

The complaint

Mr T has complained that Aviva Life & Pensions UK Limited (“Aviva”) caused a delay in transferring the value of his two pension plans he held with it to a Self-Invested Personal Pension (“SIPP”). He believes this delay prevented him from making timely investments within the SIPP, resulting in a financial loss.

What happened

The background to this complaint was outlined in detail by our investigator in his assessment, which was shared with both Mr T and Aviva. I won’t repeat that in full here, but I will provide a summary of the key points:

- Mr T held several pension plans with four different providers, including Aviva. He decided to transfer and consolidate the value of these plans into a single SIPP. This complaint specifically relates to the transfer of the two plans held with Aviva.
- In April 2024, Mr T began the transfer process with all four providers. In connection with this, on 22 April 2024, Aviva received a transfer request from Mr T’s SIPP provider via the Origo pension transfer system.
- During May and June 2024, the SIPP provider received transfer values totaling approximately £346,000 from three of the other providers. These funds were initially held in cash while Mr T considered his investment options. On 8 June 2024, he instructed the SIPP provider to invest £320,000 equally across four investment funds.
- On 3 July 2024, Aviva transferred the combined value of Mr T’s two pension plans – £72,103.82 – to the SIPP provider. The funds were credited to the SIPP on 4 July 2024.
- On 8 July 2024, having received no update, Mr T contacted Aviva and was informed that the transfer had already been completed.
- On 9 July 2024, Mr T instructed the SIPP provider to invest £70,056.72 of the transferred funds received from Aviva into three specific investment funds. Evidence of this investment has previously been provided to Aviva:

Fund name	Amount invested	Purchase date
Franklin Templeton FTSE India UCITS ETF	£20,056.73	10 July 2024
Legal & General Global Technology Index Trust Class C Acc	£30,000.00	11 July 2024
Fidelity Index World P Fund Acc	£19,999.99	15 July 2024

This complaint

Mr T submitted two complaints to Aviva regarding the delay in transferring the value of his two pension plans to the SIPP. Aviva responded with two final response letters. In summary, it accepted it was responsible for a delay and offered the following redress:

- £100 for the trouble and upset Mr T experienced caused by the delay; and
- £208.70 for investment loss, based on the assumption that the transferred funds received from Aviva would have been held in cash had there been no delay. This figure included a notional tax deduction of £36.83 (15%) to reflect income tax that would have applied if the funds had been withdrawn from the SIPP.

Mr T didn't accept this outcome. He disagreed with Aviva's assumption that the funds would have been held in cash, arguing that this significantly understated his investment loss.

Referral to the Financial Ombudsman Service

The complaint was referred to the Financial Ombudsman Service. After several exchanges between Aviva and our investigator – particularly around how redress should be calculated – the investigator ultimately recommended that Aviva:

- Pay an additional £100 for the trouble and upset experienced by Mr T, increasing the total amount in respect of this to £200; and
- Recalculate the investment loss based on the position Mr T would have been in if the July investments (listed in the table above) had instead been purchased on 3 June 2024, rather than the funds remaining in cash until those investments were actually made, as assumed by Aviva in its loss assessment.

Aviva disagreed with the investigator's recommendation. In summary, it argued that:

- It was neither reasonable nor appropriate to assume the July investments (listed in the table above) would have been made on 3 June 2024. Aviva pointed out there was no evidence that Mr T had made that investment decision any earlier than 9 July 2024 and so it was incorrect to assume he would have made the same decision in June if the delay hadn't occurred.
- Instead, Aviva believed redress should be based on the investment instructions Mr T gave the SIPP provider on 8 June 2024, when he directed it to invest £320,000 (received from the other providers) equally across four investment funds. Aviva considered this to be the only tangible evidence of Mr T's investment intentions prior to the completion of its transfer in July 2024.

As no agreement was reached, the complaint has now been escalated and assigned to me for further 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.

I've considered all relevant laws, regulations, regulatory rules, guidance, standards, and codes of practice, as well as what I believe represented good industry practice at the time.

I'd like to clarify that the purpose of this decision is not to address every individual point

raised by the parties. If I haven't commented on a specific issue, it's because I don't believe it has a material impact on the overall outcome of this complaint.

No dispute about the delay

Aviva has accepted responsibility for the delay in transferring Mr T's two pension plans to his SIPP. This point isn't in dispute. The only matter left for me to decide is how Mr T's financial loss should be calculated.

What date should the loss assessment be based on?

Both our investigator and Aviva agreed that, had there been no delay, the transfer would have been completed on 28 May 2024 rather than 3 July 2024. Based on this, the investigator concluded that the investments Mr T made in July would instead have been made on 3 June 2024. Having reviewed the investigator's reasoning, I agree with this approach and consider it a fair and reasonable basis to calculate Mr T's financial loss.

What investment basis should be used for the loss assessment?

This is where Aviva and our investigator disagree. I've reviewed their correspondence and noted some confusion around which investments should be used for comparison and loss assessment purposes. After considering all the comments and evidence, I've reached the following conclusions:

- Aviva's previous redress calculation was based on the assumption that, had there been no delay, the transferred funds would have remained in cash. This resulted in a gross redress of £245.53, which was reduced to £208.70 after applying a 15% notional income tax deduction (£36.83) – reflecting the tax that would apply if the funds were withdrawn from the SIPP.
- I don't consider this cash-based comparison appropriate. When Mr T learned on 8 July 2024 that the transfer had completed, he promptly instructed the SIPP provider the following day to invest £70,056.72 of the £72,103.82 received from Aviva into three investment funds. This clearly demonstrates his intention was to invest the money, not leave it in cash.
- Of course, I can't know with certainty what investments Mr T would have chosen had the transfer occurred earlier and the investment purchase occurred on 3 June 2024. In such cases, I must decide based on the balance of probabilities – weighing the available evidence and surrounding circumstances to determine what is most likely.
- Aviva argued that the loss should be assessed using the investment instructions Mr T gave the SIPP provider on 8 June 2024, when he invested £320,000 from other providers into four different investment funds. However, I don't agree with this reasoning. If Mr T had intended to increase his holdings in those same four investment funds, as Aviva is suggesting, it would be reasonable to expect that he would have instructed the SIPP provider on 9 July 2024 to do this. But he didn't. Instead, he chose three different investment funds, indicating a deliberate decision to diversify his investments held within his SIPP.

Conclusion

Given the short time between 3 June and 9 July 2024, and the clear evidence that Mr T intended to invest and diversify his portfolio, I consider it fair and reasonable to conclude – on the balance of probabilities – that, had there been no delay, he would have made the

same investment choices in early June 2024 that he ultimately made on 9 July 2024.

Putting things right

My aim in awarding fair redress is to return Mr T to the financial position he would likely have been in had the delay – acknowledged by Aviva – not occurred.

Trouble and upset

In line with our investigator's recommendation, Aviva should pay an additional £100 to Mr T for the trouble and upset he experienced caused by the delay. This is in addition to the £100 already paid by Aviva. My intention is that Mr T receives £200 overall in respect of this.

Loss calculation

Based on the reasons I've set out above, it's my view investment would have occurred on 3 June 2024 but for the delay caused by Aviva.

Aviva should contact Mr T's SIPP provider to establish what the notional value of his investments in these three investment funds would have been had investment occurred on the Notional purchase date instead of the Actual purchase date, as follows:

Fund name	Amount invested	Notional purchase date	Actual purchase date
Franklin Templeton FTSE India UCITS ETF	£20,056.73	3 June 2024	10 July 2024
Legal & General Global Technology Index Trust Class C Acc	£30,000.00	3 June 2024	11 July 2024
Fidelity Index World P Fund Acc	£19,999.99	3 June 2024	15 July 2024

I acknowledge that the actual purchase dates for each of Mr T's investments were different, following his instruction on 9 July 2024. However, in the interest of simplicity and resolving this complaint fairly, I've decided that a single notional purchase date of 3 June 2024 should be used for all three investment funds when assessing the loss.

Aviva should then compare the notional value of the investments – had they been made on 3 June 2024 – with their actual value as at the date of the comparison. In doing so, Aviva should also take into account the gross redress of £245.53 it previously calculated (and reduced to £208.70 after a notional tax deduction), which has already been paid to Mr T.

1. If the notional value is higher than the actual value, the difference represents Mr T's financial loss.
2. If the notional value is lower than the actual value, there's no loss and therefore no redress is due.

Redress payment method

If the comparison above shows that Mr T has suffered a financial loss, then Aviva should do the following:

- If possible, redress should be paid into Mr T's SIPP, allowing for any applicable charges and tax relief.
- However, if this would conflict with any existing protections, allowances or is not possible for other reasons, redress should instead be paid directly to Mr T as a lump sum. In that case, a notional tax deduction should be applied to reflect the income tax Mr T would pay when withdrawing the funds in retirement. Our investigator previously expressed his view that Mr T is likely to be a basic rate taxpayer in retirement. I agree. However, if Mr T would have been able to take a tax-free lump sum, the reduction should be applied to 75% of the redress. This makes the notional deduction of 15% overall from the financial loss to reflect this.

Interest

If redress is not settled within 28 days of Aviva receiving Mr T's acceptance of this final decision, it should add interest at 8% simple per year to the financial loss from this final decision to the date of settlement.

My final decision

I uphold this complaint. My decision is that Aviva Life & Pensions UK Limited should pay the amount calculated as set out above.

Aviva Life & Pensions UK Limited should provide details of its calculation to Mr T in a clear, simple format.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 24 June 2025.

Clint Penfold

Ombudsman