

## The complaint

Mr and Mrs L complain about the information Aviva Life & Pensions UK Limited (“Aviva”) gave them when Mr L contacted Aviva in early 2024 to make partial withdrawals from their life insurance policy. They say Aviva failed to properly explain the impact that the withdrawals would have on the value of the life assurance, and that as a result the policy value reduced by around £40,000 in circumstances they did not expect.

Mr and Mrs L say the compensation Aviva has paid is inadequate. They want Aviva to reinstate the policy to its previous value without requiring them to repay the funds that were withdrawn.

## What happened

Mr and Mrs L took out a life insurance policy in 1990 following advice from an independent financial adviser. The policy included a savings element alongside life cover.

Any concerns about the suitability of the policy or the advice given in 1990 do not form part of this decision. This decision is limited to Aviva’s actions and the information it provided in connection with the partial withdrawals made in 2024.

On 25 January 2024, Mr L contacted Aviva to enquire about withdrawing money from the policy to pay for essential housework. The call notes show that during this conversation Mr L specifically asked whether a withdrawal would affect the value of the life assurance. Aviva explained that a partial withdrawal might impact the policy’s benefits, including the life cover. However, Aviva did not explain the likely scale of the impact or provide an estimate of the reduction before any withdrawal was processed.

On 12 February 2024, Aviva sent Mr and Mrs L partial withdrawal forms. The accompanying letter stated that, where a policy includes life cover, this may reduce once a withdrawal is completed. No quantified estimate or illustration of the potential reduction was provided.

A first partial withdrawal of £3,000 was processed in March 2024. No correspondence was issued at that time confirming how this withdrawal had affected the value of the life cover.

A second partial withdrawal of £4,642.29 was processed on 6 April 2024. Again, no timely correspondence was issued explaining the effect this further withdrawal had on the policy benefits. Taken together, the withdrawals resulted in the value of the life cover reducing by approximately £40,000.

Aviva’s call notes show that during a call on 2 July 2024, Mr L confirmed he had not received any correspondence explaining the changes to the policy following the withdrawals. Aviva offered at that stage to issue an explanation, but this was not followed through. It was not until 14 November 2024 that Aviva issued written correspondence setting out the reasons for the reduction in life cover.

Mr and Mrs L complained to Aviva in November 2024. In its final response dated 28 November 2024, Aviva accepted it had made mistakes. It acknowledged that while it had told Mr L a withdrawal might impact the policy, it could have made more effort to explain the likely effect, and it should have issued confirmation promptly after the withdrawals. Aviva paid compensation totalling £1,150 across two complaints and offered to reinstate the surrendered segments of the policy on condition that the withdrawn funds were returned. Mr

and Mrs L explained they had already spent the money on essential housework and could not afford to repay it.

Specifically:

Under complaint reference ending 544, Aviva paid £750 in compensation for service failings relating to delays and administrative errors in the partial withdrawal process. This payment did not relate directly to the explanation of the impact on life cover.

Under complaint reference ending 082, Aviva paid £400 in compensation specifically for failing to properly explain the impact of the partial withdrawals on the value of the life assurance and for the distress and inconvenience caused by the lack of timely communication following the withdrawals.

The complaint was then referred to our service. Our investigator considered the complaint and issued their findings which didn't uphold the complaint. Mr and Mrs L did not accept those findings, so the complaint has been passed to me for a final decision.

### **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.

As explained above, this decision does not consider whether the policy was mis-sold or whether the advice given in 1990 was appropriate. Aviva was not the advising firm, and those matters fall outside the scope of this complaint.

The central issue is whether Aviva provided sufficient information, at the relevant times, to allow Mr and Mrs L to make an informed decision about the two partial withdrawals.

Based on the call notes, I am satisfied that Aviva told Mr L during the 25 January 2024 call that a partial withdrawal could affect the value of the life cover, and this was repeated in the letter of 12 February 2024. However, Aviva did not explain the likely scale of the impact, nor provide an estimate before the March or April 2024 withdrawals were processed. Aviva has accepted it could have done more, and I agree.

Aviva also failed to issue timely confirmation after each withdrawal. The B call notes support Mr L's account that he was not made aware of the full impact until several months later, by which time the funds had already been spent.

I have taken into account that Aviva has already paid a total of £1,150 in compensation. It is important to be clear about what this relates to:

£400 was paid specifically for the failure to properly explain the impact of the withdrawals on the life cover and for the distress and inconvenience caused by the lack of timely communication following the withdrawals. £750 was paid under a linked but separate complaint concerning delays and administrative issues in processing the withdrawals.

Mr and Mrs L say Aviva should be required to restore their policy without need for repayment of the withdrawn funds. But I don't agree that would be fair or reasonable. I am satisfied that requiring Aviva to restore the policy in the way Mr and Mrs L suggest would place them in a better position than they would have been in had Aviva not made the errors. This would constitute a double benefit — they would both retain the withdrawn funds and have the life cover reinstated — which is not fair or consistent with the approach of this service.

Taking everything into account, I am satisfied that Aviva's offer — restoring the policy if the withdrawn funds are returned, together with the £400 compensation for the impact explanation — is fair and reasonable in all the circumstances.

**My final decision**

For the reasons I have explained, I do not uphold Mr and Mrs L's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L and Mrs L to accept or reject my decision before 17 February 2026.

Farzana Miah  
**Ombudsman**