

## The complaint

Miss S complains that Aviva Life and Pensions UK Limited (Aviva) amended the amount of her pension contributions and changed her retirement date without her consent. She further complains that they provided conflicting information in relation to the fund in which her pension was invested and that these issues have caused her frustration and inconvenience when attempting to obtain the correct information.

## What happened

In 1992, Miss S took out a personal pension with Aviva. Between 1992 and 1996, she paid an annual premium of £240 to the plan, net of basic rate tax relief, but changed to a net monthly payment of £20 in March 1996. The premiums at that time were invested in the Aviva Guaranteed With-Profit fund. The plan was set up with a retirement age of 55. On 16 August 2024, Aviva sent Miss S a letter stating that the retirement date on the plan had changed however no further details were provided at that time.

On 4 September 2024, Miss S was sent a letter stating that an increased payment of £44.02 would be taken no earlier than 10 working days from 4 December 2024. That showed payments for 27 June 2024, £1.34, then 27 July and August 2024, £21.34 each. Confused by this, and the fact that her payments to her pension were over £20 Miss S complained to Aviva. She also complained that her retirement age had been changed without her consent. In her communications with Aviva, Miss S requested information relating to the fund in which her pension was invested, but she was not provided with a clear response in relation to this. She therefore complained that the guaranteed element of the Guaranteed With-Profit fund no longer existed and she did not believe that Aviva should be able to withdraw this guarantee.

Due to Miss S' complaints being made at different times, Aviva provided her with two final responses. On 11 November 2024 they provided her with a response for the complaint relating to incorrect information being provided in relation to the Guaranteed With-Profit fund. They apologised and offered her £100 to reflect the confusion caused. On 2<sup>nd</sup> December 2024 they provided a final response relating to Miss S' query about the amount of her payment she had queried why the payments were over £20. Also, she was concerned about her direct debit (DD) not being collected, and therefore subsequently taken as a bulk payment. Aviva's response was that they had not made an error, and they did not uphold her complaint. In their response, and in other communications to Miss S, they informed her that the reason for the payment being over £20 was to take account of the policy fee of £1.67 which was an additional cost, and the whole £20 is used to buy units. They concluded that having missed a payment, they took the payment as a bulk option so the policy was kept up to date. The final response states that they had found no error on Aviva's part in terms of how they had been servicing the pension.

Miss S did not agree that she had received appropriate responses to her complaints, and forwarded a complaint to this service.

Following an investigation, in April 2025, our investigator provided his view. He concluded that Aviva had not been clear in their communications with Miss S, and this has caused a

number of frustrations for her. He stated because the service provided had fallen short of that expected, that £200 would be a fair figure to resolve the complaint. He also stated that Aviva should provide further information, and confirm that the one off £44.02 payment taken in September 2024 covered the previous missed payments and would be backdated.

Because Miss S was not satisfied with the response from the investigator, the complaint has been forwarded 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.

Having done so, I am in agreement with the investigator, and for broadly the same reasons. I have summarised this complaint in less detail than Miss S has done and I've done so using my own words. The purpose of my decision isn't to address every single point raised by all of the parties involved. If there's something I've not mentioned, it isn't because I've ignored it - I haven't. I'm satisfied that I don't need to comment on every individual argument to be able to reach what I think is the right outcome. No discourtesy is intended by this; our rules allow me to do this and it simply reflects the informal nature of our service as a free alternative to the courts.

As Miss S' complaint is comprised of a number of issues, I have broken them down below for clarity.

### **Contribution amounts**

Miss S is concerned by the payments taken in respect of net contributions for her pension, which have not remained constant during the term of the policy. She has asked for clarity of the charges, and an understanding of why the payments have varied. As part of the correspondence with this service, Aviva have provided a statement showing Miss S' contributions from the outset of the policy to September 2024. The statement sent shows both gross and net contributions, and shows that the gross payment of £26.67 remained the same throughout the term of Miss S' policy, however the net contribution has changed. Miss S is confused by the fact that the payments made to her pension have changed since inception, and is looking for clarity explaining the reason for this which to date has not been adequately explained.

Aviva have provided a statement showing the payments made from inception to date, showing that whilst the gross payments to her pension have remained constant at £26.67 per month, the net payments have increased, from £240 per year between 1992 and 1995 (and £20 in March 1996), to the following;

- April 1996 to March 1997 - £20.27
- April 1997 to March 2000 - £20.54
- April 2000 to March 2008 - £20.80
- May 2008 to September 2024 (the latest date on the statement on file) £21.34

The evidence provided suggests that the policy was set up so that the gross payment into Miss S' pension was £25, meaning that the total gross amount needed to be set as £26.67 to ensure that £25 per month was available to purchase units in her chosen fund. Tax relief at basic rate tax was then applied to the contributions, determining the net amount to be paid by Miss S, which in 1992 when the policy was set up was £20 per month (or £240 per year).

Basic rate tax (ie, the relief that she would get on her pension) was 25% until 1996 when it was 24%, then in 1997 it was 23% until 2000 when it was reduced to 22%, reducing further to 20% in 2008 which it has been ever since. This explains the changes to the net contribution that Miss S has identified on her policy – that is, the gross payments are set to ensure that £25 is paid into the policy taking into account the £1.67 that will be paid for policy charges, and the payments made by Miss S are net of basic rate income tax.

By way of example;

In April 1999, basic rate income tax was 23%. This means that in order to make a gross payment of £26.67 (ie, £25 to buy units in the pension, plus £1.67 policy fee), Miss S needed to pay 77% of the gross payment. Therefore, a net payment of £20.54 was required.  
 $£26.67 \times 77\% = £20.5359$ .

As demonstrated above, the net premium taken in April 1999 was £20.54.

I can find no evidence to indicate that the policy fee has increased over the term that Miss S has held the policy.

Miss S has asked for a comparison from Aviva of what her policy would have been if it had been set up so that the net payments into her pension remained constant at £20 per month, compared with the current value. This has not been provided. I have considered whether it is reasonable to ask Aviva to provide this, and am not satisfied that it is. As explained above, the changes to the net payments were caused by income tax changes, something that Aviva had no control over. I can find no evidence to suggest that the policy was not set up in the way that Miss S requested at the outset, indeed, she has not queried the amounts being paid until September 2024, despite the policy being in force with regular contributions being made since 1992. I am therefore satisfied that if Miss S was unhappy with the increases to her net pension contributions, that she would have raised this at an earlier date. My view is that Miss S' dissatisfaction stems from a lack of communication and understanding in relation to the changes in the payments taken from her, which have been explained above.

Further, in relation to contributions, Miss S has complained that two contributions were taken together in September 2024. Aviva have confirmed that the reason for this was due to payments being missed in August 2024, so an additional payment was taken to ensure the pension was kept up to date. It is unclear why this was the case, and Aviva have not provided a reason for the missed payment. Nonetheless, despite the error in taking the payment and the inconvenience and confusion caused by this, I am satisfied that Aviva have not caused any financial harm by the late payment, as they have taken the payment that would have been due regardless of their error. Aviva have confirmed that the payments have been backdated to the date they should have been taken.

Due to Aviva's poor communication in relation to the payments, I uphold this element of Miss S' complaint.

### **Retirement age**

Miss S has stated her dissatisfaction that the retirement age of her pension was 55 but has been changed without her consent. Aviva have confirmed that the retirement age was changed to 60 in line with the retirement options pack issued to Miss S which stated that if she did not access her pension at age 55, the retirement age would be pushed forward to age 60. They have reiterated that although the retirement age on the plan is now 60, Miss S can access the pension at any time. I am aware that Miss S is aware of the Pension Wise service, and knows that she can use this to obtain guidance in relation to her pension with no cost, or she can seek advice from a financial adviser.

I do not agree that Aviva have acted unfairly in relation to this, and Miss S has not been disadvantaged. I do not uphold this element of Miss S' complaint.

## **Guaranteed With-Profit fund**

I understand that Miss S has concerns about the portion of her investment invested in a With-Profit fund with a guaranteed growth rate. Aviva initially provided incorrect information to Miss S relating to this, however they have now confirmed the correct position. Miss S' pension is comprised of the Aviva With-Profit Fund, and the Aviva With-Profit Guaranteed fund. Having reviewed Miss S' correspondence to this service, I also note that Miss S is querying the section on her statement entitled "Guaranteed rates" which states "There are no guaranteed rates (including annuity rates) applicable to this plan". Miss S has stated her belief that this is incorrect because of a guarantee of 4% that she is aware is applicable to her pension.

It is important to understand the difference between types of guarantee. The Aviva With-Profit Guaranteed fund included a guarantee that the bonus applied to the pension each year will not be less than 4%. This is different from the "guaranteed rates" that are referred to in Miss S' policy statement. This states that there are no guaranteed rates including annuity rates applicable to the plan, and relates to a guarantee in relation to the amount of annuity that could be purchased at retirement.

I acknowledge that Miss S was provided with conflicting information in relation to her investment within the guaranteed with profit fund – Aviva have acknowledged this and apologised for the error. As can be seen on her statement, the value of Miss S' pension as of 23 May 2025 was £38,554.22, of which £23,232.48 is invested in the Aviva With-Profit Guaranteed fund. Aviva have confirmed that although the fund is now closed to new investment (since 1998), the fund is still in place, and the 4% guarantee is still applicable. All current contributions are being made into the Aviva With-Profit fund. The statement showed that the bonus rate applicable to the Aviva With-Profit fund is currently 4.5%. Miss S has in her correspondence with this service outlined her dissatisfaction that the Guaranteed With-Profits fund closed to new investment, however this is something that investment providers are entitled to do and is generally for commercial reasons.

I am of the opinion that although Aviva have not acted unfairly in closing the Guaranteed With-Profit fund, they could have been a lot clearer in their communications with her in respect of this, and the incorrect information provided. I therefore uphold this element of her complaint.

## **Putting things right**

Having considered the above points, I am of the opinion that a payment of £200 is appropriate and in line with what this service would normally instruct a business to pay when someone has experienced the issues Miss S has. Aviva should therefore pay Miss S £200 to reflect the confusion and inconvenience caused by them not providing clear and consistent information in relation to Miss S' pension.

## **My final decision**

I uphold Miss S' complaint against Aviva Life and Pensions UK Limited. They should pay Miss S £200 as outlined above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss S to accept or reject my decision before 9 September 2025.

Joanne Molloy  
**Ombudsman**