

The complaint

Mr L expected Aviva Life & Pensions UK Limited (Aviva) to transfer £310,170.33 to his new pension provider. But the actual amount transferred was only £309,270.54.

What happened

Mr L had a pension plan with Aviva. On 25 August 2023 Aviva received a request from Canada Life via Origo Options to transfer £314,000. That was higher than the plan value and Aviva needed Mr L to confirm he still wanted to go ahead. Aviva emailed him on 27 August 2023 saying the plan value had decreased to £310,170.33.

Aviva's email gave Mr L two options to contact Aviva – by email or telephone. On 29 August 2023 (the day before was a bank holiday) Mr L called Aviva. He asked for a message to be passed to the team member working on his case to say he agreed to the settlement value in Aviva's email. Mr L made a further telephone call to Aviva on 30 September 2023 expressing concerns about the format of Aviva's email and which had meant he hadn't wanted to reply by email in case Aviva's email wasn't genuine, hence he'd telephoned.

On 31 August 2023 Canada Life forwarded to Mr L a copy of Aviva's email. Mr L was concerned the transfer had still not been processed following his call on 29 August 2023. He called Aviva again on 1 September 2023 to reiterate that he agreed to the settlement value in Aviva's email.

On 2 September 2023 Aviva transferred £309,270.54 to Sun Life. That was £899.79 less than the £310,170.33 Aviva had quoted and which Mr L had agreed to. That higher figure was the plan value on 24 August 2023. But the effective date for the transfer is the date when all of Aviva's requirements for transfer are met. Here that was the date Aviva received the transfer request which was 25 August 2023. Unfortunately the plan value on that date was £899.79 less than the previous day.

Mr L called Sun Life on 5 September 2023 to check the transfer value had been received and was told that a transfer of £309,270.54 had been received from Aviva on 4 September 2023.

On 6 September 2023 Mr L complained to Aviva about the underpayment. Aviva emailed the same day asking Mr L to call back to discuss the matter further which Mr L did the following day. Aviva issued a final response letter on 5 October 2023. Aviva explained that the valuation given in the email of 27 August 2023 was wrong as it was the plan value on 24 August 2023, not 25 August 2023. Aviva apologised for giving wrong information. But Aviva maintained that the transfer had been administered correctly and Mr L hadn't suffered a loss. To say sorry for the inconvenience and upset caused (including the disappointment Mr L had suffered because his expectations had been raised) a cheque for £150 would be sent.

Mr L remained unhappy and referred his complaint to this service. One of our investigators looked into what had happened. But she didn't think Aviva needed to take any action. Aviva had provided the plan value on 24 August 2003 instead of on 25 August 2023. But the correct amount had been transferred. Mr L hadn't suffered any financial loss but there'd

been a loss of expectation. Aviva had apologised and paid Mr L £150 for the distress and inconvenience caused which the investigator considered fair and reasonable in the circumstances.

Mr L didn't accept the investigator's view. He queried the point of a pension provider asking clients to approve or reject a settlement value if the actual transfer value that the client had agreed to could then be revised without asking the client if they agree to the revised settlement value.

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.

There's no dispute that Aviva did something wrong. Aviva quoted the plan value on 24 August 2023. But the effective date for the transfer was 25 August 2023. So Aviva should've notified Mr L of the plan value on that later date – which was some £899.79 lower – and asked if he was prepared to go ahead on the basis of that value. Instead Mr L agreed to the higher figure which Aviva then didn't pay and which, understandably, Mr L is unhappy about.

I note what Mr L has said about getting in touch with Aviva promptly following Aviva's email of 27 August 2023 to say he accepted the settlement value. And his lack of confidence in the person to whom he spoke on 29 August 2023 may have been justified as it seems Mr L's message may not have been passed on, which meant he had to call again, on 1 September 2023. I also understand why Mr L felt more confident in phoning Aviva, although I don't agree that the email of 27 August 2023 indicates shortcomings on Aviva's part in the preparation and checking of important emails.

The crux of Mr L's complaint is that he agreed to a transfer value which Aviva then revised downwards without notifying him or seeking his agreement. I do understand why that feels very unfair. And, given that Aviva checked with him because the plan value was lower than the transfer amount requested, Mr L would understandably have expected Aviva to have done similar before paying a lower transfer amount to that quoted. The difference was relatively small in percentage terms (about 0.3%) but in money terms it was some £900 less.

Although there's no dispute that Mr L was given the wrong transfer value, the issue is whether he's entitled to the higher amount quoted. I know Mr L will be very disappointed but I don't think he is. Aviva's primary obligation is to pay the correct value of Mr L's policy. Aviva has done that and so, as a starting point, I don't think it would be fair for Aviva to have to pay Mr L more than his policy was actually worth.

Mr L's position is that Aviva quoted a higher amount which he accepted and so Aviva should be bound to pay the higher figure. But where an incorrect amount is quoted (and even if it's accepted by the consumer) that won't automatically mean the consumer is entitled to the higher value if it's based on a mistake. Usually, where an error has been made, it can be corrected. It's only in fairly unusual circumstances that an entitlement to the higher figure might arise. An example might be where the recipient of the incorrect information has relied, to their financial detriment, on the incorrect quotation. Or to put that another way, where someone would've done something different if they'd been given the correct information and has incurred a financial loss by not doing that.

I don't think that's the situation here. I don't see, if Mr L had been given the correct and lower plan value, that he'd likely have decided against transferring. And he hasn't suggested that would've been the case. So he's ended up in the same position he'd have been in if Aviva hadn't made a mistake – he's transferred away from Aviva and the transfer value Aviva paid

was the correct amount. He's been paid what he was entitled to – the correct value of his plan on the correct applicable date.

But he did suffer distress and inconvenience for which Aviva has paid £150. Mr L doesn't consider that's commensurate with an underpayment of £899.79. But the compensation isn't reflective of a financial loss in that amount but to recognise the trouble and upset, including disappointment, Mr L was caused.

In considering compensation for distress and inconvenience we take into account the impact of what went wrong on the consumer, including matters such as the length of time it took to sort things out. Here Aviva responded very quickly to Mr L's concerns about the amount transferred and invited him to get in touch to discuss things. So Mr L did understand relatively quickly – within a few days or so – what had gone wrong and why the amount paid was less than he'd been expecting, even if he didn't agree that Aviva shouldn't have to pay the higher amount. And within a month or so Mr L had received Aviva's formal response to his complaint which included sending a cheque for £150 to say sorry for the inconvenience and upset caused. I think Aviva did what it could to explain promptly what had happened and so lessen the impact of its mistake on Mr L.

In the circumstances, £150 is within the range I'd expect. So I'm not going to say Aviva needs to pay more to Mr L. I think Aviva has already sent a cheque to Mr L. But I'm unsure if he cashed it. If he did then Aviva doesn't need to pay a further £150.

My final decision

Aviva Life & Pensions UK Limited has already made an offer to pay £150 to settle the complaint and I think this offer is fair in all the circumstances.

So my decision is that Aviva Life & Pensions UK Limited should pay £150.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 1 May 2024.

Lesley Stead
Ombudsman