DRN-5242928

Financial Ombudsman Service

The complaint

Mr H complains that Aviva Life & Pensions UK Limited (Aviva) has failed to administer his Group Personal Pension Plan (the plan) properly, causing him losses of around £12,500. He wants compensation for the losses.

What happened

Mr H says he complained to Aviva about problems accessing his plan online in August 2023, but this wasn't acknowledged. He says he decided to transfer to another pension provider who requested the transfer value from Aviva in December 2023. This request said the plan was worth around £30,000. However, Aviva confirmed the value was only around £21,500 and also wrote to Mr H about this. He called Aviva querying the reduction in value, saying his other pension plans hadn't fallen in value, and a complaint was logged.

Aviva didn't uphold the complaint. It said no contributions were being paid, so ongoing charges would reduce the investment units held. It said that the value wasn't guaranteed, and that Mr H had been invested in the Long Gilt and Deposit funds aimed at people targeting purchasing an annuity in retirement, but that he could have switched to different funds at any time. Mr H called Aviva saying as he had no online access to his plan, which he'd already complained about, he couldn't have switched. Aviva said it didn't have a record of this but now registered a further complaint.

Mr H referred his complaints to our service. He said in February 2021 his plan was worth around £34,000 and his loss was around £12,500. And since then, he'd repeatedly tried to logon to his online Aviva account to access information, but the system said his plan wasn't available. So, he hadn't been able to monitor his plan or switch funds. He said he'd never told Aviva that he wanted to buy an annuity in retirement. And Aviva had only logged a complaint about online access when he'd called it after receiving its final response about the fall in his plan value. And he said it had taken Aviva too long to look into his complaints.

Our investigator asked Aviva to respond to the complaint about online access. But she didn't uphold Mr H's complaint about the fall in the value of the plan.

Our investigator said Aviva was responsible for administering the plan, but the value wasn't guaranteed, and wasn't responsible for fund performance. She said Aviva wasn't providing him with advice and there was no requirement that it advise him about falls in value. Instead, it was his or his financial adviser's responsibility to check the investments were appropriate and to make any changes. She said our service couldn't normally consider how a business had dealt with complaints. But whilst Aviva hadn't been able to respond to Mr H within eight weeks it had followed the correct process by informing him of his right to refer his complaint to our service. She said Aviva had said it had no record of him complaining about online access in August 2023, but if he had any evidence about this, he could provide it.

Mr H didn't agree. He said Aviva had administered his plan correctly through failing to give him access to policy information and that he wasn't able to switch funds as a consequence. He said Aviva had now provided confirmation that he had raised the online access issue in August 2023, via its website.

Aviva then responded about the lack of online access. It said it had no record of a complaint being raised but had located Mr H's query from August 2023. It said his online access request had been blocked in August 2022, pending internal checks and hadn't been lifted. It said online access was *"a complimentary service"* that wasn't available for all policies and was not something it had to offer under the terms and conditions of the plan. Our investigator confirmed this to Mr H and said she didn't think Aviva had acted unfairly.

As Mr H doesn't agree it has come 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.

Having done so I am not upholding the complaint.

I asked Aviva for some more information about what had happened including when Mr H first had online access to his plan. It said he'd first requested this by submitting an online form on 17 May 2022. And it had written to him on 20 May 2022 saying online access wasn't currently available, but it would contact him if this changed. It confirmed he didn't have online access before then. It isn't entirely clear why Aviva didn't feel able to grant Mr H online access. But it wasn't required to provide it under the terms and conditions of the plan, so I don't think it treated him unfairly.

In terms of Mr H's complaint about online access, he made a web enquiry on 23 August 2023 about not being able to access his plan details. Aviva doesn't appear to have picked up on this. But it appears that online access wasn't available in any case. I don't consider this further request for access Mr H made then was phrased as a complaint. And it doesn't appear that he followed up on this issue until March 2024, when he received Aviva's response to his other complaint.

And I don't think a lack of online access prevented Mr H from managing his plan or switching investment funds. Which he could have done by calling or writing to Aviva. It sent Mr H annual statements by post setting out information about his plan, including the investments held. And in his complaint, he has confirmed the plan value was £33,999.42 on 1 February 2021, a figure he must have obtained from Aviva. Aviva has provided a copy of the statement sent in June 2020, which confirms a value on 20 May 2020 of £35,619.48, split 75% in the Long Gilt fund and 25% in the Deposit fund. It confirms that the values shown aren't guaranteed. The statement stresses the importance of reviewing the plan regularly and taking financial advice if required. It also provides a freephone contact number for Aviva with links to information on its website about its investment funds and the available retirement options, as well as links to the Government's Pension Wise free guidance service.

Aviva has also shown evidence that it confirmed Mr H had been invested in a lifestyle investment strategy. Where he would be automatically switched into the Long Gilt and Deposit funds over the five years before the selected retirement age of the plan, which had originally been at age 60 in 2018. So, this switching process had started in 2013, after it had written to him about it confirming these funds would be used. Aviva also provided a copy of a letter sent to Mr H further confirming this arrangement in September 2015. And it says it also sent Mr H standard pre-retirement letters from 2017 further prompting him to review his plan. As Mr H didn't take his benefits at age 60 the retirement date defaulted to age 75 (in 2033) for record keeping and illustration purposes, although he can take his benefits at any time.

So, from the evidence available it does appear that Mr H did select the lifestyle investment approach in place which targets purchasing an annuity at retirement, through progressively switching to Gilt and cash holdings. Where 25% of the plan held in cash to provide the tax-free cash sum and 75% in Gilts to provide for the annuity. This aims to de-risk the annuity purchase because if the capital value of Gilts rises, annuity rates would typically reduce and vice versa, so that a similar level of annuity income would be available even if the plan value changed shortly before the intended retirement date. More options became available in 2015 with the pension freedom legislation and details of these were noted on the annual statements sent to Mr H, with prompts for him to consider his retirement options.

When Mr H didn't take his benefits in 2018 this specific investment approach may no longer have been appropriate for him. And whilst it was likely to reduce the risk of purchasing an annuity this type of investment approach isn't risk free as the value of fixed interest investments like Gilts do fall and rise in line with market conditions, particularly interest rate movements. And when interest rates began to rise around the World in 2021- 2022, Gilt capital values reduced significantly. Aviva's Long Gilt fund appears to have performed in line with other funds investing in the same types of assets which suggests there was no investment mismanagement.

Whilst this is unfortunate for Mr H, Aviva wasn't advising him. Taking everything together, I think it provided adequate information about the plan and sufficiently prompted him to review things. So, I don't think Aviva has made an error or treated Mr H unfairly, and I can't uphold his complaint.

My final decision

My final decision is that I do not uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 26 March 2025.

Nigel Bracken
Ombudsman