

## **The complaint**

Mr G complains that Aviva Life & Pensions UK Limited (Aviva) have failed to provide him with the information he needs to understand the basis on which his pension has been calculated.

## **What happened**

Mr G held a pension with Aviva which provides a Group Self Employed Retirement Annuity. It provides a guaranteed sum assured of £28,723 to which regular bonuses are added. A final bonus may be added depending on the performance of the fund. The policy also includes a guaranteed annuity rate.

In November 2023, Mr G wrote to Aviva to say he was disappointed with the value of his pension given it had performed below market average and had not increased in 6 years.

In early December, Mr G called Aviva to complain about the values he had been provided with. In response Aviva said the values would be checked and that they would try to address Mr G's concerns.

Later that month, Aviva provided Mr G with the Transfer Value of his pension as at September 2023 together with the Estimated Maturity Value (EMV) upon retirement.

Later in December 2023, Aviva responded to Mr G's complaint explaining how the policy worked and that the values had been checked by their actuarial team and had been confirmed as correct.

Mr G wrote to Aviva again following this saying that his concerns had not been addressed and that the projected annuity did not correlate with the annuity that would be generated using the Guaranteed Annuity Rates Aviva had themselves provided.

Aviva sent another response explaining Mr G's policy was a with-profits policy and set out how this worked including an explanation around how smoothing was applied and how transfer values sometimes have to be reduced to bring them into line with underlying earnings. It explained how the Transfer Value and EMV were calculated and what assumptions were used for the EMV.

Several communications followed between Mr G and Aviva where Aviva provided further explanations and tried to answer the follow up questions raised by Mr G.

Eventually, Mr G asked Aviva to provide their workings for the calculation of the EMV and the mathematical correlation of the EMV to the Transfer Value. Mr G said he thought he was entitled to this information.

Aviva sent Mr G a letter in March 2024 saying that they were able to describe how the Transfer Value and EMV were calculated, however they couldn't provide specific figures used in individual calculations. They said the method used was similar to that of other

insurance companies and followed regulator guidelines and added that factors that were used in determining the past and future accumulation of the fund.

Mr G replied to Aviva on two further occasions requesting the calculations used in obtaining the valuations provided to him. However Aviva responded by saying that they were unable to provide any further information to Mr G in relation to his questions. At this point, Mr G brought his complaint to us.

Our Investigator's view was that:

- Whilst it may be difficult for policyholders to understand often complex and lengthy documentation, this does not mean that Aviva has done something wrong
- Aviva were required to comply with the applicable regulatory rules and there did not appear to be any concerns that Aviva had operated its with-profits funds in a way which were contrary to these
- The way in which Aviva applies the quotes and valuations are explained within the annual statements and it was not the role of the Financial Ombudsman Service to audit those decisions and assess the level of any bonus or when it applied
- Aviva's resolution was fair and reasonable and we couldn't ask them to disclose their calculations as this could involve revealing commercially sensitive information

Mr G didn't agree and so the matter has been passed 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.

Having done so, I have reached the same conclusion as our Investigator and will not be upholding the complaint.

The key issue in this complaint appears to be the information requested by Mr G which Aviva have not provided to Mr G's satisfaction. Mr G has specifically asked for the calculations used by Aviva in establishing the Transfer Value and the EMV however Aviva, although they have provided him with the general basis used for determining the valuations, do not consider that they can share any specific workings with him.

With respect to the way in which Aviva have responded to Mr G's queries about both the performance of the fund and the valuations Aviva have provided to him, I think these are reasonable. Aviva have provided several letters and emails to Mr G in response to his numerous questions about the valuations he has received. In these communications, I think Aviva have tried to address the points raised by Mr G including offering a fair amount of detail into the way in which both the Transfer Value and EMV are calculated. In particular, Aviva have set out to Mr G the various elements that are considered when making these calculations including reference to the various bonuses, asset shares and the adjustments made such as for inflation.

My view is that the information provided to Mr G by Aviva represents a fair response to the questions that he has asked of them. I appreciate that Mr G feels that, on at least some occasions, answers were not provided to his specific questions however I think Aviva's overall response was reasonable here.

Looking at the issue of the calculations which Aviva use to determine the Transfer Value and the EMV, I understand that Mr G feels it would be helpful for him to see these in order to understand how the valuations are arrived at. I understand that it can be difficult for policyholders to satisfy themselves that they are receiving what they are entitled to under the terms of their policies, particularly when it's a with-profits policy as they work differently to more standard policies.

However, these calculations will be highly complex and will include commercially sensitive information, so I wouldn't expect Aviva to share all the specifics with Mr G. Aviva have explained the differences in transfer values over the last few years which I consider plausible. I have seen no indication that the values presented to Mr G are incorrect.

The regulator also requires policy providers to have and publish a document called Principles and Practices of Financial Management (PPFM) which explains how it manages its with-profits funds including the nature and extent of decisions it takes to manage the fund. And how it applies discretion to treat customers fairly. Among other things, the PPFM sets out how policy values are calculated. The calculation and application of any bonus is a commercial decision for the product provider. A commercial decision made by a financial business may have wider implications and affect how the business operates and groups of customers or policyholders more generally. The industry regulator, the Financial Conduct Authority (FCA), recognises that firms have a considerable amount of discretion about how they operate their with-profits funds.

Aviva is accountable to the FCA for the way in which it operates its with-profits fund (in accordance with its PPFM). Businesses are required to appoint a with-profits actuary and the FCA provides rules and guidance on their duties. Aviva also has an independent 'With Profits Committee' whose remit is to protect the interests of the with-profits policyholders and ensure that they are treated fairly.

Hopefully this will give Mr G some confidence that his values are calculated correctly.

Overall, I consider the information provided by Aviva to be reasonable

In view of the above, I do not consider we should ask Aviva to provide anything further than what they have so far.

### **My final decision**

For the reasons explained above, I do not uphold Mr G's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 21 January 2025.

Rana Chatterjee  
**Ombudsman**