

The complaint

Mr C complains about the poor level of service he received from Aviva Life & Pensions UK Limited when trying to setup an annuity. He says he experienced multiple delays over recent years, and continuously received incorrect information.

What happened

Mr C's complaint was considered by one of our investigators. She sent her assessment of it to Mr C and Aviva in two letters dated 30 May and 9 June 2025. The background and circumstances to the complaint were set out in those letters and are known to both parties, so I won't repeat them all again here. However to briefly recap, Aviva sent Mr C information about his plan in June 2021. The letter said the pension plan didn't have guaranteed benefits, but referred to it having a cash option factor. In July 2021 Aviva issued a retirement options pack (ROP) and policy summary to Mr C which said – *"Important benefit – Your policy has a Guaranteed Pension..."*.

In March 2023 Mr C and his IFA requested further information about the plan from Aviva. Aviva responded saying there was no GMP (Guaranteed Minimum Pension) or GAR (Guaranteed Annuity Rate), however under "Other guaranteed benefits? It said:

"The benefits under this policy were held in a pension form. A cash option factor is applied to convert this pension to a cash form. At late retirement the increased cash value at normal retirement date is converted back to a pension using the cash option factor applicable at the late retirement date."

Mr C's IFA subsequently enquired about transferring the pension. Aviva responded in April 2023. Its letter said the policy had a valuable benefit, which meant it could offer a higher retirement income than other companies, and said that this benefit could be lost on transfer.

Aviva received a transfer request in November 2023. Following further exchanges, Mr C called Aviva on 2 April 2024 to discuss his pension. Aviva told him the pension benefited from an annuity guarantee. Aviva sent a new ROP to Mr C by letter on 12 April 2024. This again confirmed that the plan had a valuable guarantee. Mr C applied to take the guaranteed annuity option.

Further correspondence was exchanged about the matter over the following months. There were some delays in Aviva sending correspondence to Mr C, it sent correspondence by letter, however Mr C had requested correspondence by e-mail as he lived overseas. And at times, Aviva provided inconsistent and/or incorrect information. Mr C had not completed a form in full at one point, and Aviva had also requested further information for identification purposes.

Ultimately, the annuity was set up in October 2024, with the first payment made in November 2024. However the investigator noted there were then further problems, as the annuity had been set up on the basis of an incorrect quotation. She said another incorrect quotation was subsequently sent to Mr C. And following further exchanges, the annuity was stopped in December 2024. The investigator said it was unclear if Aviva had cancelled the annuity or

just stopped the payments in anticipation of changes being made to it.

Mr C complained to Aviva about the matter. Aviva said it thought it had caused total delays of 23 working days. It said it would determine if Mr C had suffered a financial loss as a result of these delays. And it offered Mr C £750 in compensation for the distress and inconvenience caused.

Mr C didn't accept its offer and referred the matter to us. Aviva then offered a further £250 in compensation for distress and inconvenience, plus a late interest payment of £7.50 for the delayed annuity payments. Mr C didn't accept this offer, and so his complaint was considered by our investigator.

Our investigator thought that Aviva had provided conflicting information about whether the pension had any guarantees attached to it. However she said that the correct information had been provided in July 2021. The investigator said Mr C then hadn't taken further action on his pension until 2023.

The investigator said when Mr C and his IFA had made further enquiries from March 2023, Aviva had said the pension contained a valuable benefit that could provide a higher income and which would be lost on transfer. The investigator said she thought Aviva could have been clearer about the nature of the benefit in its correspondence, and she understood why the IFA had made further enquiries. However she thought it ought to have been clear that there was, or it was highly likely there was a guaranteed benefit on Mr C's pension considering the information that had been sent to both the IFA and Mr C. So overall, the investigator didn't think Aviva was responsible for any delays whilst Mr C confirmed he wanted to take his benefits via an annuity rather than a transfer.

The investigator did think, however, that there had been delays in then setting the annuity up. She noted Mr C requested an annuity in April 2024. But that it was only correctly set up in February 2025.

The investigator set out her understanding of the transfer process and what she thought was a reasonable timeframe in which the annuity should have been set up. She noted that Aviva had sent correspondence to Mr C by letter rather than by e-mail as he'd requested. Mr C lived overseas, and she said that letters would not have been received by Mr C for some weeks.

The investigator said it was clear that Mr C wanted the process to be completed. And she thought if Aviva had e-mailed Mr C and therefore avoided any postal delays, Mr C's responses would have been received back by Aviva in a lot shorter timeframe. So she took this into account in deciding appropriate timings.

The investigator said Mr C had requested a quote for the annuity on 2 April 2024. And, ultimately, she thought if Aviva had acted in a timely manner, the annuity ought reasonably to have been set up by 24 May 2024.

The investigator went on to set out how she thought Aviva should calculate and pay fair compensation for any financial loss suffered by Mr C as a result of the delays.

The investigator said considering all the delays caused, other administrative errors such as overstating Mr C's transfer value, and continually sending letters to Mr C rather than e-mails, it was clear that Mr C has been inconvenienced and caused frustration by Aviva's poor service. However taking everything into account, she thought that Aviva's total offer of £1,000 compensation for the distress and inconvenience caused was fair and reasonable in all the circumstances, and given the likely impact on Mr C.

Aviva didn't agree with the date the investigator thought the annuity should have been set up by. It provided its own timeline of events. And it thought the annuity should have been set up by 6 September 2025, but for the delays it thought it was responsible for.

Mr C said he accepted the investigator's assessment. However that he wanted to say for the record that he thought the start of his pursuit of the annuity was delayed by incorrect information provided by Aviva. And he said when he received requests from Aviva he usually responded the same day, and worst case within two days by e-mail. He said postal mail took up to five weeks to reach him. And Aviva had sent requests for information that he'd already sent saying it hadn't been received.

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've come to the same conclusions as the investigator, and largely for the same reasons.

Aviva said that it doesn't agree with the date the investigator decided that the annuity should reasonably have been set up by. And it provided its own revised timeline. This timeline doesn't appear to differ significantly from the investigator's findings on the necessary steps that were required to start the annuity. But the investigator thought that Mr C's response times would likely have been significantly shorter if Aviva had e-mailed him as he'd requested. Whilst Aviva has assumed it e-mailed Mr C rather than sent the letters that it did, in my view it hasn't amended the revised likely response times appropriately.

Mr C lived overseas. It's clear on occasions he chased Aviva after Aviva had already sent letters to him – indicating they hadn't been received by Mr C despite Aviva posting them some time before. Whilst I can't say exactly when Mr C was receiving letters and so know his exact response times, the evidence is consistent with it taking some time for letters to get to Mr C. And on occasion where Mr C discussed issues over the phone with Aviva he responded to requests very promptly. So I think, in the circumstances, it was likely Mr C would have provided timelier responses if Aviva had e-mailed him.

It's clearly not possible looking back to know exactly when the annuity would have been set up had Aviva acted in a timelier manner. Reasonable assumptions have to be made. And taking Aviva's service standards, good industry practice and relevant industry guidance into account, I think, overall, the investigator's finding that the annuity should have been set up by 24 May 2024 was reasonable in the particular circumstances.

Putting things right

My general aim in awarding fair compensation is to put Mr C back, as close as reasonably possible, into the position that he would have been in had the annuity been set up on time.

Aviva should therefore calculate the net annuity income that would have been paid to Mr C, along with tax-free cash, assuming the annuity had been bought on 24 May 2024. Interest at the rate of 8% simple per annum should be added to each payment from the time it should have been made to the date of this decision. Where actual payments were made from certain dates, the 8% should only be added to any difference from between the actual and notional payments. This is the notional amount. Aviva should then compare this with what has actually been paid to Mr C to the date of this decision.

If the notional amount is higher than the actual amount, the difference represents Mr C's past loss. Aviva should pay this to Mr C as a lump sum, representing the past loss as at the date of this decision. If the notional amount is lower, then a loss hasn't been suffered.

Aviva should amend the annuity going forward to the amount that it would have paid if it had started on the correct date. If Aviva is unable to amend the annuity, it should calculate the purchase price to buy an annuity equal to the difference between the amount currently being paid and the correct amount.

This amount should be paid to Mr C minus a deduction equivalent to Mr C's highest marginal income tax rate. This is because future income from the annuity would otherwise have been taxable as income.

It's clear that Aviva didn't provide a timely and efficient service to Mr C. However for the reasons outlined by the investigator, I think the £1,000 offered by Aviva for the distress and inconvenience caused by the matter is fair in the particular circumstances. So Aviva should pay that £1,000 to Mr C.

My final decision

My final decision is that I uphold Mr C's complaint.

I order Aviva Life & Pensions UK Limited to calculate and pay compensation to Mr C as outlined under 'Putting things right' above. Interest at the rate of 8% simple per annum should be added from the date of this decision to the date of settlement, but only if settlement isn't arranged within 28 days of us notifying Aviva of Mr C's acceptance of this final decision.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 3 October 2025.

David Ashley
Ombudsman