

## **The complaint**

Mr and Mrs B complain about the way Aviva Life & Pensions UK Limited handled their request to surrender two whole of life policies. They say delays in the surrender caused them a loss.

## **What happened**

On 23 November 2023, Mr and Mrs B made a request to Aviva to surrender their policies. Aviva says a few days later the relevant surrender forms were sent to them. Mr and Mrs B cancelled the direct debits for the policies at this point, so no further premiums were paid after the November 2023 payment.

Mr and Mrs B dispute receiving the surrender forms. And they say both them and their advisers chased Aviva in December 2023 to find out what was going on. Aviva agreed for the forms to be re-sent. Mr and Mrs B say they eventually received the forms on 22 December 2023, and they completed and returned them.

On 4 January 2024, Aviva received the forms back from Mr and Mrs B. It began processing the surrender but says this was initially paused as Mr and Mrs B were unhappy with the surrender amount. But the surrender was then processed despite the disputes about the correct value.

Mr and Mrs B received the payment of funds on 2 February 2024. But they were disappointed to see the surrender value had decreased from the £1,285.24 that they were initially told about to £976 73. They hold Aviva responsible for the decrease in value due to the way the surrender was handled.

Aviva treated these concerns as a complaint and provided a response. It didn't uphold the complaint. In summary it said the surrender packs confirmed the actual value will be calculated on the day all the claim requirements are received and processed. And the values included all premiums paid to date, but as the direct debit was cancelled on 29 November 2023 no more premiums went towards the claim value that was paid.

As Mr and Mrs B weren't happy with the response from Aviva to their complaint, they referred it to this service for an independent review.

One of our investigators issued an initial assessment upholding the complaint. In summary he said he didn't think Aviva had handle the surrender process as well as it should have done – and this caused Mr and Mrs B distress and inconvenience. He asked Aviva to pay compensation of £150 for this.

Aviva agreed to pay the proposed compensation.

Mr and Mrs B didn't think the outcome proposed by the investigator sufficiently compensated them. They requested that they receive the difference between the initially quoted value and the actual value they received for the surrender of their policies.

As no agreement could be reached the investigator referred the complaint for a decision to be made by an ombudsman.

### **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.

The crux of this complaint revolves around how Aviva handled the surrender of Mr and Mrs B's policies, which they initially instigated in November 2023 but didn't fully complete until February 2024.

I've reviewed the original surrender statements dated 29 November 2023. These set out an amount payable for the policies. But the statements also contains the following warning:

*"These figures are not guaranteed and are calculated using a price date of 29/11/2023. In practice the amount paid would depend on the price(s) of the units on the day after the completed claim papers are received in our Head Office."*

*The surrender value includes all premiums paid up to and including the one paid on 24 November 2023."*

This information does indicate Mr and Mrs B were made aware the surrender values weren't guaranteed and the price achieved would be dependent on the unit prices when all the requirements have been met and the surrender completes. So, I don't find Aviva gave any assurances on what the payment value would be.

I note Mr and Mrs B cancelled the direct debit for their premiums at the end of November 2023, around the time they first made their surrender request. This meant by the time the surrender of the policies was completed, both policies had missed two premiums. I haven't seen anything to indicate Aviva suggested the direct debits should be cancelled, and it appears this was a decision taken by Mr and Mrs B. I appreciate it is likely they didn't anticipate the surrender taking longer than a month, but the fact premiums were cancelled is very likely to have impacted the surrender value that was paid for the policies. While it is unfortunate Mr and Mrs B cancelled the premiums before surrender was complete, I haven't found Aviva at fault for this. But I do note that Aviva didn't explain the impact on the surrender value as result of the premiums not being paid during the extended surrender process. The process took quite a while to complete for a relatively straight forward request (over two months in total) it would have been helpful for Aviva to explain the impact of no premiums being paid to Mr and Mrs B.

I understand Mr and Mrs B say they didn't receive the original surrender statements. Aviva say it agreed to re-send the original documents again following a chaser call on 14 December 2023. I haven't seen evidence to suggest Aviva made an error when the surrender statements were first sent. They were address correctly to Mr and Mrs B. It isn't clear why they weren't received, but I don't think the evidence support a finding that it would be reasonable to hold Aviva at fault. As mentioned above, it did re-send the statements when chased, and they were received on the second attempt, but it did take Aviva a week to post them after the chaser call. After Mr and Mrs B returned the surrender documents, it still took a month for the surrender values to be paid out. And it did take longer than Aviva had advised as it said the surrender would be complete by 25 January 2024. I appreciate there were queries about the amount of pay-out but the process did drag out.

I've considered Mr and Mrs B's request that they be paid the difference between the initial figures quoted and the actual value they received for the surrender of their policies. I've

already explained why I haven't found Aviva was responsible for the decrease in value, so I don't think it is fair and reasonable to require Aviva to pay the difference in value. But the way the surrender was handled wasn't as smooth as it could have been and there are failings on Aviva's part. It could have explained the process more clearly, and Aviva could have been more proactive in the support it gave. This did cause things to be chased up, and a shock for Mr and Mrs B when they realised the surrender value had reduced as a result of the missing premiums. So all of this caused frustration and contributed to the disappointment when the surrender value pay out was less than they were expecting.

Aviva has agreed to compensate Mr and Mrs B for the impact of its handling of the surrender. It agreed to make a payment of £150, which the investigator suggested for the distress and inconvenience Mr and Mrs B have suffered. I think this is reasonable compensation in the circumstances.

### **Putting things right**

To put things right, I require Aviva to do the following:

- Pay Mr and Mrs B £150 in compensation for the distress and inconvenience they have suffered as a result of how their surrender request was handled.

### **My final decision**

I uphold Mr and Mrs B's complaint and direct Aviva Life & Pensions UK Limited to pay the compensation set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs B to accept or reject my decision before 3 January 2025.

Daniel Little  
**Ombudsman**