

## The complaint

Mr D complains that Aviva Life & Pensions UK Limited (Aviva) made errors in his pension statements. He also believes that it has charged him an incorrect annual management charge (AMC) on his pension policy.

## What happened

Mr D set up a personal pension policy with a business which is now part of Aviva in 1996. I understand that he contributed to that policy until 2006, when he removed his servicing agent on his policy. From then on, no more commission would be paid to that agent.

Aviva sent Mr D his 2022 statement on 1 June 2022. This stated that his policy had a value of £48,228.95 on 26 May 2022. The statement mistakenly failed to show the waiver of premiums.

The statement noted the following about the AMC Mr D had been charged:

*“During this statement period you paid a charge of 1.000% to cover these costs.”*

It also stated:

*“Since 6 April 2001 a maximum charge of 0.6% applies where the policy is free of any commission paid. In other cases the maximum is 1.0%.”*

Mr D complained to Aviva in March 2023 as his 2022 statement didn't show the waiver of premiums he'd expected.

Aviva issued its final response letter to that complaint dated 3 April 2023. It acknowledged that the 2022 statement had been incorrect and asked for a corrected copy to be sent to Mr D. Aviva also confirmed that the waiver of premiums was still in place and was being correctly applied. It sent Mr D £175 to apologise for the statement error.

Aviva sent Mr D his 2023 statement on 23 May 2023. This stated that the policy had a value of £49,071.87 on 11 May 2023. It also stated that Mr D had been charged an AMC of 1% on each of the three funds he was invested in.

The statement also noted under the heading: *“Charges in more detail”*:

*“Since 6 April 2001 a maximum charge of 0.6% applies where the policy is free of any commission paid. In other cases the maximum is 1.0%.”*

Mr D wrote to Aviva on 20 November 2023 to ask it to review the AMC on his policy. He said he'd transferred the agency and servicing on his policy in April 2006. He therefore felt no further commission was payable. As such, he felt his policy should have an AMC of 0.6% from 2006 rather than 1%. He said this was because his statements between 2011 and 2017 had stated the following:

*“Since 6 April 2001 we have not charged more than 0.6% of your total pension fund value*

each year.

*This puts us in line with the charging structure for stakeholder pensions ... the charge of 0.6% applies where the policy is free of any commissions paid else the maximum is 1.0%".*

Mr D noted that the statements he'd received between 2019 and 2022 had stated that he'd paid a 1% AMC. And that although his 2023 statement had also stated this, it'd included the following sentence:

*"Since 6 April 2001 a maximum charge of 0.6% applies where the policy is free of any commission paid. In other cases the maximum is 1.0%."*

Mr D raised a further complaint in April 2024. He still didn't think that the waiver of premiums had been applied correctly between 2021 and 2022. And said he hadn't received the amended statement. Mr D also complained that the AMC being charged on his policy wasn't right. He questioned whether he should've been charged 0.6% each year, rather than 1% each year, since he'd applied to change agency in 2006. He also felt that the information on his statements might be incorrect.

Aviva issued a final response to this complaint dated 26 April 2024. Mr D said he received it by email on 24 May 2024.

Aviva acknowledged it'd sent an incorrect statement to Mr D in 2022. It also noted that it still hadn't sent him the promised replacement statement. It sent Mr D £100 to apologise for this. But said it'd provided a new, correct statement alongside its final response. It said it'd also issued a revised 2023 statement to show the correct contributions. Aviva also confirmed that the waiver of premiums had always been correctly applied to Mr D's policy. And said it'd previously confirmed this.

Aviva said that Mr D's policy had been set up as a commission-paying policy with an AMC of 1%. And that this had formed part of the terms and conditions. It said that even though Mr D's removal of his servicing agent had stopped the commission payments, the AMC on the policy remained at 1%.

Unhappy, Mr D brought his complaint to this service on 6 June 2024. He didn't understand why Aviva had stated in its final response letter that although he'd removed his servicing agent, his AMC hadn't reduced from 1% to 0.6%, as stated on his statements.

Mr D also said that he couldn't consider what the terms and conditions stated as Aviva had yet to provide him with a copy, despite his request for one.

Mr D felt that the £100 Aviva had paid him was too low. He also wanted a copy of the terms and conditions which applied to his policy.

After Mr D brought his complaint to this service, Aviva made an offer to try to settle the complaint. It offered Mr D an additional £250 compensation for the distress and inconvenience its further errors might've caused. Mr D didn't accept this offer as he still felt that he'd been charged the wrong AMC since 2006. And he still wanted a copy of the terms and conditions so he could further consider his position.

Our investigator felt that Mr D's complaint should be upheld. He said he hadn't found any evidence that the AMC on Mr D's policy should be 0.6%, rather than 1%. But he felt that Aviva had provided Mr D with incorrect and misleading information on the statements it'd sent him. And that it'd failed to provide him with a correct statement for 2022 until May 2024, despite promising it would send one much sooner.

To put things right, our investigator felt that Aviva should pay Mr D £500 total compensation for the distress and inconvenience its errors had caused him.

Aviva agreed to our investigator's recommendation.

Mr D didn't agree with our investigator. He still wanted a copy of the terms and conditions for his policy, which Aviva had yet to provide to either him or this service. He felt that the pension legislation changes used to introduce Stakeholder pensions in 2001 must've led to the original terms and conditions on his policy being amended.

Mr D also felt that the first statement he'd received which had set out the charges on his policy was the one he'd been sent in April 2011. He felt this had summarised the then amended terms and conditions of his policy when it'd stated:

*"Since 6 April 2001 we have not charged more than 0.6% of your total pension fund value each year. This puts us in line with the charging structure for stakeholder pensions."*

Our investigator considered Mr D's points. But said he didn't have anything which said his policy would have a 0.6% AMC. He said all the evidence he had indicated it would be a 1% AMC. But he asked Aviva for its comments.

Aviva then provided this service with a copy of the policy's terms and conditions. It said that because Mr D's policy had been set up as a commission-paying policy, it had a 1% AMC. It acknowledged that the commission had stopped when Mr D had removed the servicing agent. But said that the AMC had remained at 1% because it was part of the terms and conditions which couldn't be changed. In summary, Aviva said that the AMC had been 1% since the start of the policy and that it would remain at that level regardless of whether or not the servicing agent had been removed.

Our investigator then shared the terms and conditions with Mr D. He said he'd found it difficult to understand them. And felt they didn't mention commission or a 1% AMC. He felt that his annual statements had been clear that he'd only pay 0.6% AMC if his policy was free of any commission. And that this had been the case since 2006. He also felt that it was reasonable to rely on the wording in his annual statements.

As agreement couldn't be reached, the complaint has come to me for a 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.

Having done so, I agree with our investigator that there's no evidence that the 1% AMC charged is incorrect. But I also agree that given the incorrect and misleading information Aviva has provided to Mr D, it should increase the compensation it's paid him for the distress and inconvenience it's caused him from £100 to £500. I'll explain the reasons for my decision.

Before I start, I note that Mr D has mentioned the Consumer Duty in his follow up to our investigator's view.

I've carefully considered this but don't think it's relevant in helping me to decide this complaint. I'll explain why. The Consumer Duty applies to open products and services from 31 July 2023 and to closed products and services from 31 July 2024. It doesn't apply retrospectively to complaints about events that happened before 31 July 2023. The events in

this complaint happened before 31 July 2023. So I won't be considering the Consumer Duty here.

I first considered whether the AMC Mr D has been charged since 2006 is correct.

### *The AMC*

Having reviewed the statements and the terms and conditions I've been provided with; I'm satisfied that the AMC for Mr D's policy is and always has been 1%. Having said that, I can understand why Mr D has been unclear about what his AMC should've been since 2006.

I say this because although I can see that the 2022 and 2023 statements clearly noted that Mr D was paying an AMC of 1%, the statements also noted that if no commission was paid on a policy, an AMC of 0.6% would be charged.

I acknowledge that Mr D felt that his annual statements clearly stated that he should only be paying a 0.6% AMC as his policy had been free of commission since 2006. But I can't fairly agree that his policy's charging basis changed when he removed his servicing agent.

I say this because when the policy was set up, it was set up as a policy with commission. This couldn't be changed, regardless of whether or not Mr D ever removed his servicing agent. I've also not seen any evidence that the basis for the policy changed in line with any other legislative changes, as Mr D assumes it might've done.

I next considered the distress and inconvenience Aviva's errors have caused Mr D.

### *Distress and inconvenience*

Aviva initially offered Mr D £100 for the distress and inconvenience it'd caused him. It increased this offer to £350 after he brought his complaint to this service. Mr D felt that the compensation offered wasn't enough.

I can see that Aviva has provided Mr D with incorrect and misleading information in the annual statements it sent to him. I therefore agree with our investigator that it should provide further compensation for the distress and inconvenience the following has caused:

- the 2022 statement error;
- its failure to send a corrected statement to Mr D when it offered to do so;
- the lack of complete clarity in the statements about the AMC being charged; and
- its failure to provide Mr D with a copy of the terms and conditions on his policy for some time.

I also agree with our investigator that a total compensation amount of £500 is fair under the circumstances of this complaint. I therefore uphold the complaint.

### **Putting things right**

Aviva Life & Pensions UK Limited must pay Mr D a total of £500 compensation for the distress and inconvenience its errors have caused him. It can deduct any compensation it has already paid Mr D from this amount.

**My final decision**

For the reasons set out above, I uphold Mr D's complaint. Aviva Life & Pensions UK Limited must take the action detailed in "Putting things right" above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 28 April 2025.

Jo Occleshaw  
**Ombudsman**