

The complaint

Mrs H complains that Aviva Life and Pensions UK Limited ('Aviva') processed her retirement claim in the incorrect tax year. Mrs H also says that after processing her claim, Aviva misinformed her about when the payment had been processed.

Mrs H would now like Aviva to amend her P45 so the payment is considered as having been paid in the tax year she intended.

What happened

On 19 February 2024, Mrs H telephoned Aviva to find out how she could access her pension fund. After being provided with the necessary information, on 20 March 2024, Mrs H completed and signed Aviva's instruction form to withdraw the whole of her pension fund as a single, one-off payment. She then posted the form into Aviva on 2 April 2024, who received it at their offices on 3 April 2024.

Aviva then processed Mrs H's application and paid the proceeds of her pension into her bank account on 5 April 2024. On Monday 8 April 2024, Mrs H received a text message from Aviva confirming that they'd processed her retirement request.

Shortly afterwards, Mrs H received a P45 form that showed Aviva had made the payment to her in the 2023/24 tax year and not the 2024/25 tax year that she'd anticipated.

Unhappy with the situation, Mrs H decided to formally complain to Aviva. In summary, she said that she wanted them to amend the payment so it would show in the 2024/25 tax year. In addition, she explained that having received their text message, she felt Aviva had misled her about what tax year the payment had actually been made in.

After reviewing Mrs H's complaint, Aviva concluded they were satisfied they'd done nothing wrong. They also said, in summary, that had Mrs H wished for her pension monies to be paid in a specific tax year, she should have made that clear on her application form. In addition, Aviva also explained that the text message that they'd issued was an automated update that's sent to customers the next working day after a payment had been made.

Mrs H was unhappy with Aviva's response, so she referred her complaint to this service. In summary, she said that because of Aviva's actions, she'd paid £16,000 in income tax that could have been avoided had they processed the pension claim in the correct tax year.

The complaint was then considered by one of our Investigators. She concluded that Aviva hadn't treated Mrs H unfairly because they'd not been made aware by her that the payment should be held over until the new tax year.

Mrs H, however, disagreed with our Investigator's findings. In summary, she said that she was told by Aviva that her application form had to be received by 21 March 2024 for the

monies to be paid in the 2023/24 tax year. Mrs H explained that as she'd sent the form in after that, the monies should have been paid in the new tax year.

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

I have summarised this complaint in less detail than Mrs H has done and I've done so using my own words. The purpose of my decision isn't to address every single point raised by all of the parties involved. If there's something I've not mentioned, it isn't because I've ignored it - I haven't. I'm satisfied that I don't need to comment on every individual argument to be able to reach what I think is the right outcome. No discourtesy is intended by this; our rules allow me to do this and it simply reflects the informal nature of our service as a free alternative to the courts.

My role is to consider the evidence presented by Mrs H 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. Where there's conflicting information about what happened and gaps in what we know, my role is to weigh up the evidence we do have, 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 not upholding Mrs H's complaint - I'll explain why below.

I've listened to the recorded telephone call that Mrs H had with Aviva's helpline on 19 February 2024 when she contacted them to enquire about either taking tax free cash from her pension or taking the whole amount out in one go. I've included the most relevant sections of the call only:

- Mrs H - *If I want to draw it all, do I need to notify you by 20 March?*
- Aviva - *You've got until around 16 May to decide if you want to go with that full withdrawal* (Aviva were referring to the length of time the quote that they'd provided to Mrs H remained valid).
- Mrs H – *If I draw the whole amount, then I presume it goes in the tax year it's paid?*
- Aviva – *If you're wanting it in this tax year, we'd need the quote back from you by 21 March to pay in this tax year.*
- Mrs H – *And if I want it in next year's tax year?*
- Aviva – *Then all you'd have to do is make it clear on the quote that you're wanting it paid in the next tax year. We'd start the payment process at the soonest on 9 April and then it'd be 10 working days from the 9 April.*

The call ended with Mrs H not making any firm commitment on how she wanted to proceed. So, whilst Aviva provided general timescales on when paperwork needed to be back with them for it to be processed within the current tax year, I'm satisfied from the call that they made it clear to Mrs H that should she wish the payment to be made in the new tax year, she would need to make it clear on the application form she submitted.

I've looked at Mrs H's application form that she signed on 20 March 2024 to take the whole fund as a single withdrawal. There are no accompanying remarks on her application form to indicate to Aviva that the payment should be held over until the 2024/25 tax year. Given Mrs H didn't make any firm commitments to Aviva's call handler on 19 February 2024 that she wanted the payment made on a specific date and her application form was silent on when the payment should be made, I don't think it's fair or reasonable to uphold Mrs H's complaint because Aviva were too efficient in handling her withdrawal request.

Mrs H has explained that when she's undertaken previous pension fund withdrawals from Aviva, they've typically taken around 14 days so she had no reason to believe that it would be any different this time around. But, it's not that simple and that's because it doesn't always follow that just because a firm took 14 days previously to undertake a task that it would take them the same length of time again. Processing times will always vary but I've seen nothing to suggest that Aviva didn't process the instructions that Mrs H asked them to nor did they provide misleading information to her during their telephone discussion.

Mrs H says that Aviva's text message of 8 April 2024 (at 15:21) led her to believe that her payment had been made in the 2024/25 tax year that she'd wished. Their message stated *"We have processed your retirement request today. Please allow 3-5 working days to receive your payment"*. Aviva say that message is generated on the next working day after a claim is processed so given Mrs H's paperwork was processed on Friday 5 April 2024, the text then followed on Monday 8 April 2024. I suspect Aviva's aim of the text message is provide their consumers with general progress updates on the processing of paperwork rather than to set out any hard information. But, I think it's clear from Aviva's letter to Mrs H dated 5 April 2024 and her bank statement as to when the payment was made and their later text message is simply a general update.

So, whilst I appreciate Mrs H is disappointed by the additional tax that she now has to pay, I can't hold Aviva accountable for this.

My final decision

I'm not upholding Mrs H's complaint and as such, I won't be instructing Aviva Life and Pensions UK Limited to take any further action.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs H to accept or reject my decision before 29 November 2024.

Simon Fox
Ombudsman