

The complaint

Mr T has complained about the administration of a withdrawal request from his Self-Invested Personal Pension ('SIPP') with Aviva Life & Pensions UK Limited ('Aviva'). He says Aviva mistook his request to expedite an existing withdrawal as a request for a second withdrawal. He says the resulting overpayment led to a reduction in his pension tax credits which he thinks Aviva should compensate him for.

What happened

On 30 July 2021, Mr T's financial adviser submitted a request to Aviva to pay him £7,000 gross from his SIPP. That followed a number of calls Mr T had made to Aviva earlier that month, and him subsequently instructing his adviser to arrange the withdrawal.

Later on the same day, Mr T called Aviva to expedite the request. He told Aviva his adviser had informed him the funds would only be available on 13 August 2021, and he needed the funds sooner than that. On 2 August 2021, Aviva keyed a second request for a £7,000 gross withdrawal from Mr T's SIPP. It subsequently paid Mr T a net sum of £6,252.60 on 9 August 2021.

Then on 13 August 2021, Aviva paid Mr T a net sum of £6,803.20 in settlement of the earlier request it had received from his financial adviser.

On 25 August 2021, Mr T called Aviva to find out what the remaining balance in his SIPP was. After learning the remaining balance was lower than he expected, Aviva informed Mr T that it had made two separate withdrawal payments from his SIPP. Aviva told Mr T his financial adviser had already alerted it to this being an error, and it was looking to see if one of the payments could be reversed.

On 7 September 2021, Aviva informed Mr T's financial adviser that it would accept the £6,252.60 payment back into his SIPP, and it provided them with the necessary details to make the payment. And on 8 September 2021, the adviser sent an email to Mr T explaining that Aviva was prepared to accept that payment back into his SIPP and the payment details he needed to use to make the repayment. The repayment did not go on to be made.

In November 2023, Mr T referred a complaint to this Service about his financial adviser's involvement in this matter. One of our Investigators considered that complaint and thought it should not be upheld. Mr T then referred a complaint to this Service about Aviva.

Aviva rejected the complaint. It said it was an honest error that led to two payments being made. It said the necessary details were provided to Mr T's financial adviser to reverse one of the payments, but Mr T did not make the repayment.

One of our Investigators looked into this complaint and invited Aviva to reconsider the call Mr T made to it on 30 July 2021. Aviva conceded Mr T had in fact clearly explained that he wanted to expedite the existing withdrawal request rather than make a new request. Aviva said it was prepared to offer Mr T £200 compensation to recognise the frustration its error and incorrect original complaint outcome had caused him. Our Investigator thought that was a fair outcome to the complaint. Mr T didn't agree, so the matter has been passed 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.

When considering what is fair and reasonable, I am required to take into account: relevant law and regulations; regulators' rules, guidance and standards; codes of practice; and, where appropriate, what I consider to have been good industry practice at the relevant time.

Since Mr T's complaint was referred to us, Aviva has accepted it mistakenly took Mr T's call on 30 July 2021 to be a separate withdrawal request, rather than a request to expedite the withdrawal that had already been submitted by his financial adviser. That is no longer in dispute, so I won't dwell on this beyond confirming that, having listened to the relevant call between Mr T and Aviva, I have found he asked Aviva to expedite the withdrawal request that had already been submitted to it.

It's evident Aviva became aware that one of the payments was an error and provided a way for it to be rectified shortly after it had occurred. Aviva says it confirmed to Mr T's financial adviser on 7 September 2021 that it would accept one of the payments back into his SIPP. I've seen an internal email from his financial advisers from the same date that confirmed Aviva had accepted the money could be paid back into his SIPP, and the details needed to make the payment. So I consider Aviva acted reasonably to rectify the error after it had been brought to its attention.

I've been provided with an email from Mr T's financial adviser to Mr T on 8 September 2021 that explained this to him, and also referred to an earlier telephone conversation about the matter. Mr T says he never received any calls or emails from his financial adviser about returning one of the payments to his SIPP. That email was sent to the same address the financial adviser had previously sent correspondence to (and which Mr T has been corresponding with our Service from without issue). The reference to an earlier telephone conversation also leads me to think the return of one of the payments to his SIPP was discussed. Therefore, I think it's more likely than not that Mr T was informed he could return one of the payments to his SIPP. In any event, I don't think it was unreasonable of Aviva to have only communicated with Mr T's financial adviser about rectifying the error. They were acting on his behalf in the matter, and as a regulated firm themselves, it would have been reasonable for Aviva to think that they would pass this information on to Mr T.

Notwithstanding, it is irrefutable that Mr T was aware at the time that he had been overpaid by Aviva. While Aviva had responsibilities to him in this matter, and Mr T wasn't responsible for rectifying Aviva's error, I consider Mr T had a responsibility to take reasonable steps to mitigate any detriment or loss he might suffer as a result.

Although the reduction in Mr T's pension tax credits didn't immediately follow Aviva's overpayment, it's apparent Mr T was aware there would be consequences arising from the overpayment. In his call with Aviva on 30 July 2021, Aviva told him that any means tested benefits he received could be affected by taking a payment from his pension. Furthermore, in a number of the calls I've listened to between Mr T and Aviva, he explained that he hadn't received any income that year and so he didn't expect to pay any tax on the withdrawal (because the amount he wanted to withdraw was less than his personal allowance). And in the call on 25 August 2021, he said the second payment would have to be returned otherwise he would have to pay tax on it.

As such, I've found Mr T recognised he was at risk of suffering some detriment as a result of Aviva's error. He recognised that returning the second withdrawal payment would prevent him from being taxed on it, and I note that would have also mitigated the reduction in pension tax credits he went on to suffer. Aviva agreed to accept one of the payments back into his SIPP and I think Mr T was likely informed of that. Therefore, I think it would have been reasonable for Mr T to have returned one of the withdrawal payments to his SIPP. But I haven't found any evidence that he did that, or attempted to take any other reasonable action to mitigate the detriment he knew he would suffer. Consequently, I can't fairly conclude that Aviva should now be responsible for the loss of pension tax credits which Mr T is asking it to compensate him for.

Aside from that, I do think Aviva's actions in this matter have caused Mr T some distress. Since he initially complained to his financial adviser in April 2023, Aviva maintained it hadn't done anything wrong. It was only after our Investigator drew its attention to what Mr T said in his 30 July 2021 call that it came to realise its own error. I think Aviva could have identified this at a much earlier point in time, and its failure to do so has prevented Mr T from getting to the truth of the matter for some time.

While that would not have undone the financial consequences of Aviva's error for Mr T, I think that would have alleviated the understandable distress and frustration Mr T has experienced in dealing with this situation, and from the fact things went wrong in the first place. But to be clear I cannot say Aviva is responsible for the distress Mr T has felt because of the reduction of his pension tax credits for the reasons I've explained above. Taking all of this into account, I consider Aviva's offer of £200 compensation is a fair reflection of the impact its errors have had on Mr T for which it is responsible.

My final decision

I uphold Mr T's complaint. I require that Aviva Life & Pensions UK Limited pay Mr T £200 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 16 April 2025.

Asa Burnett
Ombudsman