

The complaint

Mr D complains about Aviva Equity Release UK Limited's customer service when responding to his questions about his lifetime mortgage.

What happened

Mr D took a lifetime mortgage with Aviva in 2019. Over the years he's been unhappy with the amount of roll-up interest applied to his account. Our service has previously answered a complaint about the interest charged on Mr D's lifetime mortgage.

On 13 July 2024 Mr D sent Aviva a completed questionnaire providing updated information about the condition of the mortgaged property – as requested by Aviva. In his cover letter Mr D said he was worried about his financial position and felt forced to consider downsizing to repay the mortgage as a way of protecting his children's inheritance. He asked Aviva to provide him with the annual projections of the roll-up interest on his lifetime mortgage and details of the Early Repayment Charge ("ERC") payable if he were to sell his property to settle the mortgage.

On 12 August 2024 Mr D wrote to Aviva again, complaining that he'd not received a reply to his previous letter.

On 20 August 2024 Aviva wrote to Mr D to answer his questions. Aviva provided Mr D with a copy of his offer pack from 2019 that included a table showing the annual projections of the roll-up interest and also a table stating how the ERC applies to his lifetime mortgage.

On 21 August 2024 Aviva acknowledged Mr D's complaint made on 12 August 2024. Aviva said that Mr D could expect a response to his complaint within eight weeks.

On 26 August 2024, Mr D wrote to Aviva again. He sent two letters – one addressed to Aviva's Managing Director, and one addressed to its Chief Executive Officer. It appears he'd not yet received Aviva's letters on 20 or 21 August 2024 as he complained that he written twice and not yet had a reply.

On 28 August 2024 Aviva wrote to Mr D to say his letter to the Managing Director had been passed to its Operations team to investigate and respond to his points raised.

On 9 September 2024 Mr D wrote to Aviva again asking why he'd not yet heard back with an answer to his complaint from the Operations team and expressing his unhappiness with the length of time it was taking for him to get a reply to his questions from 13 July 2024.

On 11 September 2024, it appears that Aviva's complaints handler called Mr D to confirm the points raised and to let him know that he was looking into things.

On 13 September 2024 Aviva wrote to Mr D to apologise for not responding to his complaint within eight weeks. Aviva gave Mr D referral rights to the Financial Ombudsman Service.

On 17 September 2024 Mr D wrote another letter to Aviva's Chief Executive Officer expressing his dissatisfaction with the service he'd received.

On 2 October 2024 Mr D brought his complaint to our service.

Before our service had contacted Aviva to inform it of our involvement, Aviva had written to Mr D on 14 October 2024 with its final response letter to the complaint that also included a response to his questions about his mortgage.

Aviva explained that a table showing the annual projections of the roll-up interest was included as part of Mr D's offer pack – a copy of which was included in the letter it sent to him on 20 August 2024, although Mr D says he never received that letter. That said, Aviva acknowledged that it had used the incorrect interest rate to provide this illustration as Mr D's interest rate was lowered from 4.91% to 4.29% on completion of the mortgage, and the mortgage offer included details and calculations using the old interest rate. So Aviva had arranged for the new calculations to be produced using the correct interest rate. The correct information was included in Aviva's letter as of 14 October 2024 – as was information about the ERC payable on redemption. Aviva apologised for the time taken to answer Mr D's enquiries and it offered him £100 compensation.

An investigator at our service looked into things and thought that Aviva should increase its compensation award to £200. She said that whilst it wasn't Aviva's fault that its letter of 20 August 2024 didn't reach Mr D, when he sent three further letters (one in August and two in September), Aviva should have acknowledged those – but it didn't. As a result, this caused Mr D unnecessary distress and inconvenience.

Aviva responded to say that it didn't entirely agree with the investigator's timeline of events but nonetheless it agreed that it could have responded to Mr D in a more timely manner, so it was happy to increase its compensation award to £200.

Mr D responded to say that he'd not received any communication from Aviva in response to his questions about his mortgage and overall, he didn't think £200 fairly compensated him in the circumstances. The investigator considered Mr D's comments but explained why her opinion remained unchanged.

Mr D remained unhappy and asked for his case to be decided by an Ombudsman. He questioned the authenticity of the copy letters sent by Aviva and said that the bundle of documents provided by our investigator dated back to 2019 so he didn't think that provided an update on the current position of his mortgage.

Because an agreement hasn't been reached the case has been passed 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.

The key facts about this complaint aren't in dispute. Aviva has accepted it got things wrong. So, the only issue I have to decide is whether the things it has done to put things right, including the amount of compensation awarded to date, is fair and reasonable.

I've carefully considered everything Mr D has said about how he's been impacted as a result, and how he should be fairly compensated in the circumstances.

When making an award for compensation, I must decide what's fair and reasonable to both sides involved, giving careful consideration to all the circumstances of this case. I also think it's important to explain that, as a service, our awards are designed to compensate consumers - not punish organisations.

Mr D first asked for information relating to his lifetime mortgage on 13 July 2024. Aviva has apologised for not picking up Mr D's initial questions. It says that the letter was included as part of a questionnaire it asked customers to complete to keep it updated on the condition of the mortgaged property, and unfortunately the letter was missed by the team. Whilst that may be the case, nonetheless Mr D did make an enquiry at that time. And his questions should have been answered within a reasonable timeframe.

The information Mr D asked for, namely a breakdown of the annual projections of the roll-up interest and the ERC payable on the mortgage was included in his initial mortgage offer. On 20 August 2024, Aviva wrote to Mr D providing him with a copy of his initial offer pack that included this information.

Mr D says that he never received this letter. I've seen a copy of the letter, and I can see that it was sent to Mr D's correct address – the same address he has logged with our service for the purpose of this complaint. I've deliberately not gone into too much detail about what happened at the time this letter was sent. I'll explain why.

When Aviva wrote to Mr D at this time, it attached a copy of his original offer pack in response to his questions. However, Aviva has explained that Mr D's offer pack didn't contain all the right information in relation to the annual projections of the roll-up interest specifically. This is because Mr D's interest rate changed on completion of the mortgage (to a lower interest rate in his favour). So, the projections included in the offer (that pre-dated the completion date) were on the old higher interest rate.

So even if Aviva did answer Mr D's questions on 20 August 2024, it didn't provide him with the correct information at this time. It wasn't until 14 October 2024 that Aviva provided Mr D with a final response to his complaint that included the correct information in response to his questions.

Mr D disputes receiving this letter too. I've seen a copy of the letter and I'm satisfied that it was sent to Mr D's correct address – the same address he has provided our service for the purpose of this complaint. We decide cases on a balance of probabilities basis – so I must consider what is likely to have happened, given all the evidence and circumstances – rather than requiring absolute proof. If we required proof of something happening or not happening, that would result in an unfair burden being placed on the consumer. That's because, as they're the party asserting the occurrence of an error or omission, it would be necessary for them to prove that assertion. So, on balance, I think the letter was most likely sent and as our investigator has explained, once Aviva sent the letter, it became the responsibility of a third-party postal service to ensure safe delivery. I can't reasonably hold Aviva responsible for undelivered post.

It's disappointing to find that Aviva provided inaccurate information in Mr D's mortgage offer about the rate applicable on his mortgage and the annual projections of the roll-up interest on his lifetime mortgage – and that this was not corrected at the time of completion when the interest rate applicable to Mr D's lifetime mortgage changed. That said I've seen copies of the annual statements sent to Mr D over the years and those did include the correct information. The annual statements show the correct interest rate applicable and the lower annual projections of the roll-up interest – taking into account the revised interest rate. So, I'm satisfied that over the years, Mr D has at least been sent accurate information relating to his account. And I know for certain that from at least 2022 Mr D was aware that a lower

interest rate had been applied to his account – I say this because our service answered another of his complaints against Aviva at that time and the difference in the interest rates was explained to him then.

So to conclude, when considering everything, it took around three months for Aviva to answer Mr D's questions. Aviva accepts that was too long and it has agreed to pay Mr D £200 compensation by way of apology. I'll come on to whether that is a fair amount later on. But first I'll consider Mr D's concerns about the length of time it took Aviva to answer his complaint.

On 12 August 2024 Mr D wrote to Aviva to explain that his questions on 13 July 2024 had gone unanswered. I think it was reasonable for Aviva to log a complaint at this time.

Aviva acknowledged Mr D's complaint on 21 August 2024 explaining that it would provide a full response to Mr D's concerns within eight weeks. Mr D has provided a copy of this letter to our service as part of his submissions, so I'm satisfied that he received this letter.

The eight-week timeframe for answering a complaint is set out in the rules in place by the financial regulator. Whilst that may feel a long time to wait for an answer to a complaint – businesses are allowed this long as set out in the rules. That said they should keep the complainant informed during the complaint process by acknowledging the complaint at the earliest opportunity and keeping customers updated on its progress. Which Aviva has done in this case – As I'll go on to explain.

Overall Aviva had until 7 October 2024 to respond to Mr D's complaint. Aviva didn't send Mr D a final response letter until 14 October 2024 – one week past the deadline. But it appears that the case handler did call Mr D to discuss his complaint on 11 September 2024 and by 13 September 2024, Aviva wrote to Mr D to apologise for the time it was taking to answer his complaint and it gave referral rights to our service. Again, Mr D has provided a copy of this letter as part of his submissions, so I'm satisfied that he received this.

So, whilst Aviva answered Mr D's complaint in nine weeks instead of eight – I can see that it kept Mr D updated during the process and he was able to refer matters to our service just under five weeks after raising his concerns.

Putting things right

Aviva accepts that it took longer than it should have to answer Mr D's questions about his lifetime mortgage, and it has agreed to pay Mr D £200 compensation for that.

I understand Mr D feels like he should receive more compensation because he says that he's not received any communication from Aviva in response to his questions about his mortgage and he's described how he's been impacted whilst in an already vulnerable position.

I am very sorry to hear about Mr D's circumstances and everything that he's been through. I've carefully considered everything Mr D has said when deciding a fair and reasonable compensation award here.

Overall, I consider an award of £200 to be reasonable in the circumstances of this case as this fairly compensates Mr D for the distress and inconvenience caused by having to chase Aviva for a response to his enquiries and the overall delayed response.

I can see that Mr D sent several letters to Aviva between 13 July and 17 September 2024. Whilst some of those letters could have been responded to sooner, for reasons I've

explained I don't agree that Mr D's questions or complaint went ignored – as Mr D suggests. So, I can't reasonably say that Aviva needs to do more to put things right.

I have asked our investigator to ensure that Mr D has a copy of the correct information about his account as provided by Aviva on 14 October 2024. I expect Mr D will want to review this information. If he has any questions about the information Aviva has provided, I expect Aviva to respond to his queries in a timely way.

My final decision

My final decision is that I uphold Mr D's complaint against Aviva Equity Release UK Limited and direct it to pay Mr D £200 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 14 April 2025.

Arazu Eid
Ombudsman