

## The complaint

Mr C complains that Aviva Life & Pensions UK Limited (Aviva) failed to allocate contributions to his pension plan causing him distress and inconvenience and wasting his day off work in trying to resolve the issue. He wants compensation for the inconvenience caused.

## What happened

Mr C's employer pays contributions to his Group Stakeholder Pension Plan (the plan) with Aviva each month. He'd noted contributions of around £400 per month had been shown as normal on his payslips in December 2023, and January and February 2024 but didn't appear to have been credited to his plan when he checked it's value on Aviva's app. On 22 March 2024 he contacted Aviva using the live chat on its website. But says after a long wait to be connected, he was told he didn't have an Aviva pension plan and the chat was disconnected. He then called Aviva, and after a further long wait, says it told him his employer hadn't paid the contributions over and he should contact it. Mr C says he emailed his employers payroll department who asked him to call it. He did so and his employer also contacted Aviva.

Mr C says he spent the day going back and forth between his employer and Aviva. When he checked his account later, he says the contributions now appeared to have been credited. But as no explanation was provided by Aviva, he called again on 27 March 2024 and a complaint was logged.

Aviva accepted the complaint and apologised. It said it had incorrectly told Mr C on the phone that his employer hadn't paid contributions when it had. It said a system error had prevented these being allocated to his plan and it was unacceptable that the live chat had been cut off before he'd had chance to reply. But it said when he'd called it immediately looked into the issue and had resolved it, by backdating the contributions so there was no financial loss. It sent him a cheque for £75 for the distress and inconvenience caused. Mr C didn't accept this saying it should pay him the £315 he would have been paid if he'd worked that day and £150 compensation for the "*hassle*".

Mr C referred his complaint to our service. Our investigator looked into it and said it should be upheld.

Our investigator said it wasn't disputed Aviva had made an error. She said our service didn't make compensation awards for a person's time, but she didn't think the £75 compensation it had paid was adequate. She said the live chat had been disconnected when it shouldn't have been, and Mr C was then given incorrect information saying it hadn't received the contributions when it had. And being told he didn't have an Aviva pension plan caused further concern. She said in view of the distress and inconvenience caused and the effort taken to resolve the problem the compensation should be increased to £250.

Mr C accepted our investigators view but Aviva disagreed. It said the actual distress and inconvenience was short lived and relatively minor. It said he'd only called it once on 22 March 2024, during the afternoon. And the issue had been resolved the same day and Mr C had seen this when he logged on to his account that evening. It said it hadn't told him he

didn't have a plan with it. And he hadn't contacted it again until raising a complaint seeking £315 compensation a week later. It said it had made one error and rectified this on a single day and our services guidelines on compensation payments indicated this merited an apology and award of up to £100. And no rationale to increase this to £250 had been given.

As Aviva doesn't agree it has come to me to decide.

### **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 am upholding the complaint.

I understand Mr C's concern over what happened. Aviva doesn't dispute it made an error but says the £250 compensation our investigator recommended is excessive for a problem rectified the same day he'd become aware of it which had caused no financial loss. Whilst the error was corrected promptly, I disagree that it was fully resolved on the day or that Mr C only contacted Aviva again to seek compensation. Instead, I think he called Aviva again because it had failed to provide any explanation about what had happened or confirmed that the issue had been fully resolved. Mr C has said contacting Aviva involves lengthy waits in call queuing systems and as it was at fault, I think the onus was on it to update him, not the other way round.

Once Aviva was made aware of the issue it does seem to have moved quickly to correct the error and to apply the contributions that had been incorrectly held in a suspense account due to a system error. Mr C could see that when he checked his plan later, but he isn't an expert on Aviva's systems and the procedures it might use to correct errors. And I think it's relevant that its staff had provided him with incorrect information, also taken from the Aviva system. So, what I think it should have done was to have promptly confirmed what had been done to reassure him the problem had been resolved correctly. It didn't do that, causing further distress and inconvenience over a number of days.

Being told your employer hadn't paid any pension contributions for three months would understandably cause concern. But no further confirmation or explanation was provided until after Mr C contacted Aviva again. The call notes from 27 March 2024 say it suggested that *"a potential cause"* of the problem was *"an unprecedented, unpreventable technical fault"* that would need to be clarified. That is hardly reassuring in the circumstances, and it appears if he hadn't called, Aviva wouldn't have done anything further.

Following this call Aviva sent him a letter including a contribution summary from June 2023, but it didn't issue this until 2 April 2024. This looks like a standard policy information letter to me, which sets out basic details but doesn't refer to the problem or explain that this had been resolved. That was only explained in Aviva's final response to the complaint which it emailed on 3 April 2024, so around 12 days after Mr C raised his concerns.

So, the distress and inconvenience suffered by Mr C did continue for more than one day. And resolving the situation so that he knew what the position was involved more than one telephone call to Aviva and his employer. Which is a greater impact than Aviva has said. When distress and inconvenience has been caused it is fair that reasonable compensation be paid. When awarding this type of compensation, I need to take account of the impact in the individual circumstances, which includes the seriousness and the duration of any problem, and the effort required by the consumer to sort the issue out. It isn't reasonable to expect a business to never make a mistake or to always be able to answer telephone calls promptly. But here there was the error allocating contributions, the problem with the live chat

and incorrect information given about what had happened with no follow up provided. And I think Aviva should have recognised the potential seriousness of the issue for Mr C and the concern and inconvenience this caused him, and it should have clarified things as soon as possible. It didn't do that, so it is fair that reasonable compensation be paid.

### **Putting things right**

I don't think the £75 compensation Aviva has already paid fairly reflects the distress and inconvenience caused. This continued over a number of days and only appears to have been properly addressed because Mr C went on to complain having already flagged the problem. So, I think it's fair that in the circumstances here the compensation should be increased to £250.

### **My final decision**

My final decision is that I uphold the complaint against Aviva Life & Pensions UK Limited

I direct Aviva Life & Pensions UK Limited to pay Mr C a further £175 in compensation for the distress and inconvenience he's been caused to give £250 in total.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 19 November 2024.

Nigel Bracken  
**Ombudsman**