

## The complaint

Mr M says Aviva Life & Pensions UK Limited (Aviva) is responsible for providing him with incorrect information about the value of his pension fund. He says as a result he took early retirement from his employer and is without the money he expected to be able to live on in retirement.

## What happened

There's broad agreement about what happened in this case. In May 2022 Aviva sent Mr M a scheme leaver pack. It said it would've received a bulk notification from his employer about its leavers, and the leaver pack would've been issued to relevant individuals accordingly.

Unfortunately the leavers pack for Mr M included projections for the value of his fund which were incorrect. One of the assumptions Aviva made was that his former employer would continue to make substantial monthly contributions to his pot after he had left. With a final payment being made in April 2035, when Mr M would've been 74. This inflated the projected value of his retirement pot by several hundred thousand pounds.

In January 2024 Aviva uncovered the problem with the projection it had provided him in 2022. It wrote to him and apologised and said he could call if he wanted to talk to someone about what had happened. Mr M did call but its call-handler wasn't able to deal with his enquiry because the letter hadn't been placed on his file.

Mr M complained to Aviva in February 2024 about what had happened. It responded to him a few days later. It said of its 2022 projection:

*"Clearly this was incorrect as the policy was no longer receiving employee or employer contributions since 8 April 2022. The final contribution into your policy was a transfer in benefit of £86,240 on 7 May 2022."*

*"Since the leaver pack was issued, we've sent you numerous projections which have showed the correct projections using the correct assumptions. I can only apologise for this error and for any trouble and upset this has caused you."*

*"I'd also like to apologise for the call handler not being able to locate the letter we issued you on 31 January 2024. These letters are part of a bulk mailing and haven't been applied to individual policies."*

Aviva offered Mr M £50 for the trouble and upset it had caused him.

Mr M wasn't satisfied and he brought his case to this Service, he told us:

*"Based on Aviva's Financial forecast on my pension, I decided to take early retirement from my employment. I did notice after that the value of my fund wasn't where I expected and put this down to the markets being depressed."*

*"Then on the 31st Jan 2024, Aviva sent me an apology letter, stating they had made an error on my leavers pack, in that had calculated my leavers pack to include employers' contributions continuing until 2035 (when I'm 74) therefore grossly overinflating the value. Clearly influencing my decision to leave work early."*

*“My fund value is much lower than expected and I now find myself financially worse off. With no money to live as I expected. Based on a monthly contribution of £1946 , and a forecast age of 74, this led to the forecast being over inflated by £303,576 (without any growth being factored in)”*

Mr M sought a substantial payment to cover Aviva's error.

An Investigator considered Mr M's complaint but didn't uphold it. While he acknowledged Aviva had got things wrong, he didn't think Mr M should benefit from a genuine mistake. And he thought that if he'd been basing his decision to retire early on the leavers pack it would've been reasonable to expect he'd have paid close attention to the assumptions that underpinned the information he received. Mr M disagreed.

As both parties couldn't agree with the Investigator's view, his complaint was passed to me to review afresh. I issued my provisional decision in September. As neither party has presented any new material evidence or argument I see no reason to depart from my initial conclusions.

### **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.

Where there's conflicting information about what happened and gaps in what we know, my role is to weigh the evidence we do have and to decide, on the balance of probabilities, what's most likely to have happened.

I've not provided a detailed response to all the points raised in this case. That's deliberate; ours is an informal service for resolving disputes between financial businesses and their customers. While I've taken into account all submissions, I've concentrated my findings on what I think is relevant and at the heart of this complaint.

I'm upholding Mr M's complaint, but not to the extent he'd like. I'll explain why.

The first thing I've considered is the extensive regulation around the services like those performed by Aviva for Mr M. The FCA Handbook contains twelve Principles for businesses, which it says are fundamental obligations firms must adhere to (PRIN 2.1.1 R in the FCA Handbook). These include:

- Principle 2, which requires a firm to conduct its business with due skill, care and diligence.
- Principle 6, which requires a firm to pay due regard to the interests of its customers and treat them fairly.
- Principle 7, which requires a firm to pay due regard to the information needs of its clients, and communicate information to them in a way which is clear, fair and not misleading.

So, the Principles are relevant and form part of the regulatory framework that existed at the relevant time. They must always be complied with by regulated firms. As such, I need to have regard to them in deciding Mr M's complaint.

Firstly, it's clear Aviva are responsible for a significant error. It identified a problem with the pension projections it had given Mr M in 2020. It informed him about this when it found out.

And it apologised to him for its mistake and subsequent service. I think it took the right course of action here.

Mr M naturally feels very strongly about what has happened. In responding to the Investigator's view, he said he'd been given misleading information and as a layperson it was reasonable for him to have relied on it. He said Aviva has admitted to its error and the compensation it offered was grossly inadequate considering the distress and inconvenience it had caused and given the severity of the impact on his livelihood.

Mr M thinks Aviva should pay him substantial compensation.

I understand the arguments Mr M makes. They are not without some merit. Making retirement plans are one of the major decision points in our lives. It's important the information we have is accurate.

While it's clear Aviva's pension illustrations were just projections and not guaranteed, it seems to me reasonable for customers to be able to trust what they are being told and to use these as an indication of what might be achievable.

I note from reviewing projections Mr M received prior and subsequent to those in his leaver's pack in May 2022, which as we know contained some incorrect information, the same error wasn't repeated. So, there wasn't a pattern established over a long period of time of misleading information about what he'd receive in retirement.

I also think, when taking such a significant decision, it's reasonable to expect people to consider carefully what information they are being provided. And in this instance that would include the various necessary cautions and caveats provided in documentation, such as uncertainty around market performance and notes about underpinning assumptions made.

I have to consider what would've happened had Mr M been provided with proper information by Aviva about his pension projections in May 2022. From the information available, it seems he may've already made a decision to retire before his leavers pack had been issued.

It's not clear if Mr M was taking financial advice. I don't know what income in retirement he was aiming for. I don't know what his overall household position was. And presumably he's had the benefit of not working. If accurate projections had been provided would he have stayed on at work? Has Mr M taken up employment again to cover the shortfall in his finances he suggests he now faces?

I told Mr M I'd be happy to consider any more evidence on these matters that he wanted to provide, but he hasn't submitted any new information.

I've concluded Aviva should not be expected to honour the incorrect projections it provided Mr M in May 2022. That's because the values shown were based on an assumption his former employer would continue to make contributions to his pension for up to 15 years after he'd left that company. And that was never something he was entitled to. So, he hasn't suffered a financial loss.

### **Putting things right**

When I'm considering a complaint like Mr M's I think about whether it's fair to award compensation for distress and inconvenience. This isn't intended to fine or punish a business – which is the job of the regulator. But when something's gone wrong, recognition of the emotional and practical impact can make a real difference.

We're all inconvenienced at times in our day-to-day lives – and in our dealings with other people, businesses and organisations. When thinking about compensation, I need to decide that the impact of Aviva's actions was greater than just a minor inconvenience or upset. It's clear to me that this was the case here.

Aviva offered Mr M £50 for the distress and inconvenience it had caused Mr M. I don't think this is sufficient. It needs to increase the award to recognise its communication with Mr M in 2024 apologising for the mistake it made in 2022 with his pension projection, would've been unsettling for him and would've resulted in some loss of expectation.

I require Aviva Life & Pensions UK Limited to increase its award to Mr M to £350 for the distress and inconvenience he's been caused by the things it got wrong.

### **My final decision**

For the reasons I've set out I'm upholding Mr M's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 15 November 2024.

Kevin Williamson

**Ombudsman**