

The complaint

Ms M complains that Aviva Life & Pensions UK Limited (“Aviva”) unreasonably delayed the transfer of her pension benefits to an overseas pension scheme.

What happened

Ms M held pension benefits with Aviva. Ms M lives overseas. In August 2024 Ms M instructed Aviva to transfer her pension savings to a Qualifying Recognised Overseas Pension Scheme (“QROPS”) based in the country where she was resident. In line with the regulator’s requirements Aviva needed to conduct some checks to ensure that transfer was permissible and not fraudulent.

Aviva says that it had all the information it needed to complete the transfer by 4 October. But it then asked Ms M for some additional information meaning the transfer didn’t actually proceed until 31 October. The transferred funds were received by the QROPS on 5 November.

Ms M says that those funds were received around a time of great market turmoil due to the USA presidential election taking place. So she says she needed to make rushed, and sometimes blind, investment decisions to protect her pension savings. Ms M converted her pension savings into the local currency (from GBP) and invested them in the local market.

When Ms M complained to Aviva it accepted that it should have made the transfer sooner. And had it done so, the amount it would have transferred would have been greater. So it asked the QROPS for information about whether the delay had caused Ms M to lose out. Although Ms M says she had no conversation with the QROPS about what had happened, it told Aviva she had agreed that no loss had occurred. The exchange rate would have been lower at the time of the earlier transfer, so mitigating the additional amount Ms M would have received. Aviva offered Ms M £100 for the trouble and upset she’d been caused. It later increased that offer to £350. Unhappy with that outcome Ms M asked us to look at her complaint.

Ms M’s complaint has been assessed by one of our investigators. He thought that Aviva had reasonably calculated when the transfer should have taken place. But he didn’t think it was reasonable for Aviva to base its calculation of Ms M’s loss on a comparative timeline – he didn’t think there was enough evidence to suggest Ms M would have taken the same foreign exchange and investment decisions at the earlier date. So he asked Aviva to recalculate whether Ms M had lost out based on the transfer of the higher amount, but it being invested on the original timeline.

Ms M accepted the investigators findings. But Aviva disagreed. So, as the complaint hasn’t been resolved informally, it has been passed to me, an ombudsman, to decide. This is the last stage of our process. If Ms M accepts my decision it is legally binding on both parties.

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.

In deciding this complaint I've taken into account the law, any relevant regulatory rules and good industry practice at the time. I have also carefully considered the submissions that have been made by Ms M and by Aviva. Where the evidence is unclear, or there are conflicts, I have made my decision based on the balance of probabilities. In other words I have looked at what evidence we do have, and the surrounding circumstances, to help me decide what I think is more likely to, or should, have happened.

At the outset I think it is useful to reflect on the role of this service. This service isn't intended to regulate or punish businesses for their conduct – that is the role of the Financial Conduct Authority. Instead this service looks to resolve individual complaints between a consumer and a business. Should we decide that something has gone wrong we would ask the business to put things right by placing the consumer, as far as is possible, in the position they would have been if the problem hadn't occurred.

There seems to be general agreement between Ms M and Aviva that the transfer of the pension savings to the QROPS was unfairly delayed. I have reviewed the timeline and also agree with the calculated delay. So in this decision I don't need to make any further findings about what went wrong. My task here is to decide what should be done in order to put things right.

I think at this stage it would be useful to explain that I don't find any particular fault, other than there being a delay, in when Aviva chose to disinvest Ms M's pension savings and transfer the money to the QROPS. I think it would be unreasonable to expect Aviva to do anything other than make the transfer as soon as possible. I don't think it would be fair to expect Aviva to make assessments of whether any disinvestment actions, or transfers, coincide with other events in the world. To do so would open Aviva up to potentially being found to have acted outside its regulatory permissions in providing advice or a recommendation to consumers.

As I have said above, generally in situations such as this I would expect a business to put a consumer back into the position they would have been had nothing gone wrong. That is what Aviva has said it would do. In order to calculate whether Ms M has lost out Aviva asked the QROPS provider to look at what would have happened had the transfer been completed earlier. So it looked at the amount that was transferred to the QROPS, when Ms M exchanged the transferred GBP into her local currency, and the investments that were made as a result. To look at whether she had lost out Aviva asked the QROPS provider to use a higher transfer value, and simply bring the foreign exchange and investment decisions forward by around 25 days.

But I'm not persuaded that is a fair method to assess whether Ms M has lost out. I think it would only be a fair approach if I were persuaded that the decisions Ms M took were effectively pre-determined and not influenced either by the market performance at the time, or the proximity of external events such as the USA presidential election. In the specific circumstances here, as I will now go on to explain, I think Ms M's actions would not have necessarily been repeated had the funds been transferred earlier.

Ms M has explained that she has a professional background in foreign exchange dealing. So she says she was careful when choosing her QROPS provider to ensure it offered her the ability to hold her pension savings in a range of currencies, and so allow her to make foreign exchange transactions at a time she might consider it beneficial. And Ms M has also told us about the pressures she felt given the proximity of the USA presidential election to make swift investment decisions when the transferred funds were received by the QROPS. I have found what Ms M has told us to be highly plausible.

So that means that I'm not persuaded that I can reasonably take the foreign exchange and investment decisions Ms M made when the funds were actually received as representative of what would have happened had they been transferred earlier. At that time the currency exchange rate was very different – I think it likely that Ms M might not have chosen to convert the transferred monies when they would have been first received.

But saying that doesn't take me any closer to being able to conclude what Ms M would have done at that time. For the same reasons I have said I am persuaded the investment choices she made might not represent what she would have done earlier, I cannot reasonably determine what would have happened.

The only aspect I can have any confidence in concluding is what Ms M might have done had the funds been received earlier, and she had found the exchange rate unattractive. I think it possible that, in that circumstance, she might have left the funds in GBP and uninvested. But I think the proximity of the forthcoming USA presidential election might have caused Ms M to make an investment decision a few weeks later – in fact around the time that the actual decision was taken.

So, like our investigator, I think it would be reasonable to base any assessment of Ms M's loss on a combination of the higher transfer value she would have received (as calculated by Aviva) and the foreign exchange and investment decisions Ms M actually took. In other words I think Ms M would have had the local currency equivalent (based on the exchange rate she received on 5 November 2024) of the higher transfer value available to invest in the same way and on the same day she actually did.

As I said earlier, Aviva has offered Ms M £350 for the distress and inconvenience she was caused by the delays to the transfer. I think that offer is reasonable and in line with what I would award in circumstances such as these. So I will direct that compensation be paid.

I appreciate that Aviva will be disappointed by this decision. There is no way of knowing what Ms M would have done with the transferred funds had they been sent earlier. But I am satisfied that the actions she actually took, particularly in the foreign exchange transactions, do not reasonably represent what might have happened at an earlier time.

Putting things right

Aviva has calculated that an earlier transfer would have resulted in Ms M receiving an additional sum of £681.54. Aviva should calculate (with the assistance of the QROPS provider) what that additional sum would be worth now had it been exchanged to local currency at the same time as Ms M's transferred funds, and invested in the same way. That total amount should form the basis of the compensation Aviva pays to Ms M.

Aviva should arrange for the calculated compensation to be added into Ms M's pension plan. The amount paid should allow for the effect of charges and any available tax relief. Compensation should not be paid into the pension plan if it would conflict with any existing protection or allowance.

If Aviva is unable to pay the total amount into Ms M's pension plan, it should pay that amount direct to her. But had it been possible to pay into the plan, it would have provided a taxable income. Therefore the total amount should be reduced to notionally allow for any income tax that would otherwise have been paid. This is an adjustment to ensure the compensation is a fair amount – it isn't a payment of tax to HMRC, so Ms M won't be able to reclaim any of the reduction after compensation is paid.

The notional allowance should be calculated using Ms M's actual or expected marginal rate of tax at her selected retirement age. I think it reasonable to assume that Ms M is likely to be a basic rate taxpayer at the selected retirement age, so the reduction should equal the current basic rate of tax. However, if Ms M would have been able to take a tax-free lump sum, the reduction should only be applied to 75% of the compensation.

The compensation should be paid to Ms M within 28 days of Aviva being notified of her acceptance of this final decision (but excluding any time taken by the QROPS provider to send any requested information). Should the compensation not have been paid by that date Aviva should add simple interest at a rate of 8% per annum to the compensation amount from the date of this final decision to the date of settlement. HM Revenue & Customs will require Aviva to take off tax from this interest. Aviva must give Ms M a certificate showing how much tax it's taken off if she asks for one.

Aviva should additionally pay Ms M £350 for the distress and inconvenience she has been caused.

My final decision

My final decision is that I uphold Ms M's complaint and direct Aviva Life & Pensions UK Limited to put things right as detailed above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms M to accept or reject my decision before 30 October 2025.

Paul Reilly
Ombudsman