

The complaint

Mr B complains that Aviva Life & Pensions UK Limited (Aviva) mis-sold him an annuity policy as it didn't make him aware of other benefit options which he says would have been preferable.

What happened

Mr B had Personal Pension Plans (PPP) with Aviva, arranged by an IFA in 1991. He says he complained about this advice and a compensation payment was added to a plan in 2000. In 2009 he contacted Aviva about taking his benefits and various annuity illustrations were sent to him. Mr B dealt directly with Aviva and didn't take advice. His plans were worth around £49,000 and benefits were paid in the form of tax-free cash of around £12,335, and an annuity which would pay an income for life. In 2024 Mr B says a friend explained to him how the income drawdown (drawdown) benefit option worked, which he was unaware of. He thought drawdown would have been better for him and complained to Aviva that it hadn't provide adequate or clear information about the alternative options available in 2009.

There was some confusion over Mr B's complaint, with Aviva initially thinking it related to the original sale of the PPP through the IFA in 1991. Mr B referred his complaint to our service, and it was clarified it related to the annuity arranged in 2009. Aviva didn't accept this complaint. It said there was information about drawdown on the documents sent to Mr B at the time, which asked him to contact it or speak to a financial adviser if he was interested in this option.

Our investigator looked into the complaint, but he didn't uphold it.

Our investigator said Aviva was required to provide clear information that wasn't misleading so consumers could make informed decisions. He said the "*Retirement Options*" pack Aviva sent Mr B did refer to the other benefit choices including drawdown, although it didn't illustrate these other options. He said Aviva had confirmed it didn't offer drawdown as a standard retirement option in 2009 and would only provide further information on request. Our investigator said Aviva had followed its usual approach and hadn't done anything wrong.

Mr B didn't agree, he said he'd had too much going on in 2009 to decide what was the right option for himself and felt Aviva had pushed the annuity option. He also said he wouldn't have taken financial advice in 2009, as he'd lost faith in financial advisors. Mr B made some points about the original advice to take out the plan and the complaint he'd made about that in 2000. He said a new plan should have been set up then with a new financial adviser linked to it who could have advised him over benefit options in 2009. Our investigator said any concerns from 2000 would need to be considered separately. Mr B said Aviva had provided over 30 pages of documents about annuities but only mentioned drawdown a couple of times which is why he'd missed it.

As Mr 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'm not upholding the complaint.

I'm sorry to hear that Mr B is in poor health and I understand that he is concerned about his pension arrangements. But I don't think Aviva has done anything wrong or treated him unfairly and that means it wouldn't be reasonable for me to uphold his complaint. I don't have details about what happened when Mr B complained about the advice to take out the plan. But any ongoing arrangement to have an adviser involved would be between him and the adviser and wouldn't be something Aviva was responsible for putting in place.

Aviva wasn't providing Mr B with advice about his plan, and I think the information it sent him about his benefit options was clear. As a retirement option, drawdown had been available since 1995 and was reasonably well-known about by 2009. But it was seen as a relatively complex, high risk option only likely to be appropriate for larger pension funds, in part because ongoing charges tended to be relatively high. In comparison an annuity offered a guaranteed income for life and remained the most used benefit option.

I've looked at the documents Aviva sent to Mr B on 10 November 2009, after he contacted it about taking his benefits. These do focus on the annuity option, giving various examples of the different incomes available depending on how this was set up. But there is reference to the other options then available in both the annuity illustration itself, the covering letter and an enclosed booklet called *"Your Retirement"*. And Aviva specifically highlighted that there were various options available. The covering letter said,

"It's really important you understand all the options you have ... before you make any decisions. Please read this letter and the details I've sent along with it carefully and speak to your financial adviser."

Under a section headed *"Your next steps"* the letter sets out what Mr B needs to do if he wants to proceed with an annuity, but also says,

"If you're interested in any other retirement options, the "Your Retirement" booklet gives you details of how to apply for these."

It further recommends Mr B take financial advice either from an IFA or by separate arrangement, through Aviva.

The annuity illustrations Aviva enclosed start with a section titled *"Things to consider"*, which included the following;

"Other Retirement Options"

There may be other options for your retirement including

- *Income drawdown (also called pension fund withdrawal or unsecured pension)*
- *Taking part of your pension fund now and some at a later date (also called phased retirement)*

These options may also let you have a tax-free cash sum before you get a regular income, although this will reduce the income you could get

We've included some information about these in the "Your Retirement" booklet. You should speak to a financial adviser if any of these options interest you"

The illustration then set out details of the annuities available and under a section headed "Retiring now" said,

"Before you fill in this form

Please make sure you've read the details I've sent to you and you understand the choices available to you. I'd also recommend speaking to a financial adviser as they'll be able to help you make the right decision."

Whilst most of the documents sent to Mr B did relate to the annuities available from Aviva, there were repeated references to the other retirement options and suggestions that he shop around, take advice and fully understand his options before proceeding. So, I think Aviva did provide Mr B with sufficient information, prominently enough in the documents for him to have been aware of what his broad retirement options were at the time. That Mr B didn't take advice or come back to Aviva for more information, even if he was distracted by other matters at the time, wasn't Aviva's fault. And when he returned the completed applications having decided which annuity options he required, Aviva wrote on 3 December 2009, confirming the details with a final illustration, which again set out that there were alternative options like drawdown. And it wasn't too late for Mr B to have changed his mind at that point.

So, taking everything together I don't think Aviva did anything wrong, and as it didn't treat Mr B unfairly, I can't uphold his complaint.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 1 September 2025.

Nigel Bracken
Ombudsman