

The complaint

Mr M complains that Aviva Life & Pensions UK Limited (Aviva) didn't collect the premiums for his personal pension plan for several months.

Mr M says he had to raise this issue with Aviva and contact it on several occasions in order to have the issue resolved. He says it took Aviva several months to resolve the issue and he says this caused him considerable distress and inconvenience.

What happened

Mr M has a personal pension plan with Aviva.

At the end of November 2023, Aviva issued Mr M with a retirement options pack as he was approaching his selected retirement date.

As Aviva didn't receive a response it issued another pack on 1 February 2024.

Mr M contacted Aviva on 8 February 2024 to inform Aviva that he wished to continue paying premiums for two more years and the relevant forms were sent to him for completion.

Aviva received Mr M's deferral form on 14 February 2024 and the direct debit instruction on 21 February 2024.

Mr M's original selected retirement date was in the middle of March 2024, and as Aviva didn't amend his plan before that date, it was made paid up and therefore no further premiums were collected.

Mr M contacted Aviva on 12 June 2024 and complained about the failure to collect his premiums. Aviva acknowledged his complaint in a letter issued on 13 June 2024.

Mr M contacted Aviva on several occasions to try to obtain an update regarding the collection of his premiums.

In a call on 18 June 2024, Aviva's representative explained that there was an uncompleted section in the deferral form Mr M had sent it in February. Mr M re-sent the form on the same day with that section completed.

Mr M then made further calls to Aviva asking for an update and a timeframe for the issue with his premiums to be resolved. On some occasions he was provided with timeframes for resolution which were incomplete and then amended, or simply not reached.

On 24 July 2024, in a call to Aviva, Mr M was asked for his permission to collect the premiums from the missing period, which he provided. He was informed that it would take up to 10 working days for collection of the premiums to show on his plan.

At the end of July/beginning of August 2024 the outstanding premiums of approximately £553 were collected. At around that time, Aviva wrote to Mr M and apologised for not collecting the monthly premiums for his personal pension plan from March to July 2024. It said it would collect the five missing premiums, and then premiums would be collected as normal going forwards.

On 5 August 2024 the premiums showed as having been paid to Mr M's plan on Aviva's system.

Aviva upheld Mr M's complaint. It said that as a result of human and administrative errors, his deferral application hadn't been actioned in time to amend his plan before the original selected retirement date.

Aviva confirmed Mr M's plan had been reinstated and the outstanding premiums had been collected, with the fund prices on the original premium dates being applied to avoid any investment loss to his plan.

Aviva acknowledged that Mr M had contacted its offices on multiple occasions to chase the reinstatement of his direct debit and that he did not receive call backs when promised and was not given thorough updates on the status of his complaint. So Aviva said it would pay Mr M £150 in compensation for its error and the inconvenience caused to Mr M as a result.

Mr M didn't agree with the compensation offered by Aviva and referred his complaint to our service. He said he had provided details for the collection of premiums to Aviva in February 2024, but from February to June no premiums were taken from his account. Mr M said if he hadn't contacted Aviva, then no further premiums would have been collected. He said the compensation offered by Aviva was insufficient.

Our investigator considered Mr M's complaint and thought it should be upheld. She thought that if Aviva had accurately reviewed the initial form sent by Mr M on 14 February 2024, it would have seen there was some information missing and could have contacted Mr M prior to his retirement date, so his plan wouldn't have gone into paid-up status.

The investigator noted that Aviva had received new forms from Mr M on 18 June 2024 but that his plan wasn't reinstated until approximately 31 July 2024, when the premiums were collected.

The investigator reviewed the calls between Mr M and Aviva and noted that Mr M felt that he wasn't getting answers and became increasingly frustrated as he tried to resolve the matter. She noted that Mr M had contacted Aviva on several occasions and considered that Aviva could've taken steps to keep Mr M better informed. Overall she didn't consider £150 compensation reflected the distress and inconvenience caused to Mr M.

The investigator noted that Aviva had agreed to backdate the premiums to the date they should have been collected using the relevant fund price which would ensure Mr M wasn't adversely impacted financially, which she felt was fair and reasonable in the circumstances. The investigator concluded that Aviva should pay Mr M £250 for the distress and inconvenience he had been caused.

Aviva didn't agree with the investigator's conclusion on compensation and noted that the premiums hadn't been collected for several months before Mr M contacted Aviva. It said it accepted that Mr M had been frustrated when he made calls in June and July chasing up information and the resulting impact on Mr M. Aviva pointed out that it had ensured Mr M had not incurred any financial loss by accepting the outstanding premiums and ensuring they were applied to the plan as at the correct dates. So, it considered the award of £150 it had offered reflected the level of inconvenience caused to Mr M.

Mr M didn't agree with the investigator's conclusion on compensation and said he thought the compensation should be increased to £350, given the number of calls he had to make to Aviva. He also pointed out that if he hadn't contacted Aviva in June, the issue with the collection of his premiums wouldn't have been picked up.

As no agreement could be reached Mr M's complaint was referred to me for review.

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.

To recap, Mr M held a personal pension plan with Aviva. That plan had an original selected retirement date, but the plan holder could amend that date and continue paying premiums, provided they informed Aviva and completed the necessary documentation.

Mr M did inform Aviva of his intention to defer his retirement date and as a result it provided him with forms, which he returned to Aviva on 14 February and 21 February 2024. There was an issue with one of the forms - the deferral form - as Mr M had omitted to select one of the options in one section of that form. So, the next step should have been for Aviva to contact Mr M to inform him there was an issue with the form he had provided and ask him to complete the form with the required information.

Unfortunately, and Aviva has acknowledged that, it took too long to do this, and the result was that Mr M's personal pension plan became paid up so no further premiums were collected. In fact it appears that this issue was first raised with Mr M in June 2024, when he spoke to one of Aviva's representatives.

I think given his retirement date was approaching, it was reasonable to expect Aviva to contact Mr M sooner and alert him to the issue. And I agree with the investigator, that it is more likely than not, that if it had responded in a prompt manner, this issue could have been resolved before the original selected retirement date and Mr M's plan wouldn't have become paid up. I note that when the issue was raised with Mr M, he sent back the completed form on the same day.

I have carefully considered the calls made by Mr M which start in June 2024 and continue until August 2024 with more than 20 calls being made.

In those calls, I have noted the point Mr M has made repeatedly, that if he hadn't contacted Aviva in June, then his premiums would have remained uncollected. He highlighted that he sent the forms back to Aviva in February 2024 and heard nothing further about the collection of his premiums until he raised a complaint. I also note Aviva's point that, in its view, Mr M could have noticed the premiums weren't being collected earlier and contacted it sooner. I think it likely that as Mr M hadn't heard anything from Aviva, he assumed everything was going ahead as it had previously, with premiums being collected on a monthly basis. I take on board Aviva's point that he could have checked sooner but also note that Aviva should have raised the issue with the form sooner.

In any event, it wasn't until 18 June 2024 that Aviva gave Mr M some explanation as to the reason why it hadn't collected his premiums. I note that Mr M's response was to send a completed deferral form to Aviva on that same day, and I consider therefore that this was a pressing matter for him. I think it was important for him for the collection of premiums to start up again and he expressed this on several occasions.

I consider that the representatives that spoke to Mr M, each time that he contacted Aviva, were doing their best to assist him. However, I don't think that Mr M's expectations were properly managed by Aviva, so that timeframes were given and then amended, or not met. I think this was in all likelihood contributed to by the slight disconnect between the departments involved: the administrative team, the complaints team and the customer representatives. I also consider it took too long to provide Mr M with a clear update as to the position with his plan and the premiums and I note that Aviva has acknowledged there were errors and delays in its administration.

Mr M was very concerned about his plan being reinstated so he became proactive in contacting Aviva on a regular basis. Then when the estimated time frames he was given weren't met and he didn't receive call backs, he lost trust in Aviva and continued to make frequent phone calls.

I can see why Mr M became frustrated and I agree that the level of service he received from Aviva, when trying to find out the position with his plan and when the matter would be resolved, wasn't what it should have been and that, together with the failure to contact him at an early stage to inform him of the issue with the form, caused him distress and inconvenience.

Compensation

Aviva has agreed to back-date the premiums as if they had been paid on the correct monthly dates, so that Mr M isn't caused any financial loss to the value of his plan as a result of those premiums being collected later than they should have been.

Aviva has also offered to pay £150 compensation for the distress and inconvenience it has caused to Mr M. I also note that Mr M considers that £250, as outlined in the investigator's view, is insufficient compensation and he says £350 is the appropriate figure.

I agree with the investigator that £150 doesn't fully recognise the impact on Mr M. I have taken into account the number of calls made by Mr M, Aviva's response to those calls and the impact on Mr M of this issue with his personal pension plan, which took about two months to be resolved from when Mr M raised the issue in June. I also note the background to this was that several premiums hadn't been collected by that point.

I have also taken into account our guidelines in respect of the level of awards we might make for distress and inconvenience and Aviva's agreement to backdate the premiums so that the value of Mr M's plan is not impacted negatively by the later collection of the premiums.

Having taken all that into account, I consider the amount of £250 recommended by the investigator to be fair and reasonable compensation in the circumstances. This issue wasn't resolved promptly and without some effort from Mr M, but Aviva did resolve the matter by the beginning of August, and it did acknowledge the poor service and agree to back-date the premiums.

Putting things right

I understand that Aviva has already backdated the premiums as if they were paid on the relevant dates with the applicable fund price at that time. However, *if* it hasn't already done so, it should do this.

Aviva should pay Mr M £250 compensation for the distress and inconvenience it has caused him. If it has already paid Mr M the £150 it offered, then it may deduct that sum.

My final decision

My final decision is that Mr M's complaint against Aviva Life & Pensions UK Limited is upheld.

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

Julia Chittenden
Ombudsman