

The complaint

Ms B complains that Aviva Life & Pensions UK Limited (Aviva) caused problems in her accessing benefits from her Free Standing Additional Voluntary Contribution Plan (FSAVC) and provided misleading information. She wants compensation for the distress and inconvenience caused.

What happened

Ms B contacted Aviva about her FSAVC in January 2024 and it sent her an illustration and the necessary forms to complete and return in order for her to take her benefits as a one-off lump sum. It said if it didn't hear from her, it would take no further action. The documents sent estimated her plan value at £19,057.10, but said that it would,

“work out the value of your plan on your actual retirement date or when we have received everything we need, if this is a later date.

We've assumed your funds won't grow or lose value before you take benefits.”

And it said as Ms B was invested in a with profits fund, she should read the information provided about market value reduction (MVR) which explained that as with profit funds worked by smoothing out investment returns that it,

“may need to reduce the value of your retirement fund when you retire by applying an MVR.”

Ms B didn't proceed at this time but called Aviva again on 25 October 2024 and was provided with a fund value including the amount of final or terminal bonus. The total value was £20,798.60 and Aviva said if Ms B wanted to take the benefits it would need to send a “quote” and forms to complete and return via a new electronic signature system. Ms B asked if she could just return the form that had already been sent to her. The call handler checked and said this had been issued more than six months previously it was no longer valid. Aviva then ran through various regulatory and risk questions which Ms B said was frustrating as she'd already done this in April 2024 when she took other plans with it. Aviva said that the value of Ms B's fund could fluctuate with market conditions. Ms B wasn't happy about this as she said Aviva was delaying sending the quote and that it should be emailed that day. Aviva said it would be emailed but could take up to five working days. A complaint was logged as Ms B had expressed dissatisfaction.

Aviva emailed a quote on 31 October 2024, which showed an “estimated” plan value, of £20,770.35. Ms B called Aviva on 6 November 2024 to query what she says she was told on the previous calls about fund values. Which was that the final bonus might fluctuate but the main fund value would not. Aviva said as her fund was still invested it was subject to market fluctuations. Ms B said the variable expressions Aviva was using for the quotation including “illustration” and “estimate” were confusing. Aviva updated the complaint to reflect these new concerns and then called her on 8 November 2024 to discuss her complaint. Ms B said her initial complaint was about the change in process to access her benefits, but based on what she'd then been told she thought the fund value was fixed pending the new quote being

issued. But had then been told this wasn't the case, so had been misinformed during the call of 25 October 2024. Aviva said it had told her that her plan would remain invested and would be subject to market fluctuations and this information was confirmed in the letter sent to her, but it said it should have gone into more detail than it did and it said it would pay Ms B £150 in compensation for the inconvenience caused. Ms B didn't agree and asked if the two calls had actually been listened to. It was confirmed they hadn't been, but the call handler believed what Ms B had said.

Aviva wrote to Ms B on 11 November 2024, it said both calls had been reviewed, and it had been confirmed the plan would remain invested and could fluctuate in value. But there were communication gaps which is why it had offered her £150 in compensation. It said whilst Ms B had expressed dissatisfaction about the need to revisit risk warnings and regulatory points it was required to do so, and the correct process had been followed. It said the five working days it took to provide the quote was in keeping with the service level agreement in place. Ms B still didn't agree and said Aviva had given the clear impression on 25 October 2024 that only the final bonus might fluctuate, and it hadn't addressed her points about the different expressions it had used. And she said from the call on 25 October 2024 she understood there was a 14-week period for her to proceed where the fund value was guaranteed. But the letter sent on 31 October 2024 confirmed that instead this was only how long the electronic signature link would remain available. She said as Aviva had only considered the initial complaint point and not the subsequent one's it should pay her further compensation.

Aviva said whilst Ms B might have felt there was a "guarantee" this was never provided by either a call handler or in writing. It said whilst the use of the word "quote" might have confused Ms B, the purpose and conditions of the documents sent to her were clear. It said the £150 already offered was fair. Ms B disagreed and said Aviva should pay her £300 in compensation.

Ms B referred her complaint to our service and our investigator looked into it, but she didn't uphold the complaint.

Our investigator said she'd listened to both calls. And in the first the call handler had said that the fund would remain invested and depending on how it performed might attract final bonus. And that if the value changed on the quote Ms B didn't need to accept it. Ms B had asked for further confirmation and was told that if either the final bonus or the accumulation value went up this would be reflected in the amount she'd receive. So, our investigator said she didn't agree Ms B had been given the impression her fund value wouldn't change. And she said whilst Aviva had used different terminology it was common practice in the industry to refer to quotes and illustrations and estimates for the same thing, being something that isn't a guaranteed value and this was clearly set out in the covering letter Aviva sent.

Our investigator said regulations in place since 2015 did require Aviva to run through certain risk warnings before someone took their pension benefits and it had followed this process correctly. And she said it wasn't unusual for pension providers to change and update processes, which were typically aimed at making things easier for consumers. So, it wasn't unreasonable that Aviva couldn't accept a form issued many months earlier. She said whilst Ms B was unhappy with some of what had happened Aviva had already paid her £150 in compensation and didn't need to do anything further. Ms B didn't agree, but didn't make any further points.

As Ms B 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've considered all the points made by Ms B and don't think Aviva has treated her unfairly. As it has said none of the documents ever sent to her have indicated that her fund value was guaranteed and would always be subject to fluctuation until it had received all documents and information necessary to pay her benefits. And it didn't say anything was guaranteed on the calls either. On the first call I think Aviva did explain that the fund would remain invested and that both the final bonus and the overall fund value could reduce, with MVR being specifically explained. During that call Ms B said she had already completed the form sent to her in January 2024, where the accompanying illustration clearly stated her fund value could fluctuate and would only be finalised after Aviva had received all its requirements, so I think she should have been reasonably aware of this.

That did mean the fund value on the previous day, which Ms B argued should be used wasn't relevant. Towards the end of the call (which was around 42 minutes long) Ms B asked again about the potential fluctuation of final bonus and the call handler answered this query specifically. That might have left Ms B with the impression that only final bonus might change rather than the entire fund value. But that conclusion didn't reflect the rest of the call, and the previous documents provided. And Aviva didn't tell Ms B the illustration was guaranteed for 14 weeks (although she mentioned 16 weeks in the second call) only that the illustration was active for 12 weeks, after which if she then wanted to take benefits, the process would need to be run again.

Whilst Ms B expressed frustration of the "*rigmarole*" of running through Aviva's pre-benefit checklist, there are regulatory considerations before someone accesses their pension benefits given issues like pension scams, tax liabilities, potential impact on future State welfare benefits, other pension plans that might be receiving contributions and so on. And these hadn't been covered off in respect of the FSAVC plan since January 2024, some ten months previously, so it wasn't unreasonable that it had to run through this again.

Likewise it wasn't unreasonable for Aviva to say documents issued ten months ago were no longer acceptable to process Ms B's retirement claim. The new illustration provided set out up to date details of the likely income tax deductions involved and the covering letter further prompted Ms B to seek financial advice or guidance from Pension Wise before proceeding. And I think Aviva issued the new illustration in a reasonable timeframe, as it isn't always going to be possible for any pension provider to deal with requests immediately or fair for it to prioritise one customer over others.

On the call of 8 November 2024 Ms B said she considered the word "*quote*" meant guaranteed, but I disagree. Expressions like quote, illustration and estimate are commonly used on a like for like basis in the financial services industry. These don't have any "technical" context, having just their standard dictionary definition of being something that's indicative rather than guaranteed. And I think the illustrations and covering letters issued by Aviva are entirely clear in their meaning and specifically don't say any value is guaranteed.

I think much of the call of 8 November 2024 was at cross purposes because Aviva hadn't reviewed the initial call from 25 October 2024. That led it I think to incorrectly apologise for having potentially mis-informed Ms B in the earlier call and offer compensation as a consequence, when in fact it hadn't done so. Having subsequently reviewed that call, Aviva said there were communication gaps as the call handler should have made sure Ms B

understood everything, which I think was a very fair interpretation of what was said. And given it has already paid Ms B £150 in compensation for any inconvenience, I don't think it needs to do anything further.

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 Ms B to accept or reject my decision before 15 August 2025.

Nigel Bracken
Ombudsman