DRN-5178591

The complaint

Mr M has complained that Aviva Life & Pensions UK Limited (Aviva) hasn't applied contributions to his personal pension plan (PPP) properly and that the number of units he holds in his plan is incorrect.

What happened

The investigator who considered this matter set out the background to the complaint in her assessment of the case. I'm broadly setting out the same background below, with some amendments for the purposes of this decision.

In 2001, Mr M took out a PPP with Norwich Union, now Aviva. On 7 February 2003, Aviva wrote to Mr M to inform him that he was entitled to additional units within his plan. A total of seven units were added to two of the funds in which Mr M's pension was invested.

Mr M received annual statements each year and, on 17 December 2013, he completed a Fund Switch Request Form. He wanted to switch 17% of his units from two Aviva funds to the Aviva Mixed Investment fund. Aviva sent Mr M confirmation that his request had been received on 30 December 2013.

On 16 January 2014, Aviva wrote to Mr M and confirmed the switch had been made. It said that £4,217.86 had been disinvested from the Aviva European Equity and Aviva Uk Equity funds (165.0962 and 225.3569 units respectively), and this had been used to buy 555.5753 units in the Aviva Mixed Investment fund.

On 15 August 2014, Aviva wrote to Mr M and said the following:

"Thank you for your recent telephone call.

As discussed, the values that we sent to you and Policy Services Ltd on 3 June 2014 and 29 July 2014 were incorrect. This was due to the fund switch you requested with effect from 24 December 2013 not being applied correctly to the policy values. This has now been amended and values going forward will be correct."

Aviva included an updated unit and valuation statement and apologised for the error.

On 8 February 2016, Mr M called Aviva again and asked Aviva to check that his pension contributions were being split and allocated correctly.

On 12 February 2016, Mr M called Aviva. He wanted to know the following:

- Why the units were dropping.
- Why was there no loyalty bonus on the 2016 statement.
- Why his funds were being split between two funds when it should have been three.

On 17 March 2016, Aviva told Mr M that it had identified an error in his annual statement dated 19 January 2016. Aviva said:

"Our Actuarial team have confirmed that the values included in the yearly statement dated 19 January 2016 (reference PCE/HR) were incorrect. Please accept our sincere apologies for this.

We are pleased to provide below a revised unit statement and valuation as at 16 March 2016 for your records"

This letter confirmed that Mr M held 1,356.7010 in the Aviva Mixed Invest fund (worth £11,303.63), 2,557.4986 units in the Aviva UK Pension Standard Fund (worth £23,486.79), and 1,910.0222 units in the Aviva European Equity Pension Standard fund (worth (£28,149.72).

The overall fund value was £62,940.13 and the transfer value was £65,340.86.

On 27 February 2017, Aviva wrote a letter to DG. It said the following:

"We can confirm that the units statements sent to the above policyholder on 6 February 2017 are correct.

Our records show that Mr M requested to switch 17% of his investment from each of the Aviva UK Equity Pension Standard (Series01) and Aviva European Equity Pension Standard (Series 01), into the Aviva Mixed Invest (40-85% Shares) 51 Pension Standard (Series0l) fund.

This switch was actioned with an effective date of 24 December 2013.

We did not receive a request to redirect future contributions and as such the contributions paid since have continued to be invested in Mr M's original fund selection as follows:

50% - Aviva UK Equity Pension Standard (Series01)
50% - Aviva European Equity Pension Standard (Series01)

No contributions are being invested into the Aviva Mixed Invest (40-85% Shares) 51 Pension Standard (Series0l) fund."

A further letter was sent to DG on 11 August 2017. It said:

"As per our recent telephone call I can confirm regular contributions will be split as follows:

- Aviva European Equity – 50%
- Aviva Mixed Invest (40-85% shares) S1 – 50%"

On 5 October 2017, Aviva sent Mr M a unit statement for the Non-Protected Rights section of his pension. This set out that Mr held 806.0592 units in the Aviva European Equity Pension Standard fund (worth £15,832.78), 553.5753 units in the Aviva Mixed Invest fund (worth £5,619.23), and 1,100.2706 units in the Aviva UK Equity Pension Standard fund (worth £12,440.43).

The fund value (and transfer value) was £33,892.44.

On 22 February 2019, Aviva wrote to Mr M to inform him it had made a mistake on an annual benefit statement sent to him in 2017. Aviva said the following:

"…we have noticed that your annual benefit statement issued in 2017 contained a projected

future benefit amount that was incorrect. This error was caused by using the wrong calculation for your policy.

All other values contained within the annual benefit statement were correct.

We realise this situation should not have happened and would like to apologise for our mistake."

A duplicate letter was sent on 15 March 2019.

On 25 April 2019, Aviva sent Mr M a unit statement for the Protected Rights section of his pension. This said that Mr M held 806.0592 units in the Aviva European Equity Standard fund (worth £15,574.51), 553.5753 units in the Aviva Mixed Invest fund (worth £5,957.91) and 1,100.2706 units in the Aviva UK Equity Standard fund (worth £13,344.63).

The fund value (and transfer value) was £34,877.05.

Another statement was sent the same day for the Original Rights. This said that Mr M held 4,132.4434 units in the Aviva Mixed Invest fund (worth £44,475.84) and 2,259.9184 units in the Aviva European Equity Pension Standard fund (worth £43,665.69).

The fund value was £88,141.53 and the transfer value was £94,622.44.

On 13 November 2020, Aviva sent Mr M current unit statements. For the Original Rights, Mr M held 4,284.4970 units in the Aviva Mixed Invest fund (worth £47,754.57) and 2,348.4849 units in the Aviva European Equity Pension Standard fund (worth £46,913.11).

The transfer value was £97,663.64.

And for the Former Protected Rights, Mr M held 806.0592 units in the Aviva European Equity Pension Standard fund (worth £15,758.54), 553.5753 units in the Aviva Mixed Invest fund (worth £6,170.10), and 1,100.2706 units in the Aviva Uk Equity Pension Standard fund (worth £12,312.91).

The fund value and transfer value was £34,241.55.

Mr M called Aviva on 24 November 2023. During this call, Mr M said that his recent annual statement didn't match the amount being paid into the policy. He asked Aviva to investigate the last 10 years as he felt £1,000 per year was missing. Aviva also raised a complaint following this call.

On 28 November 2023, Aviva confirmed the values again. Aviva said that Mr M held 4,540.3486 units in the Aviva Mixed Invest fund (worth £55,820.41) and 2,485.8015 units in the Aviva European Equity Pension Standard fund (worth £61,295.14).

The fund value was £117,115.55 and the transfer value was £121,842.94.

The following day, Aviva sent another unit statement, which said that Mr M held 806.0592 units in the Aviva European Equity Pension Standard fund (worth £19,875.89), 553.5753 units in the Aviva Mixed Invest fund (worth £6,805.82) and 1,100.2706 units in the Aviva Uk Equity Pension Standard fund (worth£15,533.95).

The fund value and transfer value was £42,215.66.

On 24 January 2024, Mr M called Aviva and asked to speak to the complaints team. But he was unable to speak to anyone in the relevant department.

Mr M called Aviva three further times for an update and, on 9 April 2024, Mr M asked Aviva to send him annual statements for the previous 10 years, fund values and transfer values as of 3 October each year, and a breakdown of the funds and units. Aviva confirmed that it would send this to him.

Once Mr M received the information, he told Aviva it wasn't correct. He said there was a fund missing and, in 2013, it reduced the number of funds he was investing into two. Aviva said it would rerun the calculations.

On 23 April 2024, Aviva sent Mr M annual statements from the previous 10 years.

On 29 May 2024, Mr M asked Aviva to send him information relating to the anniversary date, going back 10 years.

On 7 June 2024, Aviva called Mr M and confirmed the statements up to 2016 were issued correctly and the team were arranging to send him the information he had asked for.

Aviva offered Mr M £350 for the distress caused.

On the same date, Aviva issued its final response letter to Mr M's complaint. Aviva upheld the complaint and said the following:

"As confirmed on our call today, it has been identified that the annual statements from 2017 onwards have been issued incorrectly. This was a mistake on our part, and it shouldn't have happened. We are currently preparing revised unit statements, as at the same date the original annual statements were prepared, and these will be sent to you shortly.

<u>What I'd like to do to put things right</u>

I realise our error has caused you inconvenience, so to say sorry, I'd like to arrange for a payment of £350 to be sent to you."

Unhappy with Aviva's reply, Mr M referred his complaint to this service.

Having considered the matter, our investigator thought that the complaint should be upheld. She said the following in summary.

Mr M had been asking Aviva to check he was being invested correctly since 2016 and Aviva only confirmed its error in 2024.

On 17 October 2024, the investigator had asked Mr M for examples of what his specific concerns were relating to the information provided by Aviva, to which Mr M had said that, on the latest recalculation figures issued by Aviva there were no funds going into the Aviva UK Equity fund. He said in 2017 the fund held 2,615.66889 units but now held 2,547.73441, even though no changes have been made to the instruction.

Aviva had responded to this query and said:

"Although the policy has a monthly policy fee and waiver of premium fee, which is charged by unit deduction proportionally across the policy, it also has an Annual Plan Fee of 0.375% which is charged against all coverages and funds. This is the explanation to the loss of units."

The investigator noted that Aviva included a table of the unit deductions since 2017. From 2017 to 2023, a total of 67.89368 units were deducted to cover the costs of the fund. The investigator had looked at the figures quoted by Mr M above and agreed with Aviva that it was the units deducted for fund costs which had caused this reduction since 2017.

Mr M had also said that the second recalculation didn't include a loyalty bonus for 2024, but the first recalculation showed there was a loyalty bonus of £10,018.53 for 2024. Aviva had told the investigator that this was because the first recalculation asked for a unit statement and transfer value, which included the loyalty bonus, but the second recalculation simply asked for the unit statement.

The investigator could understand why this would have come as a shock to Mr M, but it was reasonable for a unit statement not to include any loyalty bonuses.

Mr M had also sent the investigator a copy unit statement, taken from 22 April 2024. This document recorded the Bid Prices as follows:

- Aviva Mixed Invest (40-85% Shares) S1 pension – 13.0431
- Aviva UK Equity Series 1 – 14.9668
- Aviva European Equity Series 1 – 26.6775

But for the Protected Rights section, the document showed different Bid Prices for the funds as follows:

- Aviva Mixed Invest (40-85% Shares) S1 pension – 26.6775
- Aviva UK Equity Series 1 – 13.0431
- Aviva European Equity Series 1 – 14.9668

It seemed to the investigator that there was an obvious mistake here, despite Aviva telling her that the Bid Prices were correct in the recalculated values. Therefore, the fund values quoted on the statement were also likely to be wrong, the investigator said.

She attached a copy of that document for Aviva to review and correct.

The investigator noted that Mr M had also raised a concern about the differing transfer values he had received over the years. Aviva responded to this point and said that all values were system generated and were not manually created. Aviva added the following:

"…the July 2013 value that was provided was a combined valuation whereas the subsequent values provided were split between the IPP and DWP records."

In conclusion, the investigator said that, in her view, it was clear there had been many mistakes made when issuing Mr M his statements for his pension. Mr M still remained of the opinion the statement information wasn't correct. And from the evidence the investigator had seen, she agreed.

So, to put things right for Mr M, the investigator said that Aviva should recalculate Mr M's pension values and supply them to him in a way that was clear and not mis-leading.

In addition, Aviva should adequately compensate Mr M for the time and effort he had put in to trying to resolve the issue with his statements. Aviva should therefore increase its offer of £350 compensation to £500, the investigator said.

In response, Aviva said that it would increase the compensation payment to £500 and would continue to send Mr M annual statements in the same format.

By way of his own response to the investigator's assessment, Mr M said that he hadn't received any revised calculations of his fund values, and that Aviva had already increased the compensation to £500, and so he wouldn't accept the proposed outcome as it stood.

The investigator therefore asked Aviva if it would agree to recalculate Mr M's pension value.

Aviva said in response that it had very recently calculated the value of the policy segment which was currently receiving premiums and had sent this statement to Mr M, along with a separate statement for the former protected rights segment of the policy. It attached these.

Mr M then said that he'd received an annual statement from Aviva, but this bore no resemblance to the money he'd invested.

As agreement couldn't be reached on the outcome, it was referred to me for review.

At my request, the investigator asked Mr M for specific details as to what he disagreed with in the firm's recalculations.

Mr M replied to say that he was finding it difficult to detail any further specific queries as he hadn't received any disclosure of what Aviva had sent to this service. All he had to compare were Aviva's "amended" statements for the 10 years which he'd queried and the hard paper copy statements he'd been sent each year.

Mr M said that his honest feeling was that someone had been given his accounts and been told to produce and manipulate the statements so that he would appear to be no better or worse off than was shown on his annual statements that he received each year.

He added that he'd been offering to send his annual statements for the 10 yrs, but felt it very important however to include as a clear example the 2023 and 2024 statements where it showed the change from two funds back to three funds, and just by chance roughly the same amount of units moved from the Aviva Mixed Investment fund to the Aviva UK Equity fund on the 2024 statement.

He said that, in that year, he added just over £3,000 in contributions to the PPP. But in the same period as adding £3,000 to his pension plan, the number of Aviva European Equity fund units he held reduced from 2,485 to 2,302. This, Mr M said, should be an impossibility.

Mr M said there were many other anomalies in his paper statements which weren't shown on the digital recalculations sent to him by Aviva.

Although the investigator had agreed with the £500 offered by Aviva, throughout this whole process he'd lost weeks of time in cross referencing documentation, phone calls with lengthy amounts of time being placed on hold, and time spent sending emails to try to justify his complaint.

At my request, Mr M's further comments were put to Aviva for its response. It replied to say that the reduction in European Equity units quoted as 2,485 to 2,302 didn't match the information supplied in its letter of 23 April 2024 or the Ordinary Rates statements issued in 2023 or 2024.

It added that it had provided a very detailed response in relation to Mr M's values from 2017 to 2024 as recently as November 2024, which covered the period Mr M seemed to be referring to and this postdated the statements supplied to him at the time. Mr M should therefore only be looking at these figures and not the annual statements of 2023 and 2024 or any other figures that were provided outside of that response.

Aviva further said that it had included revised figures as at 12 November 2023 and 22 April 2024. According to its records, Mr M paid in £1,253.62 during that time and within the same time frame the units in the Aviva European Equity Fund increased from 2,261.96125 to 2,276.92439, an increase of 14.96314 units during that period rather than a reduction.

In summary, it said that it needed to be certain that Mr M was only looking at the revised figures from the request which was made 14 November 2024, and comparison of these to any other figures that weren't supplied as part of that response for the years 2017-2024 would serve no purpose.

Mr M remained dissatisfied with this response, however, saying that Aviva was asking him to ignore everything which he'd received before November 2024 and trust that it had now ratified the figures in its revised unit statement - but even this had incorrect bid prices on the final page.

Mr M remained of the view that Aviva had failed to abide by the investigator's recommendation and Mr M requested full and accurate historical annual statements for his pension plan.

Mr M also reiterated his belief that £500 was too little as payment in respect of the distress and inconvenience he'd suffered as a result of what had happened.

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.

And having done so, I've reached similar conclusions as the investigator, and for similar reasons.

There has clearly been much confusion as to what has happened with Mr M's pension policy, and my overall view is that he's quite justified in his frustration at Aviva and its seeming inability to provide a consistent response to the enquiries which have been put to it.

I acknowledge that Aviva has provided what it thinks is the correct recalculation of Mr M's pension plan value. But I don't think this adequately addresses other anomalies, or at the very least potential anomalies, which have been highlighted by Mr M.

For example, Mr M has rightly pointed out that the annual statements from 2023 and 2024 contain some confusing information, given that he made a £3,000 contribution between those statements. The number of funds increased from two to three, which Aviva might explain by way of the correction to the actual fund holdings Mr M ought to have had. But this doesn't explain the reduction in the units, as pointed out by Mr M, in the Aviva European Equity Pension Standard fund.

Further, that fund was one of the two, along with the Aviva Mixed Invest fund, which was due to receive ongoing contributions, according to Aviva's letter of 11 August 2017.

Mr M is clearly unconvinced by the information he's been receiving from Aviva, and given what's happened to date on his policy and the quality of the information he's been provided, I don't think his scepticism on this is entirely ill founded.

That said, there may well be a reasonable explanation as to why, despite the £3,000 contribution, Mr M's units in that particular fund dropped from the previous statement balance, but I don't think it's enough for Aviva to simply say that Mr M should disregard all information prior to November 2024 when, according to that information, he has witnessed a reduction in units whilst making additional contributions.

Aviva needs to explain this in greater detail, along with confirmation that all contributions he's made over the years have now been correctly applied.

Moreover, I think that Aviva needs to provide Mr M with a detailed breakdown of what has happened on his pension policy, as I'll set out further below, and if it determines that things haven't happened as they should, it needs to address this and reconstruct the pension policy accordingly.

Putting things right

My aim is to place Mr M in the position he would otherwise be, had the errors not occurred.

Aviva Life & Pensions UK Limited needs to provide Mr M with a detailed breakdown of the contributions which have been applied to his policy, which should begin with a "starting" value (as accepted by both parties as being a correct value) and the corresponding number of units in the respective funds he held.

For every contribution which was then received, Aviva Life & Pensions UK Limited should set out the additional number of units which were then bought, clearly updating the total of units held by Mr M and providing a corresponding updated fund value.

And to clarify, Mr M's policy should now show a value which represents the unit adjustments which should have been made at the correct points in time – and so a reconstruction of the policy may be required.

I fully expect that, given the quality of the information provided to date, this will be referred to the appropriately skilled team within Aviva Life & Pensions UK Limited, and I think it's likely that it will require actuarial review. Under no circumstances should the breakdown of the required information be provided to Mr M until it has been verified as being correct.

I've also thought carefully about what Mr M has said about the degree of distress and inconvenience he's been caused here. And as noted above, I agree that Mr M will have been caused not inconsiderable inconvenience and frustration by this matter. But I've also thought carefully about what this service might typically award in similar situations, by reference to our guidelines on such matters, which can be found on our website.

And having done so, given the typical range for situations in which a consumer has been caused considerable distress, upset and worry, along with significant inconvenience and disruption that needs a lot of extra effort to sort out, and which lasts a considerable amount of time, I think the award of £500 is appropriate.

Aviva Life & Pensions UK Limited should therefore also pay to Mr M £500 as recommended by the investigator, and accepted by it, in respect of the ongoing distress and inconvenience caused to him by this matter.

My final decision

My final decision is that I uphold the complaint and direct Aviva Life & Pensions UK Limited to undertake the above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 1 July 2025.

Philip Miller
Ombudsman