduct the amount previously paid from the payment.

My final decision

For the reasons I've given above, I uphold this complaint. Aviva Life & Pensions UK Limited must take the actions detailed in the "Putting things right" section above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 22 June 2023.

Jo Occleshaw
Ombudsman