

## **The complaint**

Miss A's complaint is about the maturity of a mortgage endowment policy she had with Aviva Life & Pensions UK Limited. She is unhappy about the amount of time it took for the policy proceeds to be paid to her, so that she could pay her mortgage off.

## **What happened**

In December 2022 Aviva wrote to Miss A to remind her that her endowment policy would be maturing at the end of January 2023. It explained that Miss A needed to return a maturity form (which was enclosed) and asked her questions to determine if she needed to send identification (ID) documents. The basic questions indicated that Miss A didn't need to send ID if she wanted the maturity proceeds paid into the bank account that had paid the premiums. However, it was noted that for some European countries ID would be required and Aviva would be in touch if that was the case. A reminder letter was sent to Miss A in the middle of January 2023.

Miss A contacted Aviva in March 2023 to question why she hadn't received the maturity proceeds. It explained to her that it had sent her information about what it needed to pay out the maturity value, but it had not received a response. Miss A told Aviva that she hadn't received either of its letters about the maturity. After Aviva provided her with a copy of the maturity pack, she returned the maturity form by courier on 28 March 2023. In addition, she sent a copy of the maturity form and photocopies of ID documents by email the following day. She informed Aviva her mortgage was due to be repaid on 10 April 2023 and asked that payment be made before that date. Although Aviva hadn't told her that it needed ID because of the country she lived in at this point, it appears Miss A knew it did as she'd had to provide it in relation to another policy.

On 4 April 2023 Miss A emailed additional ID documents to Aviva. The following day Aviva wrote to Miss A and asked her to provide her ID again. It explained that it was not able to accept photocopies unless they had been certified and explained how certification should be done.

On 10 April 2023 certified copies of Miss A's passport, driving licence and bank statement were sent to Aviva by courier and email. Miss A also complained that previous documentation she had emailed had not been accepted and was unhappy that she had been required to provide this information at all, given the funds were being paid into the premium paying account.

Aviva responded to the complaint in a letter of 11 April 2023. It explained in order to protect policyholders it had procedures in place to ensure that funds were only paid out when they should be. This meant that it required appropriate ID documentation before it could make a payment. As Aviva hadn't received what it needed, it didn't consider that it had acted unreasonably.

On 13 April 2023 Aviva discussed with Miss A the ID documents she had provided it with. It raised concerns that the secondary form of ID didn't contain the information it needed it to – her full name and address. It was also confirmed that it was checking the validity of the

certifier. Subsequently, on 20 April 2023 Aviva wrote to Miss A and told her that it could not accept any of her ID documents unless it could validate the certifier and asked for further ID documents to be provided; implying that it had been unable to validate the certifier Miss A had used. In response, Miss A provided Aviva with an electronic document headed by a professional body detailing the certifiers membership. Miss A complained again and asked us to look into her complaint.

One of our Investigators considered the complaint and recommended it be partially upheld. She was satisfied that Aviva was right to ensure the person claiming the funds from the policy was entitled to them. However, Aviva had not provided an explanation of why it would not accept the certified documentation pay out the maturity value, when it had accepted it as valid in relation to a different policy. As such, the Investigator concluded the maturity proceeds should be paid out to Miss A along with simple interest at 8% p.a. from the date the certified ID documentation was received. In addition, she considered Aviva should pay Miss A £250 for the trouble and upset the delays had caused her.

Aviva didn't accept the Investigator's conclusions. It explained that the only policy it could locate as having been paid out to Miss A had been a couple of years ago, not recently. In addition, Aviva confirmed that the address Miss A had the policy registered under was in a country that it needed additional ID verification for. It also raised concerns that Miss A did not appear to be residing at the registered address and was corresponding from a different country. Aviva highlighted that it needed to ensure it was paying the maturity proceeds out correctly.

Our Investigator provided Aviva with details of the second policy the ID documents sent on 10 April 2023 had been used for. On 16 August 2023 Aviva wrote to Miss A and informed her that it had paid the maturity proceeds into her bank account, along with interest calculated at Bank of England Base Rate plus 1% from the maturity date to the date of payment.

Aviva acknowledged the different ID requirements between different parts of its business must have been frustrating for Miss A and confirmed it was happy to pay the £250 compensation recommended by the Investigator in this regard. In addition, it said it would also consider paying interest on the maturity value at the 8% simple the Investigator had recommended, less the interest already paid.

Miss A didn't consider the £250 compensation was sufficient, given the trouble, health issues and upset she had been caused. She also highlighted that she had incurred additional expenses in the form of couriers, petrol and international calls to Aviva and her mortgage lender.

Aviva subsequently confirmed that it would increase the interest payment to reflect it being calculated at 8% simple, which involved an additional payment of £547. It also offered to increase the compensation payment to £500. Miss A didn't accept the revised offer as she didn't consider it covered her costs.

### **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.

Aviva has acknowledged that it made mistakes in this case, and so I only need to determine what needs to happen to put the situation right.

Miss A was aware from interactions with it on another policy that Aviva would likely want ID

documentation due to the country her permanent residence was in, and as such she pre-empted the request that would have been made when the maturity form was received at Aviva's offices. However, the initial ID documentation provided was not certified, and it was only provided as emailed scanned documents, which were not acceptable. As has been confirmed a life assurance company has an obligation to its policyholders to ensure it is paying proceeds to the correct parties. It is standard procedure in financial services that ID documentation needs to be either an original or a certified copy. As such, I can't find that it was inappropriate for Aviva not to accept the initial emailed ID documentation.

Aviva has acknowledged that it should have accepted the ID documentation that Miss A sent to it on 10 April 2023 and it has now paid out the maturity value based on that documentation. As such, it is reasonable that had this mistake not occurred, the maturity proceeds would have been paid out around 11 April 2023.

When determining what redress should be paid, we establish what position a consumer would have been in, but for the mistake made by the financial business. In this case, I am satisfied that Miss A would have paid the maturity funds off her mortgage and would, therefore, have stopped paying interest on that amount. As such, she was deprived of the use of the amount of the payments she made after the mortgage would have been paid off. In addition, she would not have had to make any further daytime international telephone calls, and so would have saved that money too.

Aviva has agreed to pay Miss A interest calculated at 8% simple on the maturity value, which will amount to around £1,500. We have asked Miss A to provide evidence of the amount of interest she was charged on her mortgage, but she has not provided this. Nor has she evidenced the cost of the calls she made. However, from what she has told us, it would appear the amount of interest Aviva has now agreed to pay is sufficient to cover her financial losses.

I note that Miss A spoke to Aviva on numerous occasions before providing the certified ID documentation needed for the maturity. However, I don't consider that it would be reasonable to ask Aviva to refund these costs as when they were made, Miss A knew what she needed to provide Aviva, but had not done so. As such, it was not an error on Aviva's part that caused these costs to arise.

Miss A raised additional costs she had to pay out during the process of obtaining the maturity value – petrol and courier costs. The costs involved in providing a life assurance company with the documentation needed to allow a maturity is something that a policyholder will always have to incur, be that the cost associated with having documents certified or those associated with arranging their delivery. As such, these are costs that Miss A would always have had to pay and it would not be appropriate for Aviva to be required to reimburse them.

Aviva has offered Miss A £500 compensation for the upset and inconvenience she suffered because of the errors it made. Considering the timescales involved and the nature of the situation, especially given Miss A was due to pay the funds to her mortgage lender in April 2023, I consider £500 is appropriate in the circumstances.

### **My final decision**

My final decision is that I uphold this complaint in part. In full and final settlement, I require Aviva Life & Pensions UK Limited to pay Miss A £547 additional interest and compensation of £500.

Under the rules of the Financial Ombudsman Service, I am required to ask Miss A to accept

or reject my decision before 12 December 2023.

Derry Baxter  
**Ombudsman**