

## **The complaint**

Mrs M complains that Aviva Life and Pensions UK Limited sent her annual annuity payment to her old, closed bank account despite, she says, having asked them in good time to make the payment to her new bank account.

Mrs M says that she has limited monies and is reliant on the state pension, therefore Aviva's delays have had a significant impact on her.

## **What happened**

On 27 March 2023, Mrs M contacted Aviva, asking them to alter the bank account that her annual annuity payment was being paid into. Two days later, Mrs M completed and sent back Aviva's 'payment authority form' with her new banking arrangements on.

After attempting to complete an online verification check of Mrs M's new bank account, Aviva weren't able to corroborate the details that she'd submitted, so they wrote to her on 8 April 2023, asking her to provide a copy of her new bank statement.

After not receiving her annual payment on 1 May 2023, Mrs M contacted Aviva the next day to understand why. Aviva explained that the payment had been made to her old bank account and as such, they would try and recall the payment and forward the monies to her. At the same time, Aviva asked Mrs M to send them a copy of her new bank statement, which she then emailed to them on 4 May 2023.

On 9 May 2023, Aviva wrote to Mrs M, explaining that they weren't able to make the payment to her new bank account without first validating the details of the account. Aviva again asked Mrs M to send them a copy of a bank statement, showing the new sort code and account number, so their records could be updated. A week later, after speaking to Aviva again, Mrs M was advised that they'd updated her new bank details on to their system, but they still needed to understand how to recall the payment that had already been sent. They recommended that she speak to her old bank to see if they could help.

On 6 June 2023, Aviva wrote to Mrs M, explaining that they'd updated their records so any backdated and future payments would now be made into her new account. Two days later, Aviva wrote to Mrs M again, this time providing a breakdown of the payment that they had made on 1 May 2023, of £1,093.63 into her new account. However, Mrs M says that she never received that payment and despite her best efforts, hasn't been able to make any progress with Aviva's customer care team.

Shortly afterwards, Mrs M decided to formally complain to Aviva. In summary, she said that she was frustrated that, despite telling Aviva of her new bank account details, she hadn't received her annuity payment nearly two months later. Mrs M had also spoken to her old bank but because she wasn't able to pass their security checks, they were unable to help her.

Mrs M also raised her concerns with this service before receiving Aviva's response to her complaint. In summary, she said that she was unhappy that Aviva had sent her income payment to her old bank account, despite being advised of her new banking arrangements. She also explained that as a pensioner, she's reliant on those monies.

After reviewing Mrs M's complaint, Aviva explained that they were sorry that Mrs M had had to chase them on a number of occasions and that they had sent incorrect information to her about the payment having been made into her new bank account. They went on to say that, having received her instructions to alter her bank account, despite not having validated her new account, they shouldn't have sent the annuity payment to her old bank. In addition, Aviva said that, as her old bank still had the monies and 10 days had now passed, they were unable to recall those funds and she should contact her old bank directly to resolve that. However, in recognition of the trouble that they'd caused, Aviva explained that they were paying Mrs M £250.

The complaint was then considered by one of our Investigators. She concluded that Aviva hadn't treated Mrs M fairly and didn't think that it was fair for her to have to wait until the banking system eventually returned the incorrectly paid monies back to Aviva. She felt that Aviva should pay Mrs M the missing annuity monies and recover the funds themselves from her former bank.

Aviva, however, disagreed with our Investigator's findings. In summary, they said:

- They weren't told by Mrs M until 27 March 2023 that she had closed her bank account.
- Had Mrs M responded to their request for a copy of her new bank statement from 8 April 2023, they would have been able to update their systems in time for her to receive her payment on 1 May 2023.
- As the payment was sent by BACs, the status, they say, is paid. In addition, they've not seen proof that Mrs M's former bank has sent the monies back to them.
- Aviva went on to say that they'd already tried to recall the payment but without success.

Our Investigator was not persuaded to change her view as she didn't believe that Aviva had presented any new arguments that she'd not already considered or responded to. Aviva then asked the Investigator to pass the case to an Ombudsman to review that outcome.

### **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.

The purpose of my decision isn't to address every single point raised. My role is to consider the evidence presented by Mrs M and Aviva, in order to reach what I think is an independent, fair and reasonable decision based on the facts of the case. In deciding what's fair and reasonable, I must consider the relevant law, regulation and best industry practice, but it is for me to decide, based on the available information that I've been given, what's more likely than not to have happened. And, having done so, I'm upholding Mrs M's complaint and I'll explain why below.

I can well imagine how distressing Mrs M must have found the experience of not receiving her income payment when she thought she would do. She's told this service that as a

pensioner, who's financially reliant on the state pension, the funds that she receives from Aviva are very much needed – more so than ever with the recent passing of her mother, when she wanted to use the monies to help cover some of her funeral costs.

It seems to me that it's not disputed that Mrs M contacted Aviva well in advance of when they were due to make her annual annuity payment, where she asked them to update the bank account of where the payment was to be made to. And importantly, Aviva have also acknowledged that they received Mrs M's completed 'payment authority form' with her new bank details on, also well in advance of the annuity payment due date. Whilst it seems that Aviva were unable to update their system because they couldn't validate Mrs M's new bank account, they still released her annual annuity payment knowing full well that they were doing so to an old, closed account.

So, whilst I don't doubt that Aviva needed to externally corroborate her new bank account details, by their own admission, they could have held her monies in suspense until such time as Mrs M had satisfied the necessary checks. Having looked closely at the timeline of events, it appears that, after requesting a copy of Mrs M's new bank statement some 10 days after receiving the completed 'payment authority form' from her, Aviva then failed to follow this up with Mrs M until the annuity payment date had passed, by which point it was too late to rectify the issue.

Aviva have explained that they've been unable to recall the annuity payment from Mrs M's former bank, because of the time that's now elapsed since the monies were paid to them. They went on to explain that Mrs M should contact her former bank as they still held those funds and as such, they should be able to remit the monies to her. However, despite her best efforts, it seems that Mrs M has been unable, for a variety of reasons, to make any progress with her former bank in establishing where the monies now sit.

In reaching my decision, I've considered what's fair in the circumstances and I don't think it's reasonable to expect Mrs M to have to continue liaising in with her former bank to try and retrieve the annuity monies that Aviva shouldn't have sent to them in the first place. I say that, because our Investigator has already undertaken reasonable, detailed enquiries with Mrs M's former bank, to try and retrieve those funds for her but without success, so it's not clear how much longer Mrs M would have to wait for the funds to be found.

Given that Aviva sent the annuity monies to an account that was closed four months earlier, Mrs M's former bank will eventually send the funds back to them. However, I don't think it's fair to expect a consumer in Mrs M's circumstances to have to wait any longer for her income payment. Therefore, Aviva must make Mrs M's annuity payment to her and recover the incorrectly remitted funds themselves from her former bank in due course.

### **Putting things right**

Aviva must pay Mrs M her annuity income that fell due on 1 May 2023. As Mrs M has been deprived of those monies since the original payment date, Aviva must also add 8% simple interest to the payment from the date that the money should have been paid until settlement of the complaint.

### **Distress and inconvenience**

Aviva should pay Mrs M £500 for the trouble that they've caused her. I'm satisfied that £500 better reflects the inconvenience that Mrs M has suffered, because Aviva could have followed up Mrs M's request sooner, they incorrectly stated that the monies had been paid to her new bank account and they could've also engaged with Mrs M's former bank earlier to

try and put things right. Had they done, I suspect that this issue could have been resolved sooner. If Aviva have already paid Mrs M the £250 that they previously offered, this can be deducted from the £500.

Finally, Mrs M must make an undertaking to Aviva that, in the unlikely event of her former bank remitting the original 1 May 2023 annuity monies to her, she must repay them to Aviva.

### **My final decision**

I'm upholding Mrs M's complaint and I require Aviva Life and Pensions UK Limited to take the action that I've set out above to settle the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs M to accept or reject my decision before 7 December 2023.

Simon Fox  
**Ombudsman**