

The complaint

Mrs B has complained that Aviva Life and Pensions UK Limited didn't tell her of the timescales needed for her to complete a one-off withdrawal from her pension before the end of the 2021/22 tax year.

What happened

The background to this complaint and my initial conclusions were set out in my provisional decision which I issued last month.

My provisional decision said:

What happened

Mrs B holds a personal pension plan with Aviva. Mrs B wanted to complete a one-off withdrawal from her pension plan before the end of the 2021/22 tax year.

On 29 March 2022 Mrs B completed an online request to make a one-off withdrawal from her Aviva pension. Aviva say that Mrs B created two identical online requests on the same day.

Aviva generated an illustration for both withdrawal requests and Mrs B accepted one of these on 30 March 2022.

Aviva have said that Mrs B then completed another online withdrawal request for a different amount on 30 March 2022. To confirm which amount Mrs B wanted to withdraw from her pension, Aviva tried to contact her by telephone on 31 March 2022, and then again on 4 and 5 April 2022. However, the telephone number Aviva had for Mrs B was out of date, so they were unable to speak with her.

Mrs B contacted Aviva on 5 April 2022 to find out what was happening with her pension withdrawal. She told Aviva that the withdrawal needed to be completed before the end of 2021/22 tax year. This was because Mrs B had no other taxable income in that tax year, so wanted to make a withdrawal from her pension plan to use the remainder of her available income tax allowance.

During the telephone call Aviva established that the telephone number that they had been trying to contact Mrs B on was no longer in use. Aviva told Mrs B that because her online withdrawal request had been completed on 29 March 2022, then the earliest that the

withdrawal would be completed would be 6 April 2022, so after the end of the 2021/22 tax year.

As the withdrawal couldn't be completed within the 2021/22 tax year Mrs B instructed that the withdrawal be cancelled.

Mrs B complained that when she completed her online withdrawal request there was no warning displayed which told her the cut-off date for this to be concluded before the end of the tax year. Mrs B also said that she had not been given any information on timescales applying beforehand.

Because Aviva had been unable to complete the one-off withdrawal in the 2021/22 tax year Mrs B said that she had been denied the chance to use her 2021/22 income tax allowance, which she says would have saved income tax at a rate of 20% on her planned withdrawal.

Mrs B said that Aviva should pay her compensation equal to the tax saving that she would have received had the withdrawal been completed in the 2021/22 tax year.

Aviva responded to Mrs B's complaint. They agreed that they had not done enough to make Mrs B aware of the timescales involved in completing the pension withdrawal. Aviva paid Mrs B £100 to compensate her for the inconvenience that she'd suffered as a result.

However, Aviva didn't accept that they should compensate Mrs B for the income tax she said she would not have paid had the withdrawal been completed in the 2021/22 tax year. They have said that Mrs B's withdrawal request had been processed correctly. They also said that as Mrs B didn't submit her online request until 29 March 2022, this was too late for the withdrawal to be completed before the end of the 2021/22 tax year.

Mrs B didn't accept Aviva's response to her complaint, so she brought her complaint to the Financial Ombudsman Service.

An Investigator within the Financial Ombudsman Service examined Mrs B's complaint. They concluded that as Mrs B had cancelled her withdrawal instruction before it could be processed in the 2022/23 tax year then she hadn't paid any extra income tax and therefore hadn't suffered a financial loss.

The Investigator did however think that Aviva should pay Mrs B £350, rather than £100 that they'd offered, to compensate for the inconvenience that she'd suffered, which Aviva accepted.

Mrs B didn't accept the Investigator's view. She said that she'd been denied an opportunity to benefit from an untaxed pension withdrawal in the 2021/22 tax year. She asked for her complaint to be brought to an Ombudsman.

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.

Aviva say that they need a minimum period of five working days to process and complete a pension withdrawal request from when the illustration is accepted. I think that this timescale is reasonable.

As Mrs B's first withdrawal request was submitted on 29 March 2022, and the illustration was accepted on 30 March 2022, then the earliest that the request would have been completed

was 6 April 2022, which was after the end of the 2021/22 tax year.

I think that as Mrs B wanted to complete the withdrawal from her pension before the end of the 2021/22 tax year, then it would have been reasonable for her to have submitted her withdrawal request before 29 March 2022, so that she could've been sure that the withdrawal would have been completed when she wanted.

Aviva needed to confirm the amount that Mrs B wanted to withdraw from her pension as she had requested illustrations for two different amounts, so they tried to contact her by telephone on 31 March, as well as on 4 and 5 April 2022. I therefore think that Aviva contacted Mrs B promptly after receiving her withdrawal request to clarify this point, but Mrs B hadn't given Aviva her updated telephone number.

Aviva were therefore unable to confirm the amount that Mrs B wanted to withdraw from her pension until she contacted them on 5 April 2022, the last day of the 2021/22 tax year.

I think that as Mrs B submitted her withdrawal application on 29 March 2022, and hadn't given Aviva her updated contact information, it wasn't unreasonable that Aviva were not able to complete the withdrawal before the end of the 2021/22 tax year.

I therefore don't think that Aviva did anything wrong when they received Mrs B's pension withdrawal request. I think that Mrs B had left it late at the end of the tax year before she submitted her withdrawal request.

Also, Mrs B hadn't given Aviva her updated contact details. I think that whilst it was already unlikely that Aviva would've been able to complete the withdrawal before the end of the tax year, the fact that they were also unable to contact her made it even less likely that the withdrawal would complete when Mrs B wanted.

Aviva have also said that they could have improved their communication, and I think it reasonable that they want to improve what they do over time so that their customers are given a better idea of how long withdrawals can take. However, I don't think that this means that Aviva acted unreasonably when they dealt with Mrs B's withdrawal request. I therefore don't think there's any reason to increase the compensation of £350 that Aviva has accepted as being a fair and reasonable amount to settle this case.

My provisional decision

I am upholding Mrs B's complaint against Aviva Life and Pensions UK Limited in so far as I consider £350 to be fair and reasonable compensation. As Aviva Life and Pensions UK Limited have already paid Mrs B £100, they now need to pay her a further £250, so that the total sum paid to Mrs B is £350.

In my provisional decision I invited both Mrs B and Aviva to respond with any additional information or comments that they wanted me to consider before I made my final decision.

Both Mrs B and Aviva have responded to my provisional decision. Both parties have said that they have nothing further to add.

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.

As neither party have provided any further comment to my provisional decision then I see no

reason to change the conclusions I reached, as set out above. I therefore don't think there's any reason to amend the compensation of £350 that Aviva has accepted as being a fair and reasonable amount to settle this case.

Putting things right

Aviva need to pay Mrs B a further £250, in addition to the £100 they've already paid her, to bring the total compensation payment to £350.

My final decision

My final decision is that I am upholding Mrs B's complaint against Aviva Life and Pensions UK Limited in so far as I consider £350 to be fair and reasonable compensation. As Aviva Life and Pensions UK Limited have already paid Mrs B £100, they now need to pay her a further £250, so that the total sum paid to Mrs B is £350.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs B to accept or reject my decision before 17 August 2023.

Ian Barton
Ombudsman