

## **The complaint**

Ms S complains that Aviva Life & Pensions UK Limited failed to pay her some retirement benefits in a timely manner.

## **What happened**

Ms S holds pension savings with Aviva. In May 2024 Ms S started to discuss using some of her pension savings to take a pension commencement lump sum ("PCLS" – otherwise known as tax free cash). Ms S sent her completed application form to Aviva on 5 June. Aviva had previously told Ms S that it would expect to deal with her request within ten working days – meaning Ms S expected the payment to be made by 19 June.

When the payment hadn't been made by that date, Ms S complained to Aviva. Aviva initially told Ms S that it needed her to confirm which of her pension investments should be sold to provide the cash needed for the PCLS payment. But a few days later Aviva explained that all of Ms S' current investments needed to be sold as she was unable to hold post drawdown funds in the with-profits investment. Shortly afterwards Ms S told Aviva that given the delays and that she couldn't retain her with-profits investment she had decided to cancel her drawdown request.

Aviva apologised to Ms S that it hadn't told her sooner that she would need to sell her with-profits investments. It paid her £150 compensation for her inconvenience and said that it would also consider compensation for any financial losses she had suffered if she sent in evidence. Ms S says she sent in that evidence, but it doesn't appear to have been received by Aviva. Unhappy with the lack of response to her claim, Ms S brought her complaint to us.

Before we considered Ms S' complaint Aviva offered to increase the compensation it had paid for Ms S' inconvenience to £300. And it repeated that it would consider any evidence of other financial losses that Ms S had incurred. Ms S rejected that offer.

Ms S told us that the delay in the payment of the PCLS had meant she had needed to find alternative sources for the funds so she could pay for some building work she was having done. Ms S said that she had needed to transfer £5,000 from her credit card (that had incurred a fee of £175). And Ms S said she had needed to take a loan for £45,000 to be repaid over the next five years.

Ms S' complaint has been assessed by one of our investigators. The investigator noted that the credit card withdrawal had been made on 13 June – almost a week before Aviva would have paid the PCLS even if nothing had gone wrong. And the investigator said that Ms S had confirmed she hadn't continued with the PCLS request since she didn't want to give up her with-profits investment. So the investigator thought that, even if Aviva had given Ms S all the correct information from the outset, Ms S wouldn't have received the PCLS payment. The investigator thought that the £300 Aviva had offered for Ms S' inconvenience was fair.

Ms S didn't agree with that assessment. So, as the complaint hasn't been resolved informally, it has been passed to me, an ombudsman, to decide. This is the last stage of our process. If Ms S accepts my decision it is legally binding on both parties.

## **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.

In deciding this complaint I've taken into account the law, any relevant regulatory rules and good industry practice at the time. I have also carefully considered the submissions that have been made by Ms S and by Aviva. Where the evidence is unclear, or there are conflicts, I have made my decision based on the balance of probabilities. In other words I have looked at what evidence we do have, and the surrounding circumstances, to help me decide what I think is more likely to, or should, have happened.

At the outset I think it is useful to reflect on the role of this service. This service isn't intended to regulate or punish businesses for their conduct – that is the role of the Financial Conduct Authority. Instead this service looks to resolve individual complaints between a consumer and a business. Should we decide that something has gone wrong we would ask the business to put things right by placing the consumer, as far as is possible, in the position they would have been if the problem hadn't occurred.

There seems to be little dispute about the basic facts of this complaint. Ms S discussed taking a PCLS from her pension savings with Aviva. At that time Aviva should have explained to Ms S that she would no longer be able to invest in its with-profits funds after her pension savings had been moved into drawdown. Aviva accepts that the information it provided to Ms S was at first unclear. And it agrees that the correct information was provided too late in the process.

So what I need to consider in this decision is whether that incomplete and delayed information caused Ms S to lose out. Ms S has highlighted that she needed to find additional sources of funds to replace the delayed PCLS payment – taking a balance transfer from her credit card and a loan from her bank.

I have no doubt about how difficult the position was that Ms S found herself in. She had intended to use the PCLS to pay for some building work and she has shown us that the builder was urgently pressing her for payment. But I'm not persuaded that the delay to, and subsequent cancellation of, the PCLS payment caused the financial losses that she is claiming.

Ms S has told us that she decided not to proceed with taking the PCLS since she did not want to give up her with-profits investments. Although I appreciate she would have reached that conclusion earlier, if the information Aviva had given her was better, she would still have been left needing to find alternative means of paying for her building work.

The credit card balance transfer that Ms S took was dated around a week before she could reasonably expect Aviva to have paid the PCLS. Whilst I accept the credit card debt might have been able to be repaid once the PCLS was received, the £175 fee that Ms S was charged would have remained. So I don't think Aviva is responsible for that cost.

When Ms S first found out about the delay and was considering which pension investments she would need to sell, she took out a loan from her bank. I accept that might again have been intended to be a short-term measure. But I think that by that time Ms S was already aware that the with-profits investment would need to be sold. If Ms S had proceeded on that basis, and taken the PCLS, I would agree that Aviva should refund the cost of her borrowing for the period that the PCLS was delayed. But since Ms S elected to not sell her with-profits

investment, or take the PCLS, I don't think Aviva should be responsible for the interest costs of the loan.

So I am satisfied that Aviva shouldn't be responsible for any of the financial losses that Ms S says she has incurred as a result of its failures in explaining what needed to be done in order for the PCLS to be paid. But that doesn't mean that I think Aviva shouldn't pay any compensation to Ms S.

It seems clear that Ms S needed to take some important financial decisions under strong time pressure as a result of Aviva's failings. Had the appropriate information been given to her at the outset Ms S could have made a more considered decision about how to fund the building work she had planned. And Ms S has shown us some evidence of what she says was a temporary worsening of an existing medical condition as a result of the stress she was caused.

When it first looked at the complaint Aviva paid Ms S £150 for the distress and inconvenience she'd been caused. Later, after the complaint had been referred to us, Aviva offered a further payment of another £150. So Aviva has now paid and offered Ms S a total of £300 for the distress and inconvenience she has been caused.

I've thought carefully about all the circumstances here. Ms S had an exiting medical condition that was temporarily worsened by the stress. And Aviva failed to provide timely information to Ms S causing her a loss of expectation. But that is balanced against the fact that Ms S wouldn't have proceeded with the PCLS payment even if nothing had gone wrong. After considering what I would generally award in circumstances such as these I have concluded that the £300 offered by Aviva is fair and reasonable.

I appreciate that Ms S will find this decision very disappointing. She is left to repay a large loan that might have been avoided had the PCLS been paid. But cancelling the PCLS was ultimately a choice made by Ms S. So I don't think that Aviva is responsible for any ongoing costs Ms S needs to pay as a result.

### **Putting things right**

Aviva should pay Ms S a further sum of £150 (making a total compensation payment of £300) in respect of the distress and inconvenience she has been caused by the delayed and incomplete information she was given.

### **My final decision**

My final decision is that I partially uphold Ms S' complaint and direct Aviva Life & Pensions UK Limited to put things right as detailed above.

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

Paul Reilly  
**Ombudsman**