

The complaint

Mr A complains that Aviva Life & Pensions UK Limited provided him with a transfer value which it failed to honour.

What happened

Mr A had a with profits pension policy which he took out in 1975 with Colonial Life (CML). CML is now the responsibility of Aviva and it is Aviva that is required to deal with this complaint. I shall refer to Aviva throughout this decision.

Mr A joined an occupational pension scheme in 1981 and he then stopped contributing to the policy with Aviva at that date.

In December 2021 Mr A's independent financial adviser (IFA) asked Aviva to provide him with details about Mr A's pension. The IFA was providing Mr A with advice about his retirement options.

Aviva responded to the request for information. It said that the transfer value of the policy was just under £5,000. The IFA continued to advise Mr A and in January 2022 he asked Aviva to issue its Retirement Options Pack (ROP) to him. Aviva sent the ROP dated 31 January 2022. It included a Pension Summary statement which said that the transfer value was just over £15,500. One of the options (option 6) listed was a tax free cash sum of around £6,500 plus a joint life annuity of just under £1,000 per annum.

The IFA contacted Aviva to ask it about the increased valuation. It said it would look into the discrepancy and issue a new ROP. The new ROP was issued on 2 February 2022. The covering letter again said that the transfer value was just over £15,500 but included a Pension Summary which said the transfer value was just under £5,000. Option 6 in this pack was a tax free cash sum of just over £2,000 and a joint life annuity of around £340 per annum.

The IFA contacted Aviva on 8 February 2022 and stated that his client wished to take the tax free cash and joint life annuity which had been included in the ROP dated 31 January. Aviva said it couldn't do that because there'd been a mistake in the ROP it had issued on 31 January. It said it had incorrectly keyed Mr A's wife's date of birth. Mr A complained to Aviva.

Aviva looked into his complaint. It said it had made a mistake when it issued the ROP on 31 January 2022. It said it had incorrectly keyed Mr A's wife's date of birth when it was carrying out the calculation. It had corrected that when it issued the new ROP on 2 February.

Aviva accepted that the covering letter had still used the incorrect transfer value. But it said that the correct information was included in the "Your Pension Summary" document

included with the new ROP and there was also a note on that document which said that the ROP dated 31 January should be ignored because of the error with the date of birth. Aviva acknowledged it had caused distress and inconvenience. It sent Mr A a cheque for £200 by way of compensation for what had happened.

Mr A did not accept what Aviva said. He returned its cheque for £200. Mr A said that Aviva had told the IFA that the reason for the discrepancy was because Mr A was entitled to a Demutualisation Termination bonus. Mr A referred his complaint to our service.

Our investigator looked into his complaint. She said that having looked at all the evidence she was satisfied on balance that Aviva had made a mistake on 31 January 2022. It had miskeyed Mr A's wife's date of birth. She said that one of the factors affecting the value of the pension was annuity rates and these were sensitive to both Mr A's age and that of his wife. She thought Aviva had acted fairly and reasonably when it had offered to pay Mr A £200 for the distress and inconvenience he'd experienced.

Mr A didn't agree with our investigator. He said that the incorrect date of birth would not have accounted for the significant discrepancy in the value he'd been given. He also said the date of birth Aviva had used was still not correct.

Because Mr A disagreed, the complaint was passed to me to decide. I issued a provisional decision in which I said:

What I've provisionally 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.

Mr A has raised a number of issues which I'll comment on below.

The information in the Retirement Pack dated 31 January 2022

There is no dispute that the information in this ROP stated that the transfer value for Mr A's pension was just over £15,500. This was much more than what the IFA was expecting. So he telephoned Aviva on 1 February 2022 and asked for clarification.

I've listened carefully to that call. I'd just comment that during this call Aviva did not say that the information in the ROP dated 31 January was either correct or incorrect. Aviva told the IFA that it would get the calculation re-worked and get things clarified. Aviva said it would get this information sent out to the adviser the next day.

Aviva then sent a letter dated 2 February 2022. The front page of that letter again stated that the transfer value was just over £15,500. But, attached to the letter was a document entitled "Your Pension Summary". The transfer value on that document was for the lower amount of almost £5,000. There was also a comment at the end of the document under the heading "Please Note". It said:

"Please ignore the letter sent on 31 January 2022. There is a calculation error. We have put wrong partner's date of birth."

The IFA subsequently phoned Aviva on 8 February 2022 to inform it that Mr A wanted to draw his pension. Aviva then checked the transfer value again and confirmed that the transfer value was the lower amount. It said it had clarified this in its letter of 2 February and it would not be able to pay out the higher amount.

Having looked at the sequence of events here, I'm satisfied, on balance, that Aviva made an error in its ROP dated 31 January. But I wasn't satisfied with the explanation it provided for that error. So, I asked it to provide further detail about this.

Aviva provided our service with a copy of the information that was used to populate the ROP dated 31 January 2022. I noted that some of the information used in the calculation did not relate to Mr A's policy – it related to a policy number held by a different unrelated policy holder.

Aviva has now accepted that the information it provided about an error keying the spouse's date of birth is incorrect. The correct reason was that it had erroneously input some details which related to a different policy number, when calculating Mr A's transfer value. As the IFA had already noted, it was unlikely that an error keying the date of birth would have accounted for the difference in value.

The Demutualisation Termination Bonus

Mr A thought there might be another reason for the difference in the transfer values. He thought he may have been entitled to a "Demutualisation Termination Bonus" payable to certain policy holders in lieu of shares when CML demutualised. He says Aviva told his IFA on 8 February that this was probably the reason for the difference.

I haven't seen anything to support what Mr A has said about Aviva telling his IFA he may have been entitled to a Demutualisation bonus. I've listened to the calls on 1 February and 8 February and there was nothing said by Aviva during either of these calls to support what Mr A claims was said.

I have looked at the letter Aviva sent Mr A's IFA dated 23 December 2021 in response to his request for information. That letter included a table which set out details about Mr A's policy including the transfer value and information about plan bonuses. Under Plan Bonuses three bonuses are referred to – Terminal Bonus, Demutualisation Bonus and Integrated Drawdown option. Against each of these bonus types the word "No" has been entered to indicate that Mr A's plan did not attract any of these bonuses.

Attached to the letter was a glossary. It included the following:

"Demutualisation Termination Bonus – applies to certain Winterthur (former Colonial Mutual) policies only. Before Winterthur acquired Colonial Mutual that company had demutualised in June 1997. Former Colonial Mutual policies were entitled to shares in the demutualised company. Some received shares, but for others, the value of the shares the policy holder was entitled to was added to their pension fund as an additional policy."

Aviva says Mr A's policy type does not qualify for any bonus. This is in line with what it said in its letter dated 23 December 2021.

Whilst I can understand why Mr A wanted to try to find rational explanations for the higher valuation he'd been given, I've provisionally decided there's no evidence to indicate that his policy did qualify for the bonus he has referred to. I also think that if Mr A was entitled, when CML demutualised, to have the value of the shares in the former CML added to his pension fund as "an additional policy" he would be able to provide documentation to support that view - such as correspondence from CML at the time. He hasn't provided any documentation to that effect.

Has Mr A suffered financial loss?

Having considered everything, whilst it is unacceptable that Aviva provided incorrect information and then didn't provide the correct reason for its error, I'm not persuaded that Mr A has suffered any financial loss as a result of what happened. I'll explain why.

Where a business makes an error, it's not our role to fine or punish it. Our role is to look at whether the business's error caused the consumer, in this case Mr A, to suffer any loss.

As mentioned above, although Mr A was given incorrect information in the ROP dated 31 January 2022, and although that information was repeated (albeit only in part of the letter dated 8 February 2022), I haven't seen any evidence to show that Mr A acted on the information to his detriment or that he experienced any financial loss as a result of reliance on that information.

I say that because the IFA was doubtful about the accuracy of the information in the ROP dated 31 January 2022. The transfer value was significantly more than the previous quotation he'd received. That was why he telephoned Aviva as soon as he received the ROP. When he spoke to Aviva on 1 February it said it would have to get the information clarified and it issued its clarification letter the next day. As mentioned above, Aviva did not tell him during this call that he could rely on the information in the ROP dated 31 January.

I agree that the clarification letter, issued the next day, was ambiguous. But I think that if Mr A had looked in detail at the information in the "Your Pension Summary" attached to that letter, he would've been aware that the information in the ROP dated 31 January 2022 was incorrect. I've noted that the transfer value and the information under Option 6 (which was the option Mr A wanted to select) were corrected on the "Your Pension Summary" document issued on 2 February 2022. There was also a note at the end of that document to say that the ROP dated 31 January should be "ignored." This was confirmed to the IFA again when he telephoned Aviva on 8 February 2022 to inform it that Mr A wanted to select option 6. Aviva then sent a further letter dated 9 February confirming the position.

So, although there was an error on the ROP dated 31 January, I'm satisfied that Mr A did not rely on that information or that he suffered any financial loss as a result. The IFA queried the information in the ROP immediately and the next day the 'Your Pension Summary' document was issued which included the correct information. When the IFA telephoned on 8 February, his instructions were not

accepted and he was referred again to the 'Your Pension Summary' document issued on 2 February.

Distress and Inconvenience

I can understand why Mr A has complained about what happened.

It is fair and reasonable to expect a business, especially when it is providing valuations for someone who is considering their retirement options, to provide information that is accurate and complete. On this occasion the information in the ROP dated 31 January 2022 was not accurate and not enough care was taken by Aviva when it issued its "clarification" on 2 February to make sure that the information on the covering letter was accurate. It also didn't correctly identify what the cause of the error was. And I think that reasonably caused Mr A to look for other explanations as to why he may have been entitled to a greater transfer value. Aviva has only recently confirmed that the error was caused because it erroneously input some information which related to a different policy holder, when calculating the transfer value for the ROP dated 31 January.

For the reasons set out above, I've provisionally decided that the information in the ROP dated 31 January 2022 was incorrect. Although I've decided, on balance, that Mr A didn't suffer any financial loss as a result, I am persuaded that Aviva's error caused him to experience distress and inconvenience. Aviva has accepted that.

Mr A was led to believe – albeit for a relatively short period of time - that his transfer value was considerably more than it actually was. And he has spent time trying to find out the reasons why he should believe that the information he was given was erroneous. He's been given an incorrect reason – on several occasions - for that error. Aviva has offered to pay him £200 for the distress and inconvenience he experienced as a result. Having looked at everything, I've provisionally decided that is not enough. I think Aviva should pay Mr A £400 (in total) for the distress and inconvenience he experienced here.

My provisional decision

For the reasons given above, I've provisionally decided to uphold this complaint about Aviva Life & Pensions UK Limited. I intend to require it to take the following actions:

- *Pay Mr A £400 (in total) for the distress and inconvenience he experienced here as a result of what happened.*

Aviva responded to my provisional decision. It said it had nothing further to add and it accepted my provisional decision.

Mr A also responded to my provisional decision. By way of summary he said:

- Although he wasn't sure of the date or time of the call, his IFA was clear in his own mind that Aviva had told him Mr A's pension could qualify for the termination bonus and that could be why there was a discrepancy in the value that had been quoted.

- Aviva had treated him very poorly by providing incorrect information about why the error had arisen. He also said he'd asked Aviva for a copy of his original application but it still hadn't provided this to him.
- He could not understand how Aviva could have made such an error as to input incorrect information from another policyholder's plan.
- His IFA had spent time putting his advice and recommendations together which then had to be changed due to Aviva's mistakes. He said this had not been factored into consideration when the provisional decision stated that Mr A had not suffered any loss.
- He asked for the compensation payment of £400 to be paid to him.

So, I now have to 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.

Although Mr A's IFA says he has a clear recollection of being told by Aviva that Mr A may qualify for the demutualisation termination bonus, I haven't been provided with any evidence which supports this. Mr A accepts that without supporting evidence it is impossible to determine what the IFA may have been told. And, for the reasons stated in my provisional decision, I'm not persuaded, on balance, that he did qualify for a demutualisation termination bonus.

I've also considered what Mr A has told us about the additional time he says his IFA spent putting together advice and recommendations which had to be changed due to Aviva's mistakes.

I said in my provisional decision I was satisfied that neither Mr A nor his IFA had relied on the incorrect information that had been provided. I noted that the IFA had queried the information as soon as he received it and Aviva had issued a letter the next day which did include the corrected information on the "Your Pension Summary" document. I also commented that Aviva did not tell the IFA, when he contacted it, that he could rely on the information in the ROP dated 31 January.

In these circumstances, I don't think it is fair or reasonable to say that Aviva should be liable for any advice or recommendations the IFA prepared which were based on the incorrect information - after he'd immediately queried that information and been sent the corrected "Your Pension Summary" document the next day.

I remain of the view that because of Aviva's errors here and its failure to correctly identify and explain the reason for its errors, Mr A has experienced distress and inconvenience. I thought Aviva should pay him £400 (in total) by way of compensation. Aviva has accepted what I said in my provisional decision and Mr A has asked that the compensation should be paid to him. So I haven't changed my view, as set out in the provisional decision, about the action that Aviva needs to take to resolve this complaint.

My final decision

For the reasons given above, I uphold this complaint about Aviva Life & Pensions UK Limited.

I now require it to take the following action:

- Pay Mr A £400 (in total) for the distress and inconvenience he experienced here as a result of what happened.

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

Irene Martin
Ombudsman