

The complaint

Mr G complains about the way Aviva Life & Pensions UK Limited handled the surrender of his with-profits life assurance policy, causing him financial loss.

What happened

In January 2024 Mr G requested a surrender quote for his with-profits life policy. Around the same time, he had also gotten in touch with a third-party company to see if he could sell that policy to them. As he hadn't heard back, he sent the surrender forms to Aviva on 2 February 2024, which Aviva received and began to action on 5 February. Later that day, Mr G heard from the third-party and found they were willing to buy the policy for more than the surrender value he would receive from Aviva. So around 5.30pm, Mr G rang Aviva and remembers being told the surrender could be stopped and that they would arrange this and an email would be sent to him to confirm.

On 7 April, Mr G received the surrender payment into his bank account from Aviva. Over the following few days, Mr G called Aviva several times about the surrender and whether it could be reversed, especially given what he was told on 5 April. On 12 April, he was told the surrender had been processed and there was nothing they could do to reverse it, so Mr G made a complaint and asked for the recordings of the calls, particularly from 5 April – he was told these would all be sent to him within a few days. It then took longer than that to send them, and once they were sent, it was discovered that the recording from 5 April was unavailable.

Aviva offered Mr G £50 for the time it took to send him the call recordings. Regarding the surrender, they said that it was already too late on 5 April to stop it when he rang. As Mr G remained unhappy, he brought the complaint to our service. In their submissions to our service, Aviva said they felt there wasn't evidence of Mr G asking for the surrender to be stopped or that the call handler gave Mr G incorrect information in the 5 April call. They said that although the call recording wasn't available, the note from the call said: *"[Mr G] does want to to continue with surrender"*.

An investigator considered the complaint, and requested more information from Aviva about whether the policy could have been reinstated. Because Aviva didn't respond to requests for information about the policy for three months, the investigator relied on information on Aviva's website that said life policies can usually be reinstated within 30 days. She found that based on that evidence, Aviva ought to have reinstated the policy and so Mr G could have sold it to the third party.

Aviva then confirmed that as it was a qualifying policy, once surrendered it could not be reinstated. The investigator found that Aviva was correct on that point, but that the call note from 5 April was unreliable as it wasn't in line with all the other evidence provided – both from Mr G's testimony of the call, and the other call recordings from the later calls. She found it was more likely than not that Mr G had asked to stop the surrender and had been told this was possible. So, she recommended that Aviva pay Mr G £200 for the distress and inconvenience caused by giving him misleading information in the call on 5 April and not

being able to provide him with accurate information about the surrender of his policy for many days afterwards.

Mr G didn't agree with the investigator, because he wasn't convinced Aviva had processed the surrender by the time he called on 5 April. He felt the surrender wasn't in line with the best execution principles, nor was it right that Aviva didn't have all the call recordings. Aviva didn't confirm whether they accepted the investigator's opinion.

As no agreement has been reached, the complaint has been passed to me for a 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've reached the same conclusion as the investigator for largely the same reasons. I've seen a screenshot from Aviva's system that confirms they received and began processing Mr G's surrender instruction in the morning of 5 April 2024.

Aviva has explained that once they've received and begun the process of surrendering a policy, they don't allow it to be stopped. This isn't in the terms of the policy, which Mr G has provided, so I've considered whether it was reasonable for Aviva to have this procedure in place. They've said they do this because it prevents customers timing the markets, which I presume can cause an additional administrative burden on their service. It can see the benefits to customers in this, as it provides clarity to everyone that once surrender forms are signed and received, the surrender will take place. So, in general, I'm satisfied this procedure in and of itself isn't unreasonable.

I've considered the three call recordings that have been provided by Mr G, which he was sent by Aviva. From listening to these, in my view Mr G's repeated recollections of the 5 April call are very consistent throughout the calls that follow – he clearly remembers asking for the surrender to be stopped. Based on this, I find it unlikely that he'd have asked for the surrender to continue on 5 April, and that it's more likely the call note written by the call handler on 5 April was incorrect.

As Aviva's policy to not stop surrenders appears to be widespread and apply to all types of life assurance, I'd expect Aviva to ensure their staff are familiar with it and can make customers aware of it as needed. So, it ought to have been explained in the call on 5 April that the surrender couldn't be stopped. Instead, Mr G was told the opposite. He was then told it may be able to be reinstated. In the second call recording I have on file, he was told it was being reinstated, and then in the third he said this was still being investigated. As a result, Mr G was left very confused as to what was happening.

When providing information to our service, Aviva has said as it's a qualifying policy, it couldn't be reinstated, which is in line with HMRC's Insurance Policyholder Taxation Manual at chapter 8056. However, Aviva hasn't explained why that information wasn't available to the call handlers. I've seen no reason why that information couldn't also have been given to Mr G within the first couple of calls he had with Aviva. It's also unclear why the call handlers couldn't properly answer his questions about what was happening with the reinstatement request and how long it would take. So, I am persuaded that Aviva caused Mr G unnecessary confusion and inconvenience.

I've considered the points raised by Mr G about Aviva's obligations to keep proper records of contact with him. It's not my role to determine whether a rule has been broken or to punish or fine a business – rather I need to decide whether they've treated Mr G fairly and

reasonably and what the impact of their actions is on Mr G. I can see the lack of call recordings here was frustrating as he was told these were available and would be sent to him, which was accounted for in the compensation Aviva offered.

I've also considered Mr G's points about best execution. The rules on this requires firms to get the best result for their customer in relation to the transaction they are specifically executing – which was the surrender of the policy and the sale of the underlying investment. Generally, I expect businesses to act on surrender instructions as soon as possible after receiving them. I note Mr G has not said the amount paid by Aviva was wrong.

Having considered this, I don't consider that their obligations under best execution extend to the sale of Mr G's policy to the third-party. For instance, they don't need to ensure that Mr G was going to receive the highest amount that he could receive in the market in exchange for giving up his rights in the policy. So, I'm not convinced that Mr G has been caused a loss in relation to Aviva's execution of his surrender instructions.

Overall, I'm satisfied that Aviva was following Mr G's clear written instructions when processing the surrender. Having begun this already when he called, it's not unreasonable that it couldn't be stopped. However, it's clear that the service provided by Aviva following that was not fair or reasonable. I agree with the investigator that £200 compensation is a fair amount to make up for the confusion and loss of expectation Mr G experienced following sending his surrender request to Aviva.

My final decision

I uphold this complaint. Aviva Life & Pensions UK Limited should pay Mr G £200 for the distress and inconvenience caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 10 September 2025.

Katie Haywood
Ombudsman