

The complaint

Ms A complains that Aviva Life & Pensions UK Limited caused delays in transferring two pensions held elsewhere into her personal pension policy (PPP) held with Aviva. Ms A says Aviva delayed her plans to purchase an annuity with another provider, causing her a financial loss.

What happened

In early 2022, Ms A started the process of transferring two pensions held with other providers into her Aviva PPP. Once this was done, Ms A intended to make a final decision about how to take an income from the PPP, but she was pretty sure she would purchase an annuity.

On 23 February 2022, Ms A began the transfer of one workplace pension, that I'll refer to as Ms A's pension with Company C, into her PP with Aviva.

Ms A said Aviva sent Ms A to complete on 29 April 2022 and she sent these back on 13 May 2022. And on 6 June 2022, Ms A telephoned Aviva for a progress update on the transfer from Company C. Ms A was told her transfer was being worked on.

As Ms A thought the transfer from Company C was underway, she wanted to initiate the transfer in of her second pension, which was held with a provider I'll refer to as Company U. Company U wanted a written confirmation Aviva could accept the transfer, Aviva's bank details and a copy of its HMRC registration certificate. Ms A asked for Aviva to post these details to her and was told this should be with her by 21 June 2022, along with a 'transfer in' form.

Ms A telephoned Aviva again on 1 July 2022 as no forms had been received for her pension with *Company C*. Ms A was again told the forms had been sent but that these would be re-sent by first class post.

Ms A called Aviva on 5 July 2022 as Company C had not received the forms required – Aviva said it needed to revisit what had happened. Ms C said she wished she had not started the process of transferring her second pension (with Company U) but she thought the first transfer was under control. She was promised a call back by 12 noon the following day. Ms A called Aviva on 6 July 2022 as she had waited in for a promised a call back by 12 noon, which did not materialise. Ms A said this needed to be resolved by 11 July 2022 when the transfer value offered by Company C expired.

On 10 July 2022, Aviva emailed Ms A about the transfer in from Company U. It transpired Ms A had not been able to initiate the transfer in process for her pension with Company U as she thought she had on 6 June 2022. The process for transferring Ms A's pension with Company U began on 19 July 2022.

On 14 July 2022, Company C wrote to Aviva. It said it required a transfer application form and discharge form to be completed. On 22 July 2022, Aviva sent Ms A the discharge forms required for her pension with Company C. Ms A believed she had already completed these

on 19 April 2022.

On 27 July 2022, Aviva identified it had only one page of Company U's discharge form.

On 1 August 2022, Company C told Ms A it had transferred the benefits held in her pension with it. On 18 August 2022, Aviva says it sent Ms A confirmation these benefits were applied to her Aviva PPP with an effective date of 4 August 2022.

In the meantime, Aviva checked its systems to check whether it had received all of Company U's discharge form but after contacting its scanning teams, it could not locate all of the discharge form. So, on 8 August 2022, Aviva emailed Ms A to ask for all pages of the discharge form. Ms A responded the same day to say she had not asked Aviva to fill out the form. Instead, she asked for Aviva to send her the information required as shown on the form. Ms A had first requested this on 6 June 2023 and asked for it again on 1 July 2023. Ms A sent one page of the discharge form when she filled out Aviva's form on 20 July 2023 – and Aviva had still not actioned this by 8 August 2022. In the same email, Ms A notified Aviva that the funds from her PPP with Company C were still not showing as applied to her Aviva PPP.

On 16 August 2022, Aviva sent Ms A a letter containing confirmation it could accept the transfer from Company U and provided its bank details. On 1 September 2022, Aviva received a letter from Company U saying its funds had been transferred and should be with it within five working days. The benefits from Ms A's pension with Company U were transferred into her Aviva PPP on 7 September 2022.

Both transfers from Ms A's workplace pensions into her Aviva PPP were now complete and Aviva's notes say it sent Ms A more than one 'retirement options pack' in September and October 2022.

In the meantime, Ms A had obtained an annuity quote from a third party annuity provider I'll refer to as Company L. On 16 November 2022, Company L wrote to Aviva. It said Ms A had applied for an annuity and chosen a retirement date of 1 December 2022.

Aviva emailed Ms A on 18 November 2022, asking her to telephone Aviva so a retirement specialist could talk Ms A through all her options and the risks involved before sending out the correct forms required. This call took place on 21 November 2022. But on 1 December 2022, Ms A received an identical email to that sent on 18 November 2022, so she complained to Aviva.

Aviva apologised on 5 December 2022, saying it should have sent Ms A the correct forms by 28 November 2022. Aviva said it had now sent the correct forms. and sent Ms A a cheque for £75 as an apology. However, Ms A noted Aviva had actually sent her the wrong forms to complete after her call on 21 November 2022.

Ms A called Aviva about the wrong forms on 6, 8 and 12 December 2022 – Ms A made a second complaint about what had happened. Company L's annuity quote was due to expire on 20 December 2022 Aviva's notes suggest the correct forms were issued on 22 December 2022.

On 29 December 2022, Aviva made a further apology and sent a cheque for £350. Aviva said:

"As we've discussed you're now deciding what to do in respect of setting up an annuity. When a claim is made we will then be able to assess any financial loss we've caused due to our mistakes. We can then compare what has and what should have happened. If you let me know when you've made your decision I will then be

able to escalate your claim.”

One of Aviva’s employees, who I’ll refer to as Ms N, spoke to Ms A the same day. Ms N said she would be Ms A’s named contact once Ms A had decided how to proceed with an annuity purchase. Ms A also raised earlier problems she experienced with transferring her pensions with Company C and Company U, so it logged a third complaint. After investigating what had happened, Aviva issued a final response to this complaint on 13 January 2023. In summary, it said:

- The transfer process for Ms A’s pension with Company C took too long. To re-cap, the process began on 23 February 2022 and did not complete until 18 August 2022. Aviva carried out a financial loss assessment and paid Ms A £119.62. It also paid her £100 compensation for the inconvenience caused.
- The transfer of a second workplace pension, that I’ll refer to as Ms A’s pension with Company U, took *“longer than we would have liked this was due to it being paper based”* Aviva did not offer to pay compensation for the delays experienced in transferring Ms A’s pension with Company U.

On 20 January 2023, Ms A applied for an annuity with a separate annuity provider. Ms A emailed Ms N, who acknowledged the email. On 31 January 2023, Ms A left a voicemail on Ms N’s direct line as the transfer of funds from Ms A’s PPP with Aviva to the annuity provider had been initiated via the Origo system the previous day. Ms A telephoned Ms N again on 2 February 2023. On Friday 3 February 2023, Ms A tried to access her PPP online to find that her account was ‘unavailable’. Ms A then called the annuity provider, and learned the annuity provider had received the funds from Ms A’s PPP with Aviva on Wednesday 1 February 2023. However, the annuity provider had not received the information needed to process the annuity.

Ms A received Aviva’s letter containing its on Monday 6 February 2023. Because of how the post works in her local area, Ms A believes Aviva’s letter of 1 February could not have been posted until 3 February 2023. Ms A telephoned her annuity provider on 8 February 2023 – the provider said it had not received the forms required. So, Ms A complained to Aviva again on 8 February 2023.

Aviva issued a fourth final response on 14 February 2023. It said:

- The annuity provider sent a transfer request on the Origo system.
- It was sorry Ms A’s message had not been responded to.
- Ms A’s PPP was transferred to the annuity provider on Friday 1 February 2023, which was why Ms A couldn’t access her PPP online on 3 February 2023.
- Whilst Ms A did not receive her Transfer of Pensions benefit form until Wednesday 6 February 2023, Aviva could not be accountable for the delivery of post.
- Aviva would not pay the costs Ms A incurred calling the annuity provider – it was the annuity provider’s responsibility to chase Aviva for any outstanding information.

Ms A remained unhappy with Aviva’s response. Ms A was unhappy the transfer occurred without her signature and said Aviva’s delays caused her to miss five extra annuity payments. Since beginning the transfer, Ms A had moved from a postcode that, according to an online calculator, attracted higher annuity rates. So, Ms A referred her complaint to our Service to consider.

Aviva sent further submissions to our Service. Aviva initially accepted it delayed Ms A's annuity between 1 December 2022 and 1 February 2023 and said it would compensate Ms A for any loss she experienced as a result.

One of our Investigators reviewed Ms A's complaint and put Aviva's offer to her. Ms A said she would have been in a position to take an annuity earlier had Aviva not caused delays in the transfers of her pensions with Company C and Company U into her Aviva PPP. She had been looking to have an annuity in place a few months after she turned 66 in August 2022, and thought purchasing an annuity in September 2022 should have been possible given she started the transfer processes in March 2022.

Turning to Ms A's transfer from Company U, Aviva said that even if it had sent the information Ms A requested on 6 June 2022 sooner, the transfer would not have happened any sooner. This was because Aviva needed Ms A to return transfer in forms, which it did not receive until 22 July 2022. Aviva then requested the transfer from Company U on 26 July 2022.

Our Investigator asked Aviva for more information about the transfers on 1 December 2023 but Aviva did not respond. So, our Investigator reviewed Ms A's complaint based on the information available. Having done so, our Investigator recommended Ms A's complaint be upheld.

The transfer of Ms A's pension from Company C into her Aviva PPP

Our Investigator said it was unlikely Company C did not receive the completed discharge form Aviva said it sent on 8 July 2022, as it sent Aviva a new discharge form to complete. Without Aviva providing evidence it sent Company C a completed discharge form on 8 July 2022, our Investigator thought Aviva was responsible for delays that occurred after this date. Aviva should have sent the discharge form to Company C by 25 May 2022 and clarified other details on this date. If Aviva had done this, it would have received the transferred funds from Company C by 30 May 2022.

To put things right, our Investigator said Aviva should conduct a loss calculation based on the notional value had Ms A's pension with Company C been transferred to Aviva on 30 May 2022 and what value it would have been prior to being used to purchase an annuity in January 2023. Any loss should be paid to Ms A, taking into account a notional deduction of 15% for tax and the £119.62 already paid to Ms A.

The transfer of Ms A's pension from Company U into her Aviva PPP

Ms A wanted to begin this transfer after the (first) transfer of her benefits from her pension with Company C had been completed. If the first transfer had been completed on 30 May 2022, Aviva would have made Ms A aware the transfer was complete within five working days, taking us to 8 June 2022. This is only two days after Ms A did, indeed, try start the process of transferring her pension with Company U into her Aviva PPP.

Ms A thought she needed written confirmation Aviva could accept the transfer, Aviva's bank details and a copy of its HMRC registration certificate. Ms A asked for Aviva to post these details to her and was told this should be with her by 21 June 2022, along with a 'transfer in' form. But this information was not needed for Ms A to return the transfer form, which did not happen until 20 July 2022. So, overall, our Investigator did not think Aviva delayed this process here. On balance, our Investigator thought Aviva did send the required information to Company U on 26 July 2022 and there was no correspondence from Company U until after the transfer completed in September 2022. In summary, our Investigator did not think Aviva caused any avoidable delays with regards to this transfer.

Delays in setting up Ms A's annuity

Our Investigator thought Ms A was considering her options in September and October 2022, so did not think Aviva was responsible for delays prior to Aviva receiving an application to transfer benefits held within Ms A's PPP to Company L to purchase an annuity. Aviva admitted it caused delays from 1 December 2022. Our Investigator thought Ms A would have purchased an annuity with Company L by 5 December 2022. So, to put things right, our Investigator said Aviva should:

- Calculate the net annuity Ms A would have received from the Company L if the transfer value of £60,551.13 (or higher, when considering the Company C loss calculation above) had been transferred on 5 December 2022.
- Compare this with what Ms A is receiving each month. If there is a loss, it should pay the differences in the amounts each month to the date of settlement, together with 8% simple interest per year from the date each payment would have been made to settlement.
- Pay the two outstanding months of December 2022 and January 2023.
- Calculate what it would cost Ms A now to buy an annuity equal to the difference between the income being paid and the correct level of income (if there is a negative difference). This amount should be paid directly to Ms A.

Our Investigator explained any interest payable should be subject to a deduction for income tax payable. Any interest payable is subject to Tax as it is classed as a source of income. The amount of tax payable is dependent on Ms A, but it was presumed to be 20% income tax in retirement and therefore, 15% tax can be deducted overall. However, if Ms A feels tax should not be payable, she will need to contact HMRC to either reclaim the tax if entitled to do so.

Finally, our Investigator considered the distress and inconvenience caused by Aviva's actions. It had made payments of £525 to recognise the impact of its delays and our Investigator thought this was fair, bearing in mind it had caused over 14 weeks of delays.

Ms A responded to our Investigator's recommendation. In summary, she said:

- Aviva caused delays in transferring her pension from Company U by not sending her the transfer forms until July 2022 after she first initiated the process on 6 June 2022.
- If the transfers had not been delayed, Ms A would have been able to purchase an annuity in September 2022. So, she felt Aviva should compensate her for annuity payments not received from September 2022.
- Ms A remained unhappy Aviva was able to transfer funds held within her PPP to her annuity provider without her signature through the Origo system.
- Ms A had unused personal allowance from 2022/23, which should be taken into account when calculating the redress payable.

Aviva did not respond to our Investigator's opinion, so this has come to me for a 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.

Ms A has taken a lot of time to explain her complaint in detail. I want to reassure Ms A that I've read everything she has said and thought about all the points that she has raised within her complaint. I have not responded to every point. Instead, I have set out what I consider the key points of Ms A's complaint. I hope that Ms A realises I mean no disrespect by this – this simply reflects the informal nature of our Service.

I think it is also helpful to explain the Financial Ombudsman Service is not the regulator, so I cannot tell Aviva to change its processes or punish it for its failings. My role is to decide whether Aviva has done anything wrong and, if it has, to decide how it should put things right for Ms A. I've addressed what I consider to be each of the key issues in turn.

The transfer of Ms A's pension with Company C

From reviewing Aviva's file, it says it caused delays from 18 May 2022 until 8 July 2022, when it asked for discharge forms it had already received. But as our Investigator said in her view, it appeared Aviva had the discharge forms it needed on 18 May 2022. Aviva did not respond to our Investigator's view to dispute this. So, I agree with our Investigator Aviva should have sent the discharge form to Company C by 25 May 2022 and clarified other details on this date. If Aviva had done this, it would have received the transferred funds from Company C by 30 May 2022. I'll set out how Aviva should put things right below.

The transfer of Ms A's pension with Company U

Aviva's position is that it did not significantly delay the process. Aviva said it did not have the discharge forms and Ms A asked it *"to complete the process in a non-standard way, by providing her information to complete the OP forms rather than sending us a discharge form and requesting a non-standard payment details confirmation"*.

Ms A tried to start the process in June 2023. She believes Aviva caused delays by failing to send her the information she asked for promptly. But Aviva says this information was not necessary to send in her transfer form, which she did on or around 19 July 2022. I cannot see Aviva told Ms A she could not return the transfer form sooner than she did. And Aviva says it sent a paperwork to Company U on 26 July 2022 and then did not hear back from Company U until 1 September 2022. I realise this is likely to disappoint Ms A but, on balance, I am not satisfied Aviva was responsible for delays in transferring in Ms A's pension benefits held with Company U.

Aviva's role in setting up Ms A's annuity

Aviva says Ms A was considering her options throughout September and October 2022. I cannot see Aviva was advised Ms A had applied for an annuity prior to 16 November 2022. This is when I think Aviva became responsible for its part in the process of Ms A purchasing an annuity. I agree with Aviva it caused delays from 1 December 2022. And as our Investigator said, I think that if Aviva had acted promptly to Ms A's contact on 16 November 2022 and responded within its service level agreements, Ms A would have been in receipt of an annuity from 5 December 2022. I note Aviva did not dispute our Investigator's recommendation on this point either.

I note Ms A is unhappy Aviva completed the transfer to her annuity provider via the Origo system, which is a system pension providers use to transfer funds between each other. I cannot see Aviva did anything wrong that caused Ms A a financial loss here.

Putting things right

Compensation for delays in Ms A's transfer from Company C

My aim is to put Ms A back in the position she would have been in had Aviva transferred in Ms A's benefits held with Company C on 30 May 2022. So, Aviva should:

- Conduct a loss calculation based on the notional value had Ms A's pension with Company C been transferred to Aviva on 30 May 2022 and what value it would have been prior to being used to purchase an annuity in January 2023.
- When undertaking this calculation, Aviva can deduct the £119.62 already paid to Ms A.
- If a loss occurred, Aviva should pay this to Ms A. As it appears Ms A has remaining tax-free entitlement, 25% of the loss would be tax-free and 75% would have been taxed according to their likely income tax rate in retirement – presumed to be 20%. So, making a notional reduction of 15% overall. Aviva did not dispute this in response to our Investigator's opinion, so I think this approach is fair. But, Aviva should note Ms A has provided evidence to show she had some personal allowance remaining for the year 2022/23, which our Investigator has forwarded to Aviva. Aviva should take this into account when calculating redress.

Compensation for delays in setting up Ms A's annuity

Ms A may have received a lower annuity than she ought to have had because of the above delays. So, Aviva should:

- Calculate what Ms A's annuity would have been had Aviva transferred her funds to Company L on 5 December 2022, based on their rates applying at that time (assuming the annuity was set up on the same basis as Ms A's current annuity).
- When calculating the value that would have been transferred above, Aviva should apply the higher of a) the actual rate transferred or b) the notional value of Ms A's fund had benefits from her pension held with Company C been transferred into her PPP with Aviva on 30 May 2022.
- Work out Ms A's past losses –the difference between the net annuity payments she has received and what she would have received since the annuity was set up on 5 December 2022, to date, on the basis I have set out above. This will include payments Ms A would have received in December 2022 and January 2023 if the annuity had been set up.
- If Ms A has lost out, Aviva should pay this difference directly to Ms A as a lump sum after making a notional reduction to allow for income tax that would otherwise have been paid– presumed to be 20% but bearing in mind the evidence Ms A has submitted about her remaining personal allowance for the year 2022/23 referred to above. Aviva should also pay simple interest at 8% per annum on the difference between each monthly payment from the date it was due to the date it is paid.
- Work out Ms A's future losses - calculate the cost of setting up an annuity (on the same basis of Ms A's current annuity) for the difference in annuity which she's lost out on. The purchase price of the annuity being Ms A's gross future loss. This should be paid directly to Ms A as a lump sum after making a notional reduction to allow for income tax that would otherwise have been paid– presumed to be 20% - but again bearing in mind the evidence Ms A has submitted about her remaining personal allowance for the year 2022/23.

HM Revenue & Customs requires Aviva to take off tax any interest paid to Ms A. Aviva must give Ms A a certificate showing how much tax it's taken off if she asks for one. If Ms A feels tax should not be payable, she will need to contact HMRC to either reclaim the tax or pay additional tax if owed.

Compensation for the distress and inconvenience caused

It is clear Aviva has caused several delays that have taken Ms A time and effort to sort out. From the evidence I have seen, it is clear Ms A has been caused considerable frustration and inconvenience as a result of its delays and customer service failings. I agree with our Investigator that the total £525 compensation paid to Ms A for Aviva's failings until its final response of 14 February 2023 reasonably reflects the distress and inconvenience Aviva's actions have caused Ms A.

My final decision

For the reasons explained above, I uphold this complaint and require Aviva Life & Pensions UK Limited to do what I have set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms A to accept or reject my decision before 15 April 2024.

Victoria Blackwood
Ombudsman